

PREFACE TO
MASTER CONDOMINIUM SUBLEASE

THIS AGREEMENT IS A SUBLEASE OF THE PREMISES AND APPURTENANT RIGHTS DESCRIBED HEREIN FOR A TERM EXPIRING ON JULY 29TH, 2067. THE PURPOSE OF THIS SUBLEASE IS TO ENABLE THE MASTER SUBLESSEE HEREUNDER TO ESTABLISH A SUBLEASEHOLD CONDOMINIUM REGIME COMPOSED OF THE PREMISES AND TO THEREAFTER CONVEY ITS INTEREST IN INDIVIDUAL CONDOMINIUMS TO CONDOMINIUM SUBLESSEES FOR THE BALANCE OF THE TERM OF THIS SUBLEASE. THE INTERESTS SUBJECT TO THIS SUBLEASE ARE ON PROPERTY (“PROPERTY”) OWNED BY THE COUNTY OF LOS ANGELES WHICH PROPERTY IS LEASED TO THE SUBLESSOR HEREUNDER PUSUANT TO A LEASE (THE “MASTER LEASE”) WITH A TERM EXPIRING AT EXACTLY THE SAME TIME AS THIS SUBLEASE TERM EXPIRES. AT THE EXPIRATION OF THE MASTER LEASE, THE CONDOMINIUM SUBLESSES HEREUNDER WILL HAVE NO FURTHER RIGHT TO OCCUPY THEIR CONDOMINIUMS AND THE SUBLESSRO AND MASTER SUBLESSEE WILL HAVE NO FURTHER RIGHT TO HAVE THE SUBLEASEHOLD CONDOMINIUM REGIME CREATED IN CONNECTION WITH THIS SUBLEASE REMAIN IN EXISTENCE. EXCEPT AS EXPRESSLY PROVIDED HEREIN WITH RESPECT TO THE SUBLESSEHOLD CONDOMINIUM REGIME COMMON AREA, THE CONDOMINIUM SUBLESSEES HEREHUNDER WILL HAVE NO ROLD IN THE MANAGEMENT OF ANY PORTION OF THE PROPERTY. SUBLESSOR HAS NOT ACQUIRED EARTHQUAKE INSURANCE FOR THE PROPERTY THE TRANSACTION DOUCUMENTED IN TEHIS SUBLEASE IS MORE FULLY DESCRIBED IN THE SUPPLEMENTAL DISCLOSEURE NOTICE AND ACKNOWLEDGEMENT AND THE DEPARTMENT OF REAL ESTATE SUBDIVIION PUBLIC REPORT TO BE SUPPLIED TO EACH CONDOMINIUM SUBLESSEE PRIOR TO ITS ACQISITION OF AN INTEREST HEREUNDER. A COPY OF THE SUPPLEMENTAL DISCLOSURE NOTICE AND ACKNOWLEDGEMENT ISI ATTACHED HERETO AS EXHIBIT A. A CONDOMINIUM SUBLESSEE DOES NOT ACQUIRE A FEE INTEREST IN THE PROPERTY OR ITS CONDOMINIUM UNDER THIS SUBLEASE. A CONDOMINIUM SUBLESSEE WILL BE SUBLEASING ONLY THE EXCLUSIVE RIGHT TO OCCUPY A UNIT AND TO USE THE COMMON AREA AND APPURTENANT RIGHTS AS PROVIDED IN THIS SUBLEASE. EACH CONDOMINIUM SUBLESSEE IS ADVISED TO HAVE ITS OWN ATTORNEY EXPLAIN THIS ARRANGEMENT TO IT.

AGREEMENT

This Sublease (“Sublease”) is executed at Marina del Rey, California, as of this 5th day of January, 1988, by and between J.H. Snyder Company, a California Limited Partnership, and Marina City Condominiums, a California Limited Partnership.

1. DEFINITIONS AND STATEMENT OF PURPOSE

Definitions.

Several terms used in this Sublease are defined terms. Some of those defined terms are set forth below. For ease of reference, the definition of several additional terms are contained in the context in which such terms are used.

1.1.1. Appurtenant Rights. “Appurtenant Rights” shall mean those rights granted to each Sublessee in Sections 5.2 and 5.3 below for use in connection with such Sublessee’s Unit and the Common Area.

1.1.2. Articles of Incorporation. “Articles of Incorporation” shall mean the Articles of Incorporation of the Association and any amendments thereto.

1.1.3. Association. “Association” shall mean the California non-profit mutual benefit corporation, its successors and assigns, to be formed by Master Sublessee for the purpose of acting on behalf of the Sublessees with respect to the management, operation, maintenance, and repair of the Common Area, and the discharge of each Sublessee’s obligations with respect thereto. The Association will fund its operations by means of assessments collected from the Sublessees in accordance with the CC&Rs.

1.1.4. Bylaws. “Bylaws” shall mean the bylaws of the Association and any amendments thereto.

1.1.5. CC&Rs. “CC&Rs” shall mean the Declaration of Covenants, Conditions and Restrictions to be recorded by Master Sublessee pursuant hereto as a part of the establishment of a subleasehold condominium regime comprised of the Premises.

1.1.6. Common Area. “Common Area” shall mean the airspace elements contained within the administrative office designated as common area on the Condominium Plan; as such air space elements are more particularly shown, described and depicted on the Condominium Plan.

The boundaries of the Common Area including any sub-elements thereof as may be designated on the Condominium Plan shall be the interior surfaces of the perimeter walls, floors, ceilings, windows and doors, where they exist and otherwise to the inclined, vertical or horizontal planes, or curved surfaces, as the case may be, at the limits of the dimensions shown on the Condominium Plan. The Common Area includes both the interior walls so described, and not excluded below, and the air space so encompassed. The Common Area also includes all fixtures, outlets, appliances, heaters, air conditioners, if any, and similar devices located within and servicing only the Common Area, or such device, wherever located, if designated on the Condominium Plan as a part of the Common Area, bearing portions of walls, studs, structural members, columns, floors, roofs, slabs and foundations, wherever located, (except for the finished surfaces thereof located within the Common Area) and pipes, ducts, flues, chutes, conduits, wires and other utility installations, wherever located, (except the portion thereof located within and servicing only the Common Area).

Notwithstanding anything in this Sublease which is or appears to be to the contrary, the Common Area does not include any of the recreational or entertainment facilities or improvements (collectively, "Recreation and Restaurant Facilities"), such as swimming pools, tennis courts, health and sports club facilities, restaurant facilities, and boating slip and marina facilities now or hereafter located on the Property, or any parking areas, driveways, roads, pedestrian walkways or other like public areas now or hereafter on the Property (collectively "Parking and General Access Areas").

In interpreting this Sublease, the CC&Rs, and the Condominium Plan, the actual, as-built dimensions of the Common Area or of the Common Area as reconstructed in substantial accordance with the original plans thereof, shall be conclusively presumed to be its boundaries rather than the metes and bounds (or other description) expressed in this Sublease, the Condominium Plan or the CC&Rs.

1.1.7. Condominium. "Condominium" shall mean each Unit as described herein, together with its respective undivided subleasehold interest in the Common Area, and the Appurtenant Rights of ingress, egress, parking, support, use and enjoyment with respect thereto as more particularly set forth in Sections 5.2 and 5.3 below. The Condominium Sublease of each Condominium shall pertain to a Unit, such undivided subleasehold interest in the Common Area, and such Appurtenant Rights of use and enjoyment applicable to the Unit.

1.1.8 Condominium Plan. "Condominium Plan" shall mean that certain condominium plan, a copy of which is attached hereto as Exhibit B, and which is to be recorded by Master Sublessee in the official records in the office of the County Recorder of Los Angeles County, California as a part of the establishment of the subleasehold condominium regime.

1.1.9 Condominium Sublease. “Condominium Sublease” shall refer to the interest that each Condominium Sublessee acquires in a Condominium under this Sublease upon the “Assignment and Assumption of Condominium Sublease,” the form of which is attached hereto as Exhibit C. A Condominium Sublease as of the recordation of the Assignment and Assumption of Condominium Sublease pertaining thereto. Except as otherwise expressly provided herein, all references below to this Sublease shall also refer to each Condominium Sublease created pursuant hereto, and the general terms and provisions of this Sublease shall independently apply to and govern each such Condominium Sublease.

1.1.10 Condominium Sublessee. “Condominium Sublessee” shall mean the person or entity, and its successors and assigns, taking an assignment of the Master Sublessee’s interest in a Condominium pursuant to a Condominium Sublease.

1.1.11 Master Lease. “Master Lease” shall mean that certain Second Amended and Restated Lease [Improved Parcel] No. 55624, dated October 15, 1987, by and between the County of Los Angeles (the “County”), as Lessor, and the J.H. Snyder Company, a California limited partnership, as Lessee, as the same may hereafter be amended.

1.1.12 Master Sublease. “Master Sublease” shall mean Marina City Condominiums, a California limited partnership, and its successors and assigns.

1.1.13 Premises. “Premises” shall mean the Units and the Common Area leased by Sublessor to Master Sublessee under this Sublease.

1.1.14 Property. “Property” shall mean all of the property, which is subject to the Master Lease. The Property is a portion of the Marina del Rey Small Craft Harbor and is more particularly describe in the legal description attached hereto as Exhibit D. The Premises are located on and form a portion of the Property.

1.1.15 Sublessee; Sublessees. “Sublessee” shall mean each Condominium Sublessee and the Master Sublessee (with respect to each Unit not yet assigned by the Master Sublessee to a Condominium Sublessee.) “Sublessees” shall mean the Master Sublessee (so long as it retains an interest under this Sublease) and all Condominium Sublessees.

1.1.16 Sublessor. Essex Marina City Club, LLC “Sublessor” shall mean J.H. Snyder Company, a California limited partnership, and its successors and assigns.

1.1.17 Tower; Towers. “Towers” shall mean that portion of the Property consisting of the three apartment towers comprising the Marina City Club tower apartments and within which the Units and Common Area are located. The Towers

contain six hundred (600) apartment units (the “Tower Apartments”), and consist of a west Tower, east Tower and central Tower. “Tower” shall mean one of the three Towers.

1.1.18 Unit. “Unit” means the airspace elements contained within each of the Tower Apartments as shown, numbered, depicted and described on the Condominium Plan. The boundaries of each such Unit (including any sub-elements thereof as may be designated on the Condominium Plan) shall be the interior surfaces of the perimeter walls, floors, ceilings, windows and doors, where they exist and otherwise to the inclined, vertical or horizontal planes, or curved surfaces, as the case may be, at the limits of the dimensions shown on the Condominium Plan. A Unit includes both the interior walls so described, and not excluded below, and the air space so encompassed. A Unit includes all fixtures, outlets, appliances, space heaters, air conditioners, if any, and similar devices located within and services only particular Unit, or such device, wherever located, if designated on the Condominium Plan as a part of the Unit, and also includes the water heater, if any, servicing only the particular Unit, regardless of where such water heater is located.

The boundaries of each space, if any, designated on the Condominium Plan as a part of a Unit and consisting of a balcony, deck, or patio shall be the adjoining exterior surfaces of the walls, windows, doors, overhangs, and ceilings of the Tower in which the balcony, deck, or patio is located, and where the balcony, deck, or patio is not so adjoined, the boundaries are the inclined, vertical or horizontal planes, or curved surfaces, as the case may be, at the limits of the dimensions for the particular balcony, deck or patio shown on the Condominium Plan. The balcony, deck, or patio shall include only the air space and finished floor or ground surface within, but not the railing or enclosures of such balcony, deck or patio or any other portions of the applicable Tower and surfaces thereof, described by or contained within the boundaries of the balcony, deck or patio.

The following are not part of a Unit: **bearing portions of walls, studs, structural members, columns, floors, roofs, slabs, and foundations** (except for the finished surfaces thereof when located within such Unit), **and, pipes, ducts, flues, chutes, conduits, wires and other utility installations, wherever located, (except the portion thereof located within and servicing only such Unit).**

In interpreting this Sublease, the CC&Rs and the Condominium Plan, the actual, as-built dimensions of the Unit (including balconies, decks and patios, if any) or of a Unit reconstructed in substantial accordance with the original plans thereof, shall be conclusively presumed to be its boundaries rather than the metes and bounds (or other description) expressed in this Sublease, the Condominium Plan or the CC&Rs.

1.2 Statement of Intent.

Sublessor is the lessee of the Property pursuant to the Master Lease. Sublessor now wishes to establish a subleasehold condominium regime with respect to all or a portion of the Premises, which are located on Property. The condominium regime will be composed of the Common Area and all or a portion of the Units depicted on the Condominium Plan, and each Condominium Sublessee thereunder will also receive certain Appurtenant Rights of use and enjoyment relating to parking, access, support and other like matters as more particularly set forth in Sections 5.2 and 5.3 below. In order to accomplish this purpose, Sublessor has agreed, subject to the terms and conditions hereafter set forth, to sublease the Common Area, the Units, and the Appurtenant Rights to Master Sublessee for the balance of the term of the Master Lease. Master Sublessee will thereafter record the CC&Rs and the Condominium Plan, form the Association (which will be responsible for management of the Common Area in accordance with this Sublease, the CC&Rs, the Articles of Incorporation and the Bylaws), and take all other steps necessary to establish the subleasehold condominium regime. It is contemplated that, after establishment of the subleasehold condominium regime, the Master Sublessee will assign its interest in all or some of the Condominiums, on a Condominium-by-Condominium basis, to individual Condominium Sublessees whose interest hereunder will thereafter constitute a Condominium Sublease.

Each Condominium Sublessee acquiring an interest hereunder is hereby informed, and does hereby acknowledge and agree (i) that some of the Tower Apartments are now and may in the future be subleased by Sublessor to long-term sublessees (“Prepaid Sublessees”) pursuant to a certain Prepaid Sublease Form. Marina City Club Standard Apartment Sublease Agreement (“Prepaid Sublessees”) and that all or any of such Tower Apartments may be excluded from the subleasehold condominium regime created pursuant to this Sublease, and (ii) that exclusion of any such Tower Apartments from the subleasehold condominium regime will not excuse a Condominium Sublessee from performance of each and every of its obligations hereunder. Sublessor and Master Sublessee expressly reserve the right to amend this Sublease to exclude any Tower Apartment with is subject to a Prepaid Sublease and which is initially made subject to this Sublease on the assumption that such Prepaid Sublease will be converted to a Condominium Sublease but which, for any reason, is not so converted within the time contemplated by Sublessor and Master Sublessee. Although the Tower Apartments which are subject to Prepaid Subleases are located in the same buildings as the Units, all such Tower Apartments which are now or hereafter excluded from this Sublease will continue to be subject to the terms of their Prepaid Subleases.

Each Condominium Sublessee acquiring an interest hereunder is further informed and does hereby acknowledge and agree **(i) that the subleasehold condominium regime to be established hereunder relates only to that portion of the Property explicitly described herein as a part thereof, and (ii) that, accordingly, the subleasehold condominium regime does not extend to the Recreation and Restaurant Facilities, the Parking and General Access Areas, any commercial or residential units on the Property other than those Units ultimately included in the**

subleasehold condominium regime (collectively, “Non-Condominium Units”), or any other portion of the Property outside the Premises.

**2. SUBLEASE OF PREMISES AND APPURTENANT RIGHTS:
COMPLIANCE WITH MASTER LEASE**

2.1 Sublease of Premises and Appurtenant Rights.

Subject to any Prepaid Subleases or other leases or rights of use or occupancy now or hereafter in effect with respect to any of the Units. Sublessor hereby subleases to Master Sublessee, and Master Sublessee hereby subleases from Sublessor, upon the covenants set forth in this Sublease, Sublessor’s entire interest in the Premises and the Appurtenant Rights.

2.2 Master Lease.

The Condominiums are part of the Property and are subject to the terms of the Master Lease. Each Condominium Sublessee upon execution of a Condominium Sublease shall receive, and, by acceptance of its interest under a Condominium Sublease, does hereby acknowledge receipt of, a true and complete copy of the Master Lease. Each such Condominium Sublessee agrees and covenants to abide by the terms and conditions of the Master Lease, agrees and acknowledges that the provisions of this Sublease may be reviewed and/or modified from time to time by the County as set forth in Article 18 below, and agrees and covenants to abide by any additional or modified terms and conditions resulting from such review or modification by the County.

3. TERM

The term of this Sublease shall commence on January 5, 1988 (the “Sublease Commencement Date”) and shall expire at 11:59 P.M. on July 29, 2067, the expiration date of the Master Lease.

4. CONSIDERATION

Each Condominium Sublessee under this Sublease, by accepting an assignment of an interest herein, agrees to pay the following:

4.1 Condominium Payment

Upon close of escrow for an assignment of the Master Sublessee’s interest in a Condominium pursuant to a Condominium Sublease, the Condominium Sublessee thereunder shall pay and hereby agrees to pay to Sublessor the Condominium Payment specified in the applicable Assignment and Assumption of Condominium Sublease. The

Condominium Payment shall be payable in full in advance of an assignment by Master Sublessee of its interest in a Condominium to a Condominium Sublessee, and shall occur prior to the effectiveness thereof. Notwithstanding anything herein that is or appears to be to the contrary, no Condominium Payment shall be payable by a Prepaid Sublessee in connection with conversion of such tenant's Prepaid Sublease to a Condominium Sublease, provided such Prepaid Sublessee has previously made the Sublease Payment required under Section 3A of its Prepaid Sublease.

4.2 Monthly Maintenance Fee.

4.2.1 Definition and Adjustment.

(a) Each Condominium Sublessee, by accepting assignment of a Condominium Sublease, further agrees to pay to Sublessor or to a management company (the "Management Company") designated by Sublessor, in Sublessor's sole discretion, a monthly maintenance fee (the "Monthly Maintenance Fee") equal to the Condominium Sublessee's share of the "Operating Expenses" (defined in Section 4.2.2) as hereinafter provided. The Monthly Maintenance Fee for each of the Condominiums during the duration of the calendar year in which the Condominium Sublease for that Condominium is created (such calendar year being referred to as the "Base Year") shall be the amount therefore set forth on the applicable Assignment and Assumption of Condominium Sublease. Each Condominium Sublessee shall also be obligated to pay the Supplemental Maintenance Fee applicable to it as provided in Section 6.3.

(b) If for any calendar year during the term of a Condominium sublease commencing with the first full calendar year after its Base Year (each such year being referred to as the "Current Year"), Operating Expenses are anticipated by Sublessor or the Management Company to be higher or lower than Operating Expenses for the entire immediately preceding year (the "Comparison Year"), the Monthly Maintenance Fee payable hereunder with respect to each Condominium by the Condominium Sublessee thereof for each month during the Current Year shall be increased or decreased, as the case may be, by the "Operating Expense Percentage" (as hereinafter defined in Section 4.2.3) applicable to such Condominium times such anticipated increase or decrease in the Operating Expenses for the Current Year as compared to the Comparison Year.

(c) Within thirty (30) days prior to the commencement of each calendar year after a Condominium Sublessee's Base Year, Sublessor or the Management Company shall submit to each Condominium Sublessee a written statement setting forth the anticipated Operating Expenses for that calendar year (including any increase therein over the Comparison Year) and such Condominium Sublessee's monthly share thereof. Each Condominium Sublessee shall pay such Monthly Maintenance Fee at the time set forth in Section 4.2.5 below.

(d) Within ninety (90) days following the end of each calendar year after a Condominium Sublessee's Base Year, Sublessor or the Management company shall submit to each Condominium Sublessee a written statement setting forth the actual Operating Expenses for such year and a computation of that condominium Sublessee's share thereof. Such written statement shall include, to the extent practicable, an itemization of each Operating Expense as described in Section 4.2.2 below. If a Condominium Sublessee's share exceeds the total Monthly Maintenance Fees that such Condominium Sublessee has previously paid for such period, then such Condominium Sublessee shall pay such excess no later than ten (10) days after receipt of such statement; however, if a Condominium Sublessee's share is less than the total Monthly Maintenance Fees paid, then such overpayment shall be credited towards that Condominium Sublessee's Monthly Maintenance Fees next coming due. **In the absence of fraud of gross error in the adjustment of the Monthly Maintenance Fee provided for above, the determinations of the amount of the Monthly Maintenance Fee shall be binding upon each of the Condominium Sublessees.**

4.2.2 Operating Expenses. "Operating Expenses" shall mean actual and estimated costs, direct and indirect, of maintenance, management, operation, repair, renovation, and replacement (subject to the provisions of Article 10 below) and other similar costs or expenses of or with respect to the Property including, without limitation: the costs of any repairs to the Property and payment for all centrally metered utilities, water charges, and mechanical and electrical equipment in or on the Property; payment of all charges for any and all utilities which serve individual apartment units but which are subject to a common meter; any costs of trash collection and removal; the costs of sanitary and storm sewer systems, including maintenance thereof and payment of sewage disposal charges to the County or other public agency; the costs of road, walk and parking lot maintenance and operation; the costs of management and administration by Sublessor or the Management Company, including, without limitation, a reasonable management fee (if the Property is managed by Sublessor), and compensation paid by Sublessor to the Management Company or other managers; costs of accountants, attorneys and other employees; the costs of all gardening, security and other services benefiting the Property; the costs of insurance (including but not limited to fire, casualty, rental interruption and liability insurance), worker's compensation insurance, and other insurance covering the Property; **and the costs of any other item or items incurred by Sublessor or the Management Company in good faith for any reason whatsoever in connection with the Property for the maintenance, management, operation, repair and replacement of the Property.**

Operating Expenses shall also include all taxes, including but not limited to property taxes and possessory interest taxes, and general and special assessments (including betterment assessments and improvement bonds of governmental authorities and political subdivisions) and other charges of any description, whether in addition to or in substitution for taxes or assessments levied, which are now or which may hereafter be levied against all or any portion of the Property, and a Condominium Sublessee's obligation to pay a portion of such taxes and assessments shall be in addition to the obligation to pay taxes and assessments set forth in Section 4.3 below.

Operating Expense shall also include the costs of funding and maintaining the subleasehold condominium regime's share of a capital fund reserve account in accordance with the Approved Operation Budget attached as Exhibit M to the Master Lease. These funds shall be deposited into a separate account and Sublessor shall be allowed to use such funds for the purposes of maintaining the Property and for replacement of functional building systems, but funds so collected may only be used for maintenance or refurbishment of those portions of the Property as provided in Exhibit M to the Master Lease, and only proportionate amount of such total costs shall be borne by the Condominium Sublessees as provided in such exhibit. Any interest earned on such funds shall become a part of such fund.

Operating Expenses shall not include (1) any items or sums not incurred as costs or expenses in connection with the Property; or (2) that portion of any costs described in this Section which is allocable to those facilities comprising the Property other than the residential units, which costs and their allocation are set forth in Exhibit E hereto ("Non-Residential Cost Allocation").

4.2.3 Operating Expense Percentage. The Operating Expense Percentage for each Condominium is set forth on Exhibit F hereto, which is incorporated herein.

4.2.4 Books and Records. Each Sublessee shall have reasonable access to and the right to conduct an audit of the books of Sublessor or the Management Company pertaining to the Operating Expenses in order to verify the accuracy thereof between the hours of 9 a.m. and 5 p.m. on weekdays, excluding holidays, at the office of Sublessor, located at 4333 Admiralty Way, Marina del Rey, California 90292; provided, however, that a Sublessee shall have no right to conduct more than one such inspection or audit in any given year, that any such inspection or audit shall be at Sublessee's expense, that a Sublessee shall request any such inspection or audit at least two days in advance, and that any such inspection or audit shall be conducted in a reasonable manner and shall be completed within a reasonable length of time.

4.2.5 Time for Payment. The Monthly Maintenance Fee shall commence as to each Condominium upon recordation of the Assignment and Assumption of Condominium Sublease with respect thereto. The Monthly Maintenance Fee applicable to each Condominium shall be payable, in advance, on the first day of each and every

month during the term of the Condominium Sublease for that Condominium, except that, if the first month of the term is less than a full month, the Monthly Maintenance Fee applicable to such partial month shall be payable on the first day of the first full month of the term along with the regular Monthly Maintenance Fee for that month. The Monthly Maintenance Fee for any partial month during the term of a Condominium Sublease shall be prorated based on a thirty (30) day month.

4.3 Taxes and Assessments.

4.3.1 Condominium Sublessee's Obligations.

4.3.1.1 General Obligation. Each Condominium Sublessee, by accepting an assignment of a Condominium Sublease, also agrees to pay its share of (i) all taxes, including but not limited to property taxes and possessory interest taxes, and general and specific assessments (including betterment assessments and improvements bonds of charges of every description, whether in addition to or in substitution for taxes or assessments levied, which have been or are hereafter assessed or levied against, and which are attributable to, during the term of this Sublease, all or any portion of the Premises or Appurtenant Rights leased herein, all interests therein and all improvements, fixtures and personal property therein; and (ii) any occupancy or similar tax or assessment imposed by any state, county or local governmental authority upon a Condominium Sublessee's interest hereunder or upon any payments made by a Condominium Sublessee hereunder. Sublessor agrees to use its best efforts, and each Condominium Sublessee, and its successors and assigns, agrees to cooperate with Sublessor, to obtain separate assessments of the Condominiums for all such taxes and assessments. Each Condominium Sublessee acknowledges that the Premises and rights leased hereunder are and shall continue to be subject to possessory interest taxes. This statement is intended to comply with Section 107.1 of the California Revenue and Taxation Code.

4.3.1.2 Separate Assessment. If the Condominiums are separately assessed, then all such payments relating to a Condominium Sublessee of that Condominium shall be made by the Condominium Sublessee of that Condominium directly to the Los Angeles County Assessor or other appropriate taxing or assessing authority. Such payments shall be made promptly when due and in all events prior to delinquency, and in the event of failure of a Condominium Sublessee to make any such payments when due, such Condominium Sublessee shall pay all fines, penalties, interest and other costs imposed by reason of the Condominium Sublessee's failure to make such prompt and punctual payments. Within thirty (30) days after payment of any such tax or assessment, each Condominium Sublessee shall provide written evidence of compliance with this Section to Sublessor in the form of a receipted bill, copy of cancelled check(s) or such other evidence of payment as may be specified by Sublessor. \$\$

In the event a condominium Sublessee fails to make such payments, and such taxes or assessments become delinquent, Sublessor may (but shall not be obligated

to) pay said taxes and assessments and all penalties accrued thereon on behalf of the Condominium Sublessee and recover such payments from the Condominium Sublessee on demand.

4.3.1.3 No Separate Assessment. If all or any portion of the Condominiums are not separately assessed, then at least thirty (30) days prior to the date on which such taxes or assessments become delinquent, Sublessor shall provide written notice to each Condominium Sublessee of the amount of taxes and assessments allocable to that Sublessee's Condominium, and each such Condominium Sublessee shall pay such amount to Sublessor or the Management Company, as Sublessor may direct, at least ten (10) days before the date on which such taxes become delinquent. Such amount shall generally be determined by Sublessor to equal the amount of such taxes that would have been assessed to that Condominium Sublessee's Condominium if that Condominium had been separately assessed. For example, a general increase in such taxes would be allocated to all Condominiums based on each Condominium Sublessee's Operating Expense Percentage, while the sale by a Condominium Sublessee of the Condominium Sublessee's Condominium, which results in an increase in such taxes due to reassessment would be paid by the transferee of that Condominium Sublessee.

4.3.2 Exclusions. Nothing contained herein shall require a Sublessee hereunder to pay any franchise, corporate, estate, inheritance, succession, net income, profit or revenue tax of Sublessor.

4.4 Ground Rent

4.4.1 Amount Payable. Each Condominium Sublessee, by accepting an assignment of a Condominium Sublease, further agrees to pay to Sublessor or the Management Company, as Sublessor may direct, an amount ("Ground Rent") applicable to such Condominium Sublessee's Condominium. Ground Rent shall commence as to each Condominium upon recordation of an Assignment and Assumption of Condominium Sublease with respect thereto. The Ground Rent applicable to each Condominium shall be payable, in advance, on the first day of each and every month during the term of the Condominium Sublease for that Condominium, except that, if the first month of the term is less than a full month, the Ground Rent for such partial month shall be payable on the first day of the first full month of the term along with the regular Ground Rent for such month. The Ground Rent for any partial month during the term of a Condominium Sublease shall be prorated based on a thirty (30) day month.

4.4.2 Applicable Percentages. The Applicable Percentage of Shadow Rent to be paid by each Condominium Sublessee shall be equal to the following: (a) from the commencement of the term of its Condominium Sublease through December 31, 1995, ten and one-half percent (10.5%); (b) commencing upon January 1, 1996, and extending through December 31, 2015, twelve and one-half percent (12.5%); and (c) commencing on January 1, 2016, and extending through the end of the term of the

Condominium Sublease, the percentage rate determined in accordance with Section 5.08B(3)(d) of the Master Lease; provided, however, that such percentage shall not be less than twelve and one-half percent (12.5%) nor more than fifteen percent (15%).

4.4.3 Determination of Shadow Rent. The Shadow Rent applicable to each Condominium for its Base Year shall be the amount therefore set forth on the applicable Assignment and Assumption of Condominium Sublease. The Shadow Rent for each Condominium shall be adjusted as of January 1 of each year during the term of the Condominium Sublease for that Condominium based upon the average percentage change in two (2) indices as follows:

- (a) The first index is the Residential Rental Component of the Consumer Price Index for All Urban Consumers (base year 1967) for the Los Angeles-Long Beach Area, published by the United States Department of Labor, Bureau of Labor Statistics (the "SPI Rental Index"). The second index is the Index of average housing value of the Real Estate Research Council of Southern California for the Westside-Santa Monica reporting area (the "Research Council Index").
- (b) In order to determine the percentage change in an Index, the figure shown on the Index published for a date on or most recently before January 1 of the year in which the Condominium Sublease commencement date occurs ("Beginning Index"), shall be subtracted from the figure shown on the Index published for a date on or most recently before the date rent is to be adjusted ("Adjustment Index"), assuming the indices are published for dates not more than 12 months apart. The difference shall be divided by the figure shown on the Beginning Index, and that result shall be the percentage change in the particular Index for the preceding year. In order that the percentage change may be measured annually, the Adjustment Index in one (1) year shall become the Beginning Index for the following year. If the indices are published for dates more than 12 full months apart, then the percentage change shall be determined by multiplying the total change by a fraction, the numerator of which is 12 and the denominator of which is the number of full months between the dates for which the indices were published.
- (c) The percentage change for each Index, as calculated above, shall be added together, and the sum divided by two (2). The result shall constitute the average percentage change in the two (2) indices.
- (d) Subject to the limitations in subsection (e) below, the average percentage change calculated in the preceding subsection shall be multiplied by the Shadow Rent for each Condominium in effect immediately preceding the adjustment date, and the resultant figure shall be added to or subtracted from such Shadow Rent, with the total being the Shadow Rent for each Condominium for the following year. In no even, however, shall the Shadow Rent for any Condominium in any year either be less than the initial Shadow Rent for such Condominium nor shall it exceed an amount equal to the initial Shadow Rent

for such Condominium, increased at eight percent (8%) per year, on a compounded basis.

- (e) The Shadow Rent for a Condominium in any one (1) year, however, shall not increase by more than the lesser of the following: an amount equal to eight percent (8%) of the Shadow Rent in effect for such Condominium immediately preceding the adjustment date; or, an amount equal to the maximum percentage increased permitted by any applicable rent control ordinance or law.
- (f) In the even that the limitation in subsection (e) becomes effective, such that the Sublessor did not receive the full increase otherwise allowable under the dollar amount of increase it was otherwise entitled to, appropriately compounded, to years where such limitation does not otherwise come into effect. This entitlement shall exist until such time as the Shadow Rent for the applicable Condominium reaches the annual dollar amount it would have attained in the absence of subsection (e). Increases attributable to the carry forward itself, however, shall also be subject to the limits of subsection (e). This carry forward provision shall operate as shown in the following example:

EXAMPLE: Assume initial Shadow Rent on a Condominium of \$1,000 per month, and average percentage index changes in Years 1,2 and 3 or 7%, 10% and 4%, respectively.

- The increase in Year 1 would be \$70 [$\$1000 + (\$1000 \times 7\%)$], thereby increasing the Shadow Rent for Year 2 to \$1070.
- The increase in Year 2 would be \$85.60, thereby increasing the Shadow Rent for Year 3 to \$1,155.60 [$\$1070 + 8\% \times \$1,070$] *(see footnote)
- The increase in Year 3 would be \$68.40, thereby increasing the Shadow Rent for Year 4 to \$1,224 [$\$1,177$ (the Shadow Rent which would have been in effect but for the maximum increase limits) + $(4\% \times \$1,177)$]

* In the absence of the maximum increase limitations, the rent would have increased to \$1,177. But subsection (d) and subsection (e) limit the increase to 8% of the preceding year's Shadow Rent.

Note: $\$1,177 + \$47 = \$1,224$
 $\$1,224 - \$1,155.60 = \$68.40$
\$68.40 is less than 8% of 1,155.60 (\$92.40)

- (g) If either Index is changed so that its base year differs from that used as of the period immediately preceding the Sublease Commencement Date, the Index shall be converted in accordance with the conversion factor published by the publisher of the Index. If the Research Council Index is discontinued, then adjustments occurring after the discontinuance of the Research Council Index

shall be based solely upon the percentage change in the CPI Rental Index. If the CPI Rental Index is discontinued or revised during the term, such other government index or computation with which it is replaced shall be used in order to obtain substantially the same result as would have been obtained if the CPI Rental Index had not been discontinued or revised. In the event County and Sublessor fail to agree on the use of a replacement index within 60 days of such discontinuance or revision, the selection of the same shall be determined by arbitration in accordance with the Master Lease.

- (h) As provided in Section 18.2 of this Sublease, in the event of a default by Sublessor and termination under the Master Lease, each Condominium Sublessee agrees that it will continue to pay the Ground Rent applicable to its interest hereunder to the County, or the county's subsequent lessee, as Sublessor.

4.5 Change in Ownership Fee

As additional consideration for this Sublease, if there is a Change in Ownership of any Condominium Sublease following the creation thereof which is not otherwise exempted by Section 14.2 below, the Condominium Sublessee whose interest is the subject of the Change of Ownership, or such Condominium Sublessee's transferee, shall pay an amount (the "Change in Ownership Fee") to Sublessor equal to two percent (2%) of the total purchase price charged by such Condominium Sublessee, without reduction for any cost or charge incurred by such Condominium Sublessee or its transferee (and Sublessor shall pay one-half of such fee to the County, pursuant to Section 5.12 of the Master Lease), on or before the closing or effective date of such Change in Ownership. The payment of this fee shall be the joint and several obligation of both the transferor and transferee of the Condominium Sublessee's Condominium Sublease, and all agreements with such transferees shall provide for such joint and several liability.

4.6 Exemption From Payments; All Payments Directly to Master Sublessor

Notwithstanding anything above, which is or appears to be to the contrary, Master Sublessee shall not be required to make any payments to Sublessor under Article 4 above. The Master Sublessee is an affiliate of Sublessor and is entering this Sublease solely to facilitate establishment of the subleasehold condominium regime and the subsequent creation of Condominium Subleases between Sublessor and the Condominium Sublessees, and this Sublease shall not be interpreted to require rental payments from said Master Sublessee to Sublessor. As provided above, all payments made by Condominium Sublessees under this Article 4 are the property of Sublessor, and Master Sublessee shall have no interest in our right to such payments.

5. COMMON AREA; PARKING AREAS; RIGHTS OF INGRESS, EGRESS AND USE

5.1 Common Area.

Each Condominium Sublessee, concurrent with its acquisition of an interest in a Unit and as a part of its Condominium, shall also acquire an undivided one six hundredth (1/600) interest in the Common Area subject to this Sublease. The undivided interest in the Common Area shall be a subleasehold estate subject to the provisions of this Sublease and the CC&Rs to be recorded by Master Sublessee pursuant to this Sublease. If Master Sublessee does not annex all Units described in the CC&Rs as annexable property within the time provided in the CC&Rs for annexation of such Units by the Master Sublessee acting alone, Master Sublessee shall convey the Common Area interest allocable to such non-annexed Units to all existing and prospective Condominium Sublessees on a pro-rata basis. Each Condominium Sublessee, for itself and its successors, assigns and grantees, covenants and agrees that its interest in the Common Area and its interest in its Unit shall not be separated or separately conveyed or encumbered even though the description in the instrument of conveyance or encumbrance may refer only to the Unit.

Following execution of this Sublease and recordation of the CC&Rs, the Master Sublessee shall form the Association and prepare, file, and adopt, as appropriate, the Articles of Incorporation and the Bylaws. The Association shall act on behalf of the Sublessees holding an interest as tenants-in-common of the Common Area, for the purpose of managing, operating, maintaining, and repairing the Common Area, and discharging each Condominium Sublessee's obligations with respect thereto. Each Condominium Sublessee, upon receiving record subleasehold title to his Condominium, shall automatically become a member of the Association as more particularly provided for and subject to the terms and conditions contained in the CC&Rs. The Master Sublessee (so long as it retains an interest hereunder) and each Condominium Sublessee shall have the right to use the Common Area subject to the provisions of this Sublease, the CC&Rs, and such reasonable rules and regulations as the Association may establish for use of the Common Area by all persons.

5.2 Parking Spaces.

Subject to the terms and conditions of this Sublease, including performance of all applicable payment obligations imposed under Article 4 above, the terms and provisions of Article 17 below, and such reasonable rules and regulations as Sublessor may from time to time establish for the use of such areas, the Master Sublessee (so long as it retains an interest hereunder) and each Condominium Sublessee shall have the exclusive right to use the passenger vehicle parking space or spaces ("Parking Spaces") allocated to their respective Condominiums by Master Sublessee. The Parking Spaces from among which Master Sublessee will make such individual allocations are set forth on the Parking Schedule ("Parking Schedule") attached hereto as Exhibit G. The location of such Parking Space(s) is depicted on the Condominium Plan. The Master Sublessee shall allocate the use of specific Parking Space(s) to individual Condominiums at the time of

creating a Condominium Sublease with respect thereto. A Condominium Sublessee's rights of use with respect to parking shall be limited to only those Parking Spaces(s) assigned to its Condominium and shall arise only upon such assignment. The actual, as-built dimensions of the Parking Spaces shall be conclusively presumed to be their boundaries rather than any depiction or description contained in the Condominium Plan. The exclusive right of use of a Parking Space does not entitle a Sublessee to alter, change or add to, in any way, the surfaces of such area.

5.3 Rights of Ingress, Egress, Use and Support.

Subject to the terms and conditions of this Sublease, including performance of all applicable payment obligations imposed under Article 4 above, and subject to such reasonable rules and regulations as Sublessor may from time to time establish for the use of such areas, the Master Sublessee (so long as it retains an interest hereunder) and each Condominium Sublessee shall have the non-exclusive right (i) to use the then existing driveways, roads, and pedestrian walkways and pathways and other like public areas located on the Property for purposes of ingress to and egress from its Condominium, the Common Area, and its Parking Space(s), and (ii) to use the Tower lobby, walkways, elevators, stairways, hallways, corridors and other similar areas located in the interior of any Tower (but excluding any such areas within the Units themselves) for purposes of ingress to, egress from, and use of such Sublessee's Unit and the Common Area, and (iii) to use the laundry room within the Tower containing such Sublessee's Unit for its intended purpose. Subject to the terms and conditions of this Sublease, each Sublessee is also granted an easement for support of its Unit and the Common Area in connection with the use thereof pursuant to this Sublease.

Notwithstanding anything in this Sublease which is or appears to be to the contrary, this Sublease does not confer on any Condominium Sublessee the right to use the Recreation and Restaurant Facilities or Non-condominium Units, and a Condominium Sublessee's rights with respect thereto shall be only such rights, if any, that it may have as a member of the general public or under a separate agreement. Further, except as expressly provided above with respect to a Condominium Sublessee's Appurtenant Rights, this Sublease does not confer on any Condominium Sublessee or the Association any rights with respect to the Parking and General Access Areas, and each Condominium Sublessee expressly acknowledges and agrees that it has no right to use any parking spaces on the Property except the Parking Space(s) allocated to its Unit in its Assignment and Assumption of Condominium Sublease.

Each Condominium Sublessee, for itself and its successors, assigns and grantees, covenants and agrees that its Appurtenant Rights and its interest in its Unit and its interest in the Common Area conveyed therewith shall not be separated or separately conveyed or encumbered even though the description in the instrument of conveyance or encumbrance may refer only to such Unit or such Unit and such Common Area interest.

5.4 Control By Sublessor.

Notwithstanding anything above which is or appears to be to the contrary, Sublessor shall at all times during the term of this Sublease have the right and does hereby reserve the right to enter on or in and the exclusive sole right to control, all portions of the Property (other than the Units and Common Area), including the parking areas and other areas described in Sections 5.2 and 5.3 above, in order, and to the extent necessary, to perform and fulfill any of its obligations to the Condominium Sublessees under this Sublease, to the County under the Master Lease, and to others having the right to use such portions of the Property. Such right shall extend as necessary or advisable to permit Sublessor, at any time and from time to time during the term hereof, to restrain any use or occupancy of the Property that contravenes the restrictions set forth in Articles 13 below. To effectuate the foregoing, or as otherwise necessary or advisable to protect the interests of a Sublessee or other users of the Property, Sublessor may temporarily close any portion of the Property (other than the interior of the Units or the Common Area) to make repairs or alterations, to prevent the accrual of any third party rights in such areas by reason of any unauthorized use thereof, or for any other purpose deemed necessary or advisable by Sublessor in fulfilling its obligations under this Sublease, the Master Lease or other agreements relating to the Property.

5.5 Liability for Damage to Property.

Each Condominium Sublessee shall be liable to Sublessor for all damage to the Property or any portion thereof caused by such Condominium Sublessee or such Condominium Sublessee's guests, invitees, subtenants, licensees, servants, family members, or pets.

6. REPAIR AND MAINTENANCE; INTERRUPTION OF SERVICES

6.1 Repair and Maintenance Duties of Sublessor.

Subject to Articles 11 and 11A pertaining to condemnation, Articles 10 and 11A pertaining to damage or destruction of improvements, and Section 6.4 pertaining to repairs by the Condominium Sublessees, Sublessor shall maintain, repair and make necessary renovations, replacements and improvements to the Property, or shall contract with the Management Company for such maintenance, repairs, renovations, replacements and improvements shall include without limitation: (1) all janitorial, landscaping and repair work within the Property deemed necessary or advisable by Sublessor; (2) repair and maintenance of all walks and other means of ingress and egress within the Property; (3) repair of and the payment for all centrally metered utilities; and (4) an inspection and preventative program for the prevention and eradication of infestation by pests and organisms on the Property. All such maintenance, repairs, renovations, replacements and improvements to the Property which are the responsibility of Sublessor shall, except as provided in Section 6.4 below, be paid for as Operating Expenses as provided in 4.2

above; provided, however, **that with respect to the booster air conditioning equipment servicing certain of the Units located on the top floor or floors of the Towers, the costs of maintenance, repairs, renovations, replacements and improvements with respect thereto shall be charged against the Sublessee or Sublessees whose Unit(s) is (are) serviced by such equipment as a Supplemental Maintenance Fee in accordance with Section 6.3 below.**

6.2 Interruption of Services.

Any interruption or curtailment in any services which Sublessor is obligated to furnish hereunder shall not entitle a Condominium Sublessee to any claim against Sublessor, or to any reduction in the Monthly Maintenance Fee or delay in payment thereof, nor shall the same constitute a constructive or partial eviction. If Sublessor fails, after written notice from a Condominium Sublessee describing with particularity such interrupted or curtailed service, to take reasonable measures or to cause reasonable measures to be taken by the Management Company to restore such service within a reasonable period of time, then a Condominium Sublessee's only remedy shall be to: (1) seek specific performance from a court of competent jurisdiction; or (2) to the extent specifically permitted by law, to deposit in an interest bearing account a portion of the Monthly Maintenance Fee otherwise due in connection with repairs, under Civil Code Section 1942, pending resolution of any court action. Under no circumstances shall a Condominium Sublessee be entitled to a refund of any payment made under this Sublease, or any portion thereof, or to withhold any Ground Rent, as a result of any interruption or curtailment of services.

6.3 Supplemental Maintenance Fee.

6.3.1. **Description.** All work performed for or on behalf of a Condominium Sublessee or Condominium Sublessees under this Sublease on or in its (their) Unit(s), the Common Area or the remainder of the Property, including, without limitation, work described in Sections 6.5 and 6.6 below, work described in Articles 10 and 11 below and any amounts paid by Sublessor for discharge of any lien or encumbrance arising from the construction of any improvements or alterations by a Condominium Sublessee as set forth in Section 7.3 below, shall be charged to the affected Condominium Sublessee(s) as a Supplemental Maintenance Fee. "Supplemental Maintenance Fee" shall refer to any charge against a Condominium Sublessee directly attributable to, or reimbursable by, a Condominium Sublessee, equal to the cost (with regard to work performed on or in the Condominium Sublessee's Unit or for a Condominium Sublessee's benefit) or a pro rata share of such cost based on the relative proportion of each affected Condominium Sublessee's Operating Expense Percentage to the sum total of the Operating Expense Percentage of all affected Condominium Sublessees and Prepaid Sublessees (with regard to work performed for the benefit of more than one Condominium Sublessee and/or Prepaid Sublessee) incurred by Sublessor for corrective action performed pursuant to the

provisions of this Sublease, plus interest and other charges thereon as made applicable in this Section 6.3 or Section 16.4 hereof.

6.3.2 Administrative Cost. In addition, Sublessor and each Condominium Sublessee agree that, with regard to work performed on a Condominium Sublessee's behalf, it would be impractical or extremely difficult to determine the Sublessor's administrative costs in performing such work for or on behalf of such Condominium Sublessee, and, in order to cover such administrative costs, each Condominium Sublessee therefore agrees to pay the greater of: (i) five percent (5%) of the total amount of all costs incurred by Sublessor in performing such work (or five percent (5%) of the Condominium Sublessee's share of such work if such work is performed on behalf of more than one Condominium Sublessee and/or Prepaid Sublessee), and (ii) \$50. Such administrative costs and such charge shall constitute a part of the Supplemental Maintenance Fee. Each Condominium Sublessee, for itself and its successors, assigns and grantees, covenants and agrees to pay all applicable Supplemental Maintenance Fees, together with interest and other charges thereon. Such amounts shall be due and payable within 10 days after Sublessor's written notice.

6.3.3 Non-Recourse. Any provision of this Sublease to the contrary notwithstanding, the liability of a Condominium Sublessee for non-payment of the Supplemental Maintenance Fees charged to that Condominium Sublessee pursuant to Articles 10 and 11 of this Sublease shall be limited to recourse against the interest of such Condominium Sublessee in its Condominium Sublease.

6.4 REPAIR AND MAINTENANCE BY CONDOMINIUM SUBLESSEE AND ASSOCIATION

6.4.1 Units. Each Condominium Sublessee shall maintain, repair replace, and restore or cause to be so maintained, repaired, replaced, and restored, at such Condominium Sublessee's sole cost and expense, such Condominium Sublessee's Unit, including, without limitation, the windows, cabinets, exposed plumbing, built-in appliances, water heating units, and wall and floor coverings located within such Unit, the interior surfaces of the walls, ceilings, floors, doors, and permanent fixtures therein, and the surfaces of the balcony, deck or patio forming a portion thereof. Each Condominium Sublessee shall have the exclusive right to paint, plaster, panel, carpet, tile, wax, paper or otherwise refinish, decorate and customize the inner surfaces of the walls, ceilings, floors, windows and doors located within such Condominium Sublessee's Unit, and move or remove any nonbearing walls (such changes or additions are hereinafter collectively referred to as "Decorations"). Each Condominium Sublessee's obligations and rights under this Section are subject to the provisions of Section 7.1. Each Condominium Sublessee shall keep its Unit free from debris and shall not commit or suffer any waster to be committed on, in or adjacent to its Unit. Except as provided in Articles 10, 11, and 11A below, no Condominium Sublessee shall be responsible for the

replacement or structural repair of its Unit so long as the damage is not caused by the willful or negligent acts of such Condominium Sublessee or such Condominium Sublessee's guests, invitees, sub-tenants, licensees, servants, or family members, or by the failure of such Condominium Sublessee to adhere to the terms and conditions of this Sublease.

6.4.2 **Common Area.** The Sublessees acting collectively through the Association shall maintain, repair replace and restore or cause to be so maintained, repaired, replaced, or restored, at such Sublessees sole cost and expense, the Common Area, including without limitation, the windows, cabinets, exposed plumbing, built-in appliances, water heating units, and wall and floor coverings located within the Common Area, and the interior surfaces of the walls, ceilings, floors, doors, and permanent fixtures therein. The Sublessees acting collectively through the Association shall have the exclusive right to install Decorations in the Common Area. The Sublessees' obligations and rights under this Section are subject to the provisions of Section 7.1. The Sublessees acting collectively through the Association shall keep the Common Area free from debris and shall not commit or suffer any waste to be committed on, in or adjacent to the Common Area. The performance of all rights and duties described above shall be paid for by the assessments to be imposed by the Association on all Sublessees in accordance with the Bylaws and the CC&Rs. Except as provided in Articles 10, 11, and 11A, no Sublessee shall be responsible for the replacement or structural repair of the Common Area so long as the damage is not caused by the willful or negligent acts of such Sublessee or such Sublessee's guests, invitees, sub-tenants, licensees, servants, or family members, or by the failure of such Sublessee to adhere to the terms and conditions of this Sublease.

6.5 Right of Access.

In addition to any other right of access provided for herein, Sublessor shall have a right of access to and does hereby reserve such right of access over and through each Unit, the Common Area, and the portion of the Property subject to exclusive Appurtenant Rights as follows:

6.5.1 **Inspection.** Sublessor, through its authorized agents, shall have a right of access upon and within each Unit, the Common Area, and the portion of the Property subject to exclusive Appurtenant Rights, or any part thereof, to inspect the same and all improvements erected and placed thereon, to take any corrective action reasonably deemed necessary by Sublessor, to otherwise perform its obligations hereunder or under the Master Lease, and to protect the rights and interests of all Sublessees, the County, and any other person or entity with an interest in the Property; provided that, prior to entry into any Unit, Sublessor shall request access from and such entry shall be at a time reasonably convenient to the affected Sublessee(s), and prior to entry into the Common Area, Sublessor shall request such access from and such entry shall be at a time reasonably convenient to the Association.

6.5.2 Maintenance and Repairs. Sublessor may, at its option and through its authorized agents, enter the Units, the Common Area, and the portion of the Property subject to exclusive Appurtenant Rights for the purpose of performing such maintenance, repairs replacement, or restoration therein or thereon as Sublessor may deem necessary for the safely and proper maintenance of the Property, including the Units, the Common Area, and the Towers; provided, that, with respect to any Unit, Sublessor shall request such access in advance from and such access shall be at a time reasonably convenient to the affected Sublessee, and that, with respect to the common Area, Sublessor shall request such access in advance from and such access shall be at a time reasonably convenient to the Association. In the event of such entry, and in order to allow Sublessor to perform its obligations under Section 6.1 above, each Sublessee agrees to vacate its Unit, and the Sublessees collectively agree to vacate the Common Area, upon receipt of reasonable notice from Sublessor, which notice shall in no event be less than ten (10) days, and to bear any costs of temporary relocation during such period as deemed reasonably necessary by Sublessor in good faith to fulfill such obligations. Nothing contained herein shall be construed to impose any obligation upon Sublessor to maintain, repair, replace, or restore any portion of the Units or Common Area to be maintained, repaired, replaced or restored by a Sublessee or the Sublessees pursuant to Section 6.4 above.

6.5.3 Emergencies. Sublessor and the County, through their authorized agents, shall have the immediate right to enter each Unit, the Common Area, and the portion of the Property subject to exclusive Appurtenant Rights as necessary or advisable in case of any emergency originating in or threatening a Unit, the Common Areas, or the Property, whether the Sublessee leasing such Unit or the Association representative responsible for managing the Common Area, as applicable, is present or not and with or without notice. In the case of an emergency, each Sublessee agrees to immediately vacate its Unit, and the Sublessees collectively agree to immediately vacate the Common Area, if required by Sublessor or the county for the protection of any Unit or the Common Area, or any Sublessee or any other person or entity, or any portion of the Property, and to bear any costs of temporary relocation for the duration of such emergency.

6.6 Use of Agent.

Sublessor may contract with a Management Company for the performance of maintenance, repair, replacement, and restoration activities (including the billing and collection of Monthly Maintenance Fees) and for conducting other activities on Sublessor's behalf.

7. ALTERATIONS

7.1 Restrictions (Construction)

No building, wall, fence, obstruction, balcony, screen, patio, patio cover, tent, awning, improvement, or structure of any kind shall be commenced, erected, painted or maintained upon or within any Unit or the Common Area, nor shall any alteration or improvements of any kind be made thereto (hereinafter collectively referred to as “Alterations”), except for an Alteration that is not structural or utility bearing, is not visible from the exterior of the affected Unit or the Common Area if the drapes or shades are drawn, does not involve the piercing, altering or repairing of the exterior of, or removal of any exterior portion of, any wall, floor or ceiling separating Units or other rooms on the Property and does not affect any common equipment used by any other Unit or other room or building on the Property, until the plans and specifications therefore showing the nature, kind, shape, height, width, elevation, color, materials, and location of the same shall have been submitted to and approved in writing by the Sublessor. Failure by Sublessor to approve, deny or otherwise act on such plans or specifications within forty-five (45) days after receipt thereof shall be deemed a denial of such plans and specifications. In addition, any and all such Alterations may require the prior written approval of the Director (the “Director”) of the County Department of Beaches and Harbors, Marina del Rey, and other federal, state or local government agencies, including the Los Angeles County Department of Building and Safety. In the event such approvals and/or permits are required, each Condominium Sublessee agrees and covenants not to commence any Alteration until such approvals and/or permits have been obtained. To obtain such approvals and/or permits, each Condominium Sublessee agrees that it will inform Sublessor of the need for such approvals and/or permits and allow Sublessor, at Sublessor’s sole discretion, to either obtain such approvals and/or permits or to direct such Condominium Sublessees to do so under Sublessor’s direction; provided, however, that any County approvals which are required by County as landlord under the terms of the Master Lease shall be obtained by Sublessor. Each Condominium Sublessee further agrees to pay Sublessor its costs related to obtaining such approvals and/or permits, plus an administrative fee equal to the greater of 5% of such costs or \$50. Such amount (which shall be deemed not to constitute an Accrued Monetary Obligation as defined in Section 16.3) shall be due and payable within 10 days of the written notice thereof, and each Condominium Sublessee agrees that it shall not proceed with construction of any such Alteration until said amount is paid.

7.2 Construction of Alterations.

Any Alterations must be performed by a contractor licensed by the State of California and must comply with all applicable federal, state, and local laws, rules and regulations. In addition, the Sublessor may condition any approval of such Alterations on the agreement of the affected Condominium Sublessee to use one of at least three contractors or other persons designated by the Sublessor for such construction.

7.3 Liens and Claims.

No Condominium Sublessee shall suffer or permit to be enforced against its Unit or the Common Are, or any part thereof, any mechanics', laborers', material men's contractors', sub-contractors' or other liens arising from, or any claim for damages growing out of, any Alteration, Decoration, repair, restoration, replacement or improvement required or permitted by this Sublease, or any other claim or demand however the same may arise, but each Condominium Sublessee shall pay or cause to be paid all of such liens, claims and demands before any action is brought to enforce the same; and each Condominium Sublessee hereby indemnifies and agrees to hold the Sublessor, the Master Sublessee, the County and the Property free and harmless from all liability for any and all such liens, claims, and demands, together with all costs and expenses in connection therewith including, without limitation, any attorneys' fees incurred by Sublessor, the aster Sublessee or the County. A Condominium Sublessee may in good faith contest the validity of any such lien, claim or demand; provided, that, such Condominium Sublessee shall, at its expense, defend itself, Sublessor, Master Sublessee and the County against the same and shall pay and satisfy any adverse judgment that may be rendered before the enforcement thereof against Sublessor, Master Sublessee, the County or any portion of the Property. Each Condominium Sublessee contesting such lien, claim or demand shall furnish to Sublessor and the county a survey bond or other assurance satisfactory to Sublessor and the County, respectively, in an amount equal to the contested lien, claim or demand indemnifying Sublessor, Master Sublessee, and the County against liability for the same, or shall provide and record the bond provided for in Section 3143 of the California Civil Code or any successor statute hereinafter enacted, freeing the Property from the effect of such lien or claim or action thereon, unless such Condominium Sublessee has received a written waiver of both of the foregoing requirements from Sublessor and the County.

In addition to all other requirements, before commencing construction of any Alterations as provided in this Article 7, the affected Condominium Sublessee shall give, or cause to be given, to Sublessor and the County written notice thereof, specifying the nature and location of the intended work and the expected date of commencement thereof; and such Condominium Sublessee shall furnish to Sublessor and the County a surety bond or other security, in such form and in such amounts as shall be approved by Sublessor and the County, guaranteeing the completion of any such work free and clear of any of the liens, claims and demands

hereinabove specified; and Sublessor, Master Sublessee and the County shall have the right at any time and from time to time to post and maintain on the Property, or any part thereof, such notices of non-responsibility as may be provided by law.

In the even that a Condominium Sublessee fails to pay and discharge any liens or claims arising hereunder after ten (10) days written notice from Sublessor, Master Sublessee or the County, then the Sublessor, Master Sublessee or the County, whichever is appropriate, shall have the right (but not be obligated) to make such payments as are necessary and to recover such amounts and expenses, including attorneys' fees incurred by Sublessor, Master Sublessee or the County, whichever is appropriate, from such Condominium Sublessee upon demand.

8. INSURANCE

8.1 Master Insurance

8.1.1 Type and Amount of Coverage. Except as provided in Section 8.6, in order to protect the interests of Sublessor, the County, all Sublessees and their Authorized Mortgagees, Sublessor shall insure against loss of or damage to all buildings, structures, equipments, and improvements on the Property (including the Units and the Common Area except as otherwise provided below) resulting from fire, lightning, vandalism, malicious mischief, those risks ordinarily defined in "extended coverage," and those risks covered by an "All-Risk" policy (collectively, the "Master Policy"). Sublessor may but shall not be required and shall have no liability to any Sublessee for failing to insure against loss and damage due to earthquake and, as of the commencement of the term hereof, has not insured against loss or damage due to earthquake. The Master Policy coverage shall be in an amount equal to the full replacement value of said buildings, structures, equipment, and improvements, and shall be placed and maintained with such insurance company or companies and in such form as shall be reasonably satisfactory to County, but in no event shall such company or companies have a Best's Key Rating Property Casualty Guide of less than XV.A. Such policy shall not be required to insure any personal property, Alterations or Decorations within any Unit or the Common Area or otherwise maintained on the Property by a Sublessee, which matters shall be the sole responsibility and at the sole risk of the affected Sublessee.

8.1.2 Form of Policy; Security for Payment. The Master Policy, along with its endorsements, shall name County as an additional insured and any encumbrance holder of Sublessor as a loss payee; upon the occurrence of any loss, the proceeds of such insurance shall be held by County in trust for the named insureds as their interests appear and shall be disbursed on a monthly draw basis to pay for the restoration of the improvements. To the extent required by an encumbrance holder of Sublessor at the time of County approval of its encumbrance, such insurance shall be held and disbursed by a neutral insurance trustee selected by mutual agreement of the County and Sublessor, according to procedures established under the Master Lease. In the event of such loss,

Sublessor shall be obligated to rebuild or replace the destroyed or damaged buildings, structures, equipments, and improvements except as otherwise provided in Section 10.2. County shall reimburse Sublessor for said rebuilding or replacement out of and to the full extent of any proceeds of said insurance held by County, as payments are required for said purposed. In order to insure that the master Policy will be maintained as required by this Sublease, any Sublessor (other than the County) shall post a bond, letter of credit, or other security of like quality and nature, in an amount equal to at least one-fourth (1/4) of the annual premium on the Master Policy. Such security shall be drawable by or available to the Association or Five Authorized Mortgagees, as applicable, acting under Section 8.7 of this Sublease, for use in connection with and only in connection with payment of Master Policy premiums required because of Sublessor's Failure to either maintain the Master Policy or adopt a program of self-insurance meeting the requirements of section 8.6. If, at any time, the Association should create a reserve account with respect to funding the payment of any Master Policy premiums which it may elect to pay pursuant to Section 8.7 of this Sublease, then the bond, letter of credit or other security posted by Sublessor may, at Sublessor's sole election, be reduced by an amount equal to the amount of any such reserve account.

8.1.3 Allocation of Insurance Proceeds. Notwithstanding any contrary provisions in this Sublease, if a complete or partial destruction of the Property occurs and one or more Sublessees permanently loses the use of its or their Unit(s) and the damage or destruction is an insured casualty, then the proceeds therefrom shall be allocated as follows:

First: To the extent required under the Master Lease, to repair such damage or destruction if it can be repaired, or to protect, repair and/or restore the remainder of the Property if the Property cannot be fully repaired.

Second: To pay each Sublessee who has permanently lost the use of its Unit and such Sublessee's Authorized Mortgagee(s), as their respective interests may appear, the then fair market value of their respective interest under this Sublease excluding any Bonus Value; provided, that if there are insufficient proceeds, the payment to each such Sublessee and its respective Authorized Mortgagee shall be reduced proportionately. "Bonus Value" shall mean the then present value of the excess, for the duration of this Sublease, of the fair market ground rent attributable to a Sublessee's Condominium over the Ground Rent which would have been attributable thereto.

Third: The balance to the County, Sublessor and Sublessor's encumbrance holders as provided in the Master Lease.

8.2 Sublessor's Liability Insurance

Except as provided in Section 8.6, in order to protect the interests of Sublessor, County and all Sublessees (provided, however, the Sublessees shall not be named

insureds and shall be responsible for obtaining their own liability insurance as set forth in section 8.4, below), Sublessor shall maintain in full force and effect during the term of this Sublease, comprehensive general liability insurance together with premises operations, products, completed operations and contractual liability coverage with combined bodily injury and property damage liability limits of no less than FIVE MILLION DOLLARS (\$5,000,000). The amounts of liability insurance required by this Section shall be subject to renegotiation by Sublessor and County each fifth (5th) anniversary of the commencement of the term of the Master Lease, as provided in the Master Lease.

8.3 Notice of Cancellation

All policies of insurance described in Sections 8.1 and 8.2 above shall contain a provision that said policy or policies shall not be cancelled or terminated or expire by their terms without at least thirty (30) days prior written notice to Sublessor, each Condominium Sublessee, all Authorized Mortgagees and the County (provided that in the case of a Condominium Sublessee, such Condominium Sublessee has filed a written request with the carrier for such notice). In addition, Sublessor shall provide evidence to all Authorized Mortgagees of the renewal or replacement of the insurance described in Sections 8.1 and 8.2 above at least 30 days prior to the expiration thereof, but not less frequently than annually. If an Authorized Mortgagee holds a mortgage on more than one Sublease, only one copy of any notice or evidence required by this Section need be sent to such Authorized Mortgagee.

8.4 Insurance by Condominium Sublessees and Association

Insurance for all Alterations, Decorations, and personal property within each Unit shall be the sole responsibility of and shall be provided at the sole option of each Condominium Sublessee for loss or damage, which is not covered by the Master Policy. In the event that a Condominium Sublessee elects to obtain such insurance or any additional insurance, such Condominium Sublessee shall pay all premium and other charges payable in respect to all such insurance, and shall from time to time deposit with Sublessor a copy of the certificate of the insurance carrier as to each policy of such insurance. Each Condominium Sublessee shall also be entitled to carry such public liability insurance, as that Condominium Sublessee may deem desirable to cover such Condominium Sublessee's individual liability for damages to persons or property occurring inside the Condominium Sublessee's Unit or elsewhere upon the Property; provided, that such Condominium Sublessee shall, in any such policies, name Sublessor and County as additional insureds and furnish Sublessor and County with a certificate evidencing same.

Insurance for all Alterations, Decorations, and personal property within the Common Area shall be the sole responsibility of and shall be provided, if at all, at the sole cost of the Association for loss or damage not covered by the Master Policy. The

Association may carry such additional insurance as is required or permitted by the CC&Rs. All premiums and other charges payable in respect of such insurance carried by the Association shall be paid from the Association funds raised by assessments upon its members. The Association shall from time to time deposit with Sublessor a copy of the certificate of the insurance carrier as to each policy of insurance carried by the Association.

8.5 Waiver of Subrogation

All insurance policies carried by a Condominium Sublessee or the Association shall contain waivers of subrogation of claims by the insurer against Sublessor, all Sublessees (excluding the Sublessee carrying such policy), the Association (unless the association is carrying such policy) and the County. Such policies shall not adversely affect or diminish any liability coverage under any insurance obtained by Sublessor. If any loss intended to be covered by insurance carried by Sublessor shall occur and the proceeds payable thereunder shall be reduced by reason of insurance carried by a Condominium Sublessee or the Association, such Condominium Sublessee or the Association, as applicable, shall assign the proceeds of such insurance to Sublessor, to the extent of such reduction, for application by Sublessor to the same purposes as the reduced proceeds were to have been applied.

8.6 Self-Insurance

If it is no longer prudent for Sublessor to obtain the insurance required hereunder in light of the costs payable for the benefits obtained and Sublessor adopts a program of self-insurance that is approved by the Director under the procedures established in the Master Lease, then Sublessor shall not be in breach hereof if it fails to obtain such insurance; provided, however, that Sublessor shall not be allowed to adopt a program of self-insurance unless Authorized Mortgagees which hold mortgages on 75% or more of the Condominiums approve of such program of self-insurance. Sublessor shall send a written notice to all Authorized Mortgagees notifying such Authorized Mortgagees of its intent to self-insure. Such notice shall state that the Authorized Mortgagees have twenty (20) days to approve or object to such program of self-insurance and shall include a copy of the information required to be submitted to the County in connection with self-insurance under the Master Lease. If any or all Authorized Mortgagees fail to respond in writing to such notice within such twenty (20) day time period, Sublessor shall inform such Authorized Mortgagees of such failure to respond in a notice providing that such Authorized Mortgagees have ten (10) days to approve of or object to Sublessor's program of self-insurance. Any Authorized Mortgagees, which do not respond in writing to this second notice within such ten (10) day time period, shall be deemed to have approved of such program of self-insurance. If an Authorized Mortgagee holds mortgages on more than one (1) Sublease, only one copy of each notice shall be sent to such Authorized Mortgagee. Self-insurance shall be deemed to be full insurance coverage in the amounts required by this Sublease.

8.7 Rights of Third Parties to Provide Insurance

9.1 Waiver.

Neither Sublessor, Master Sublessee nor the County shall be liable for any loss, damage or injury of any kind to any Condominium Sublessee's property or person or to the person or property of a Condominium Sublessee's guests, invitees, sub-tenants, licensees, servants, family members or any other person caused (1) by the acts or neglect of any third persons, including, without limitation, co-tenants, other occupants, or other users of the Property and including, without limitation, loss, damage, or injury due to theft or vandalism, or (2) unless such damage or injury is caused by the willful act or gross negligence of the party seeking the benefit of this Section, by any use of that Condominium Sublessee's Unit, the Common Area or the Appurtenant Rights including, without limitation: (a) any plumbing, air conditioning, heating, gas, water, steam or other pipes, or any electrical wiring, outlets, or any fixtures, or appliances, or any other systems, fixtures or appliances, or sewage or the bursting, leaking, running or stopping of any pipe or any plumbing, air conditioning or heating system, fixture or appliance in the Sublessee's Unit or the Tower in which such Unit is located, or (b) water coming through the roof, ceilings, walls, windows, doors, skylights, or otherwise.

Without limiting a Condominium Sublessee's other obligations hereunder, each Condominium Sublessee shall pay for all damages to its Unit, the Common Area or the Property, or other persons or property within or on same, resulting in any way from the acts or omissions of such Condominium Sublessee or such Condominium Sublessee's guests, invitees, subtenants, licensees, servants, or family members. As part of the consideration to Sublessor for entering into this Sublease, each Condominium Sublessee agrees that Sublessor's Master Sublessee's and County's liability shall be limited as set forth herein and that such Condominium Sublessee shall assume the risk of, or look to such insurance as such Sublessee may carry for, any loss, damage, or injury not caused by Sublessor's or Master Sublessee's willful act or gross negligence.

9.2 Indemnification

Each Condominium Sublessee further agrees to indemnify, defend and hold Sublessor, Master Sublessee and the County harmless from and against any and all claims, loss, cost, damage, liability or expense (including reasonable attorneys fees) arising out of or resulting from the use of its Unit, the Common Area or its Appurtenant Rights by such Condominium Sublessee or such Condominium Sublessee's guests, invitees, subtenants, licensees, servants or family members, including, without limitation, any and all claims, loss, cost, damage, liability or expense arising out of or resulting from (1) personal injury to, or death of, such Condominium Sublessee or such Condominium Sublessee's guests, invitees, subtenants, licensees, servants, or family members, (2) loss of or damage to property belonging to or under the care, custody or control of such

Condominium Sublessee, or such Condominium Sublessee's guests, invitees, subtenants, licensees, servants, or family members, except only any such injury, death, loss or damage as is caused by Sublessor's or Master Sublessee's willful act or negligence; and (3) personal injury to or death of, or loss of or damage to the property of all others (including damage to or loss of the Property or the Common Area) resulting from or in any way caused by acts or omissions of a Condominium Sublessee or such Sublessee's guests, invitees, subtenants, licensees, servants or family members.

9.3 County and Master Sublessee Not Liable

The County and Master Sublessee shall not be liable for any acts or omissions of Sublessor.

10. DAMAGE OR DESTRUCTION OF PREMISES OR COMMON AREAS

10.1 General

10.1.1 Sublessor's Duty to Rebuild. In order to protect the interest of all Sublessees, and except as otherwise set forth herein, in the event of any damage to or destruction of all or any portion of the Property, it shall be the duty of Sublessor to rebuild, restore and repair the same to its former condition, to the extent legally permissible, excluding any Alterations or Decorations added by any Condominium Sublessee or by all the Sublessees acting collectively through the Association, as promptly as reasonably practical.

10.1.2 Payment For Uninsured Losses. If this Sublease is not terminated as provided in Section 10.2.1 following any damage to or destruction of all or any portion of the Property resulting from a cause not required to be insured against by this Sublease or the Master Lease (an "Uninsured Loss"), or to the extent that any damage to or destruction of all or any portion of the Property is not actually covered by the proceeds of the Master Policy, each Sublessee agrees to pay such Sublessee's share of the costs to repair and reconstruct the Property, which share shall be charged to the Sublessee as a Supplemental Maintenance Fee as defined in Section 6.3 with the following revisions: (i) such Supplemental Maintenance Fee shall be allocated among the Sublessees in proportion to the Ground Rent for each Sublessee's Condominium as a fraction of the Ground Rent for all Condominiums; and (ii) such amounts shall be due and payable within thirty (30) days after Sublessor delivers written notice to a Sublessee of the amount of such Supplemental Maintenance Fee. All such funds collected shall be placed in a separate interest bearing account or accounts and shall be used only for repair and reconstruction of damage to the Property caused by the casualty requiring the collection of such funds. The portion of the cost to repair and reconstruct the Property which is allocable to the Sublessees shall be determined as follows:

(a) The cost to repair and reconstruct the 101 promenade apartments, the boat slips, the restaurant on the west end of the Property (the “Restaurant”) or any other free-standing non-residential building hereafter constructed on the Property, shall not be allocated to the Sublessees;

(b) A proportionate share of the cost to repair and reconstruct the east Tower shall be allocated to the Sublessees based on the ratio of (i) the sum of the square footage contained in the east Tower Condominium Units to (ii) the sum of the square footage contained in all residential apartments or units in the east Tower and in any club, retail or other commercial space in such Tower;

(c) A proportionate share of the cost to repair and reconstruct the west Tower shall be allocated to the Sublessees based on the ratio of (i) the sum of the square footage contained in the west Tower Condominium Units to (ii) the sum of the square footage contained in all residential apartments or units in the west Tower and in any club, retail or other commercial space in such Tower.

(d) A proportionate share of the cost to repair and reconstruct the center Tower shall be allocated to the Sublessees based on the ratio of (i) the sum of the square footage contained in the center Tower Condominium Units to (ii) the sum of the square footage contained in all residential apartments or units in the center Tower and in any club, retail other commercial space in such Tower; and

(e) A proportionate share of the cost to repair and reconstruct all other portions of the Property shall be allocated to the Sublessees based on the ratio of (i) the sum of the square footage contained in such Sublessees Units to (ii) the sum of the square footage contained in the improvements related to the boat slips, the Restaurant, the club and retail space, and any residential apartments or units on the Property.

10.2 Exceptions Creating Right to Terminate

10.2.1 Uninsured Casualty. Sublessor shall have the option to terminate this Sublease, including all Condominium Subleases resulting here from, and be relieved of the obligation to restore the Units and Common Area and other improvements on the Property and of all further obligations to each Condominium Sublessee where the damage to or destruction of any of the improvements on the Property subject to the Master Lease (the “Master Lease Improvements”) resulted from an Uninsured Loss if Sublessor shall (a) notify each Condominium Sublessee of Sublessor’s election to terminate this Subleases and (b) fulfill the conditions set forth in subsections 11A.1 or 11A.2 below, whichever is applicable.

10.2.2 Insured Casualty Near End of Term. Sublessor shall have the option to terminate this Sublease and be relieved of the obligation to restore the Units and Common Area and of any and all further obligations to each and every Condominium Sublessee where the damage or destruction results from a cause required to be insured against by this Sublease or the Master Lease (an “Insured Casualty”), where all of the following occur: (a) no more than sixty (60) days following the Insured Casualty, Sublessor notifies each Condominium Sublessee of its election to terminate this Sublease;

(b) Sublessor terminates the Master Lease with the County (this subsection (b) shall not apply if the County is Sublessor) (c) Sublessor satisfies its obligations to each Condominium Sublessee and its Authorized Mortgagees under Section 8.1.3 to survive the termination of this Sublease; and (d) the Insured Casualty occurs within the last five (5) years of the term of the Master Lease.

11. CONDEMNATION

11.1 Definitions.

11.1.1 Condemnation. “Condemnation” means (a) the exercise of any governmental power of eminent domain, whether by legal proceedings or otherwise, by a condemner, and (b) a voluntary sale or transfer to any condemner, either under threat of condemnation or while legal proceedings for condemnation are pending.

11.1.2 Date of Taking. “Date of taking” means the date the condemner has the right to possession of the property being condemned.

11.1.3 Award. “Award” means all compensation, sums or anything of value awarded, paid or received on a total or partial condemnation.

11.1.4 Condemnor. “Condemnor” means any public or quasi-public authority, or private corporation or individual, having the power of condemnation.

11.2 Parties’ Rights and Obligations to be Governed by Sublease.

If, during the term of this Sublease, there is a taking by Condemnation of all or any part of the Property, any improvements on or in the Property, a Condominium or the Common Area, or any interest in this Sublease, the rights and obligations of the parties shall be determined pursuant to the provisions of this Article 11. Sublessor shall represent both itself and all Sublessees in any condemnation proceeding to recover all Awards, subject to the rights of any Authorized Mortgagees and the County.

11.3 Effect of Taking of the Property or a Portion Thereof.

If the Property is totally taken by condemnation, this Sublease and all Condominium Subleases created hereunder shall terminate on the Date of Taking. If the Property is partially taken by Condemnation and such taking results in the termination of the Master Lease in accordance with the Master Lease and the provisions set forth below, such taking shall be deemed to be a total taking of the subleasehold condominium regime and result in the termination of this Sublease, and all Condominium Subleases and interests created hereunder, effective on the date specified in Sublessor’s notice of such termination to the Sublessees. A termination of this Sublease pursuant to his Section 11.3

shall relieve Sublessor of the obligation to restore the Units, the Common Area, and any other improvements on the Property, and shall relieve Sublessor of all further obligations to the Sublessees, except Sublessor's obligations to the Sublessees under Section 11.6 regarding the allocation of Awards.

11.3.1 Sublessee's Costs. If this Sublease or a portion thereof is not terminated following any damage to or destruction of all or any portion of the Property resulting from a partial taking, each Sublessee whose interest hereunder has not been terminated by such taking agrees to pay such Sublessee's share of the costs, in excess of the available portion of the Award, necessary to repair and reconstruct the Property in accordance with the allocation set forth in subsection 10.1.2 above, except that the costs to repair and reconstruct the portions of the Property described in subsections 10.1.2 (a) through (e) shall be net of the Award attributable to each such portion of the Property.

11.3.2 Right to Terminate Upon Partial Taking. Sublessor shall have the option to terminate this Sublease, including all Condominium Subleases resulting here from, and be relieved of the obligation to restore the Units and Common Area and all other improvements on the Property and all further obligations to each Condominium Sublessee where the damage to or destruction of any of the Master Lease Improvements resulted from a partial taking, if the Sublessor shall (a) notify each Condominium Sublessee of Sublessor's election to terminate this Sublease and (b) fulfill the conditions set forth in subsection 11A.1 or 11A.2, below, whichever is applicable.

11.4 Effect of Taking of Condominiums or Common Area.

If any Condominium is taken by condemnation, the Condominium Sublease applicable thereto shall terminate. A termination of a Condominium Sublease pursuant to this Section 12.4 shall relieve Sublessor of its obligation to the affected Sublessee to restore that Sublessee's Condominium and of all further obligations to the affected Sublessee, except Sublessor's obligations to the affected Sublessee under Section 11.6. If a portion of a Condominium is taken by condemnation and this Sublease is not terminated by Sublessor or County as provided above, this Sublease shall remain in effect, except that a Sublessee may elect to terminate its Condominium Sublease if the remaining portion of its Condominium is rendered unsuitable for Sublessee's continued use by such taking. A Sublessee must exercise its right to terminate by giving Sublessor written notice of its election within sixty (60) days after the nature and extent of the taking have been finally determined. Such notice shall also specify the date of termination, which shall be the Date of Taking. Failure to properly exercise the election provided for in this Section 11.4 will result in this Sublease and the affected Condominium Sublease continuing in full force and effect.

If the Common Area is totally taken or if so much thereof is taken as to render the Common Area unsuitable for continued use for its intended purpose, and if this Sublease is not terminated in connection with such taking, then Sublessor shall supply the

Sublessees and the Association with a functionally equivalent substitute Common Area on the same terms, conditions, and provisions as the initial Common Area. Upon supplying such replacement Common Area, the Award, if any, for the initial Common Area shall become the Sublessor's property; otherwise, such Award shall, subject to the paragraph below, be paid to the Sublessees and their Authorized Mortgagees as their interests may appear. Except as provided above, Sublessor will have no obligation to the Sublessees as a result of a taking with respect to the Common Area.

Sublessor, to the extent of the Awards or payments, if any, available on account of such taking shall, within a reasonable period of time, commence and complete restoration of the remainder of the Property as nearly as possible to its value, condition and character immediately prior to such taking; provided, however, that in case of taking for temporary use, Sublessor shall not be required to effect restoration until such taking is terminated.

11.5 Waiver of Code of Civil Procedure Section 1265.130.

Each party waives the provisions of Cod of Civil Procedure Section 1265.130 allowing either party to petition the Superior Court to terminate this Sublease in the event of a partial taking of the Property.

11.6 Award.

Awards and other payments on account of a taking, less, costs, fees, and expenses incurred in the collection thereof ("Net Awards and Payments"), shall be applied as follows:

11.6.1 Partial Taking Without Termination. Net Awards and Payments received on account of a taking other than a total taking of the Property, a partial taking of the Property which results in the termination of this Sublease of a taking for temporary use shall be held by County and applied as follows: First, to pay the cost of restoration of the Property; Second, there shall be paid to all affect Sublessees and their Authorized Mortgagees as their interests may appear an amount equal to the fair market value of their respective interests taken excluding any Bonus Value; Third, the balance, if any, shall be divided between County and Sublessor as provided in the Master Lease.

11.6.2 Taking for Temporary Use. Net Awards and Payments received on account of a taking for temporary use shall be paid to Sublessor; provided, however, that if any portion of such award or payment is paid by the Condemnor by reason of any damage to or destruction of the improvements, such portion shall be held by the County and applied as provided in Section 11.6.1, above.

11.6.3 Total Taking and Partial Taking with Termination. Net Awards and Payments received on account of a total taking of the Property or a partial taking of a

Property which results in the termination of this Sublease or any Condominium Sublease hereunder shall be allocated as follows:

First: To pay the cost of restoration of the Property;

Second: There shall be paid to each Sublessee and its Authorized Mortgagee(s) whole interests hereunder are subject to a total taking or a partial taking with termination, as their interests may appear, an amount equal to the fair market value of their respective interests taken excluding any Bonus Value.

Third: The balance shall be paid to County, Sublessor and Sublessor's encumbrance holders as provided in the Master Lease.

11A. CONDITIONS TO TERMINATION OF SUBLEASE IN EVENT OF UNINSURED LOSS OR PARTIAL CONDEMNATION.

11A.1 Provisions Applicable to Termination; Sublessor Other Than Master Lessor.

11A.1.1 Conditions to Termination

Except as otherwise provided in Section 11A.2, Sublessor may exercise its right to terminate this Sublease pursuant to subsection 10.2.1 following an Uninsured Loss or pursuant to subsection 11.3.2 following a partial taking if, at the time of the election to terminate, all of the conditions set forth in subsection 11A.1.1 (a) – (c) are satisfied.

11A.1.1 (a) No Assignment to MDP, First Encumbrance Holder or Designated Assignee. There has not been an effective assignment following the Uninsured Loss or partial taking of the Sublessor's interests in the Master Lease to (i) MDP, Ltd., (ii) the "First Encumbrance Holder" (as defined in Section 18.03 of the Master Lease) on the Master Lease, or (iii) the "Designated Assignee" (as defined in Section 9B1(b)(ii) of the Prepaid Sublease) under the Prepaid Subleases within the time provided in Articles 14 and 18 of the Master Lease.

11A.1.1(b) Notice of Termination to Association and Authorized Mortgagees. Sublessor has sent a copy of its notice of termination of the Master Lease to the Association and the five (5) Authorized Mortgagees holding the largest number of mortgages or deeds of trust on Condominium Subleases (the "Five Authorized Mortgagees") concurrently with sending of such notice to the County; such notice has been accompanied by a list of the names and addresses of the Five Authorized Mortgagees; and Sublessor has also sent a copy of such notice to all other Authorized Mortgagees within five (5) days thereafter, provided, however, that a failure to send a copy of such notice to Authorized Mortgagees holding mortgages or deeds of trust in the

aggregate on up to 5% of the Condominium Subleases shall not prevent the termination of this Sublease pursuant to this subsection.

11A.1.1(c) No Notice and Approval of Proposed Assignees. Sublessor has not, prior to the “Deadline Date” defined below, received a notice from the Association or the Five Authorized Mortgagees designating a proposed assignee (the “Proposed Assignee”) of the Master Lease or, if such notice was received, the County has not approved of an assignment of the Master Lease to the Proposed Assignee within forty-five days (or such longer period as the Director of Beaches and Harbors (“Director) may, in his sole discretion, allow) after having received notice of such proposed assignment. (The “Deadline Date” shall mean (i) with respect to a proposed termination resulting from a partial taking as provided in Section 11.3.2, the twenty-fifth (25th) day following the mailing of the notice set forth in subsection 11A.1.1(b) above and (ii) with respect to a proposed termination resulting from an Uninsured Loss as provided in Section 10.2.1, the later of (x) the twenty-fifth (25th) day following the mailing of the notice set forth in subsection 11A.1.1(b) above or (y) the fifty-fifth (55th) day following the Uninsured Loss giving rise to such notice.

11A.1.2 General Procedures Governing Right to Terminate; Sublessor Other Than Master Lessor. The following provisions shall apply to Sublessor’s exercise of its right to terminate this Sublease under Section 11A.1.1 above.

11A.1.2 (a) Election Procedure. The Association shall select its Proposed Assignee, if at all, by a majority vote of the Condominium Sublessees in accordance with the CC&Rs. The Five Authorized Mortgagees shall select their Proposed Assignee, if at all, by a majority vote in which each of such Authorized Mortgagees shall have one vote for each Condominium Sublease mortgage or deed of trust in holds. The above-described method for selection of a proposed representative by the Association or the Five Authorized Mortgagees is hereafter referred to as the “Election Procedure.” If both the Association and the Five Authorized Mortgagees designate a Proposed Assignee to Sublessor under subsection 11A.1.1(c) above, then Sublessor shall submit both of the potential assignees to the County for its consideration in the following order: first, the Proposed Assignee designated by the Association; and second, the Proposed Assignee designated by the Five Authorized Mortgagees. In order to be effective, the notice from the Association or the Five Authorized Mortgagees to the Sublessor designating a Proposed Assignee must be accompanied by an accurate financial statement of the Proposed Assignee and a description of the means by which the Proposed Assignee intends to fund restoration of the Property. These must be in sufficient detail so as to allow the County to make an informed evaluation as to the financial strength of the Proposed Assignee and the actual availability of such funding.

11A.1.2 (b) Approved Assignment to Proposed Assignee. If the County approves of the assignment of the Master Lease to the Proposed Assignee, then (i) concurrent with assignment of its interest in the Master Lease to such Proposed Assignee, Sublessor shall

also assign to such Proposed Assignee the Sublessor's rights and obligations under this Sublease, including all Condominium Subleases created pursuant hereto, and under all of the Prepaid Subleases, (ii) such Proposed Assignee (and not the Sublessor) shall thereafter bear sole responsibility for restoration of the improvements on the Property and performance of all other obligations now imposed on Sublessor under the Master Lease or this Sublease, and (iii) after such assignment, Sublessor shall have no further obligation or liability under the Master Lease or to any Sublessee under this Sublease or to the Prepaid Subleases.

11A.2 Special Provisions Applicable to Right to Terminate Where Master Lessor Becomes Sublessor.

11A.2.1 Conditions to Termination

If the County or its successor as Master Lessor under the Master Lease becomes the Sublessor under this Sublease due to a termination of the Master Lease, the provisions of this Section 11A.2 shall apply in lieu of the provisions of Section 11A.1, and Sublessor may exercise its right to terminate this Sublease pursuant to subsection 10.2.1 following an Uninsured Loss or pursuant to subsection 11.3.2 following a partial taking, if at the time of the election to terminate, all of the conditions set forth in subsections 11A.2.1 (a) – (c) are satisfied. This Section 11A.2 shall apply regardless of whether the partial taking or the casualty causing the Uninsured Loss occurred prior to, concurrently with or after the Master Lessor became the Sublessor hereunder.

11A.2.1 (a) No Assignment to Designated Lessee. There has not been an effective execution of a new Master Lease following the Uninsured Loss or partial taking with the "Designated Lessee" (as defined in Sections 9B (1) (c) (ii) (B) and 10C (3) (b) (ii) of the Prepaid Sublease) under the Prepaid Subleases within the time provided in Articles 14 and 18 of the Master Lease.

11A.2.1 (b) Notice of Termination to Association and Authorized Mortgagees. Sublessor has sent a copy of its notice of termination of this Sublease to the Five Authorized Mortgagees and the Association concurrently with sending of such notice to each Condominium Sublessee; and, within five (5) days thereafter, Sublessor has also sent a copy of such notice to all other Authorized Mortgagees, provided, however, that a failure to send a copy of such notice to Authorized Mortgagees holding mortgages or deeds of trust in the aggregate on up to 5% of the Condominium Subleases shall not prevent the termination of this Sublease pursuant to this subsection.

11A.2.1 (c) No Notice and Approval of Proposed Lessee. The Association or the Five Authorized Mortgagees have not, within sixty-five (65) days following the mailing of the notices to them required in subsection 11A.2.1 (b) above, delivered to Sublessor a written notice naming a proposed master lessee (the "Proposed Lessee") and requesting the Sublessor to enter into a new Master Lease with the Proposed Lessee, upon all of the

terms and provisions, and for the remainder of the term of the previously terminated Master Lease, or if such notice was delivered, the Sublessor has not entered into a new Master Lease with the Proposed Lease within forty-five (45) days (or such longer period as the Director, in his sole discretion, may allow) after the delivery of such notice. (The provisions of subsection 18.05.D of the Master Lease shall apply to any written notice and request pursuant to this subsection 11A.2.1 (c) notwithstanding the prior termination of the Master Lease.)

11A.2.2 General Procedures Governing Right of Master Lessor to Terminate.

The following provisions shall apply to Sublessor's right to terminate this Sublease under Section 11A.2.1.

11A.2.2 (a) Election Procedure. The Association and the Five Authorized Mortgagees shall select a Proposed Lessee, if at all, under the Election Procedure set forth in subsection 11A.1.2 (a) above. If both the Association and the Five Authorized Mortgagees designate a Proposed Lessee to Sublessor, then Sublessor shall consider such potential Lessees sequentially until one, if any, is accepted, in the following order: First, the Proposed Lessee designated by the Association; and second, the Proposed Lessee designated by the Five Authorized Mortgagees. The notice of the Proposed Lessee from the Association or the Five Authorized Mortgagees must be accompanied by an accurate financial statement of the Proposed Lessee and a description of the means by which the Proposed Lessee intends to fund the restoration of the Master Lease Improvements which existed immediately prior to the damage or destruction or the partial taking. These must be in sufficient detail so as to allow Sublessor to make an informed evaluation as to the financial strength of the Proposed Lessee and the actual availability and feasibility of such funding.

11A.2.2 (b) New Master Lessee's Obligations. If County enters into a new Master Lease pursuant to subsection 11A.2.1 (c), then the Proposed Lessee shall be obligated to restore the Master Lease Improvements, and to perform all other obligations contained in the new Master Lease. The subsequent failure to complete restoration of all Master Lease Improvements shall be an Event of Default under the new Master Lease, the cost of such restoration shall be an additional item of recoverable damages from the Proposed Lessee under Section 8.04C of the new Master Lease, and neither Approved Encumbrance Holders under the Master Lease nor the Five Authorized Mortgagees nor the Association shall thereafter be entitled to prevent termination of the new Master Lease as a result of the failure to restore the damage to the Master Lease Improvements caused by the Uninsured Loss or partial taking which lead to the new Master Lease. In such case, Sublessor shall have the right to terminate this Sublease by giving notice to each Sublessee and its Authorized Mortgagees.

11A.2.2 (c) Effect of Election Not to Terminate Following an Uninsured Loss or Partial Taking. If Sublessor does not terminate this Sublease following a casualty causing an Uninsured Loss, each Sublessee agrees to pay such Sublessee's share of the

costs to repair and reconstruct the Master Lease Improvements damaged as a result of the casualty causing the Uninsured Loss in accordance with the allocation set forth in subsection 10.1.2 above. If Sublessor does not terminate this Sublease following a partial taking, each Sublessee whose interest hereunder has not been terminated as a result of such taking agrees to pay such Sublessee's share of the costs to repair and reconstruct the Master Lease Improvements damaged as a result of the partial taking in accordance with the allocation set forth in subsection 10.1.2 above, except that the costs to repair and reconstruct the portions of the Property described in subsections 10.1.2 (a) through (e) shall be net of the Award attributable to each such portion of the Property.

12. UTILITIES

12.1 Rights and Duties of Sublessee.

The rights and duties of each Sublessee with respect to utilities shall be as follows:

12.1.1 Each Sublessee (and the Sublessees acting collectively through the Association with respect to the Common Area) shall pay all charges for electricity, gas, sewage, trash collection, cable television, telephone and other utility services supplied to and used on or in such Sublessee's Unit or the Common Area (to the extent that such services are not commonly metered or supplied by Sublessor or the Management Company and included in Operating Expenses.) All such charges shall be paid or caused to be paid by each Sublessee before delinquency and each Sublessee shall protect and hold harmless the Common Area from any such charges or from any liability for any failure or interruption or any utility service to its Unit or the Common Area.

12.1.2 Whenever sanitary sewer, water, electric, gas, television receiving, or telephone lines or connections, heating or air-conditioning conduits, ducts, or flues (collectively, "Lines or Connections") or any portion thereof, lie in or upon premises other than a Sublessee's Unit, such Sublessee shall nevertheless be entitled to the full use and enjoyment of such portions of said Lines or Connections as serve its Unit, subject to Sublessor's management and control.

12.2 Right of Sublessor To Entry for Maintenance of Lines and Connections.

Whenever any Lines or Connections, or any portion thereof, lie in or upon a Unit or the Common Area, Sublessor shall have the right to enter upon such premises or to have utility companies enter upon such premises to repair, replace and generally maintain said Lines or Connections as and when necessary.

13. RESTRICTIONS ON USE OF PREMISES

Each Sublessee hereby agrees as follows:

13.1 Permitted Uses.

Except as otherwise approved by Sublessor and County in writing, each Condominium will be used as a private residence only and no business, commercial, manufacturing, mercantile, vending or other nonresidential enterprise of any kind will be conducted therein or therefrom. The Common Area shall be used only for handling the administrative affairs of the Association and shall not be used for any other residential, business, commercial, manufacturing, mercantile, vending or other residential or nonresidential enterprise of any kind. A Unit shall not be rented by a Condominium Sublessee for transient or hotel purposes, which shall be defined as (1) rental for any period less than thirty (30) days, or (2) any rental if the occupants of the Unit are provided customary hotel service such as room service for food and beverages, maid service, furnishing laundry and linen, or bellhop service. The Common Area shall not be rented by the Association, or any member thereof, to any person or entity for any purpose of for any period of time.

13.2 CC&Rs.

Each Condominium Sublessee agrees to abide by and conform to all restrictions on use imposed with respect to the subleasehold condominium regime under the CC&Rs to be recorded pursuant hereto. A violation of any such provision shall constitute a breach of such Condominium Sublessee's Condominium Sublease.

13.3 Guests.

Any conduct by any guest of a Condominium Sublessee which, if engaged in by the Condominium Sublessee, would constitute a breach or violation of the terms of this Sublease, shall be deemed to be a breach by such Condominium Sublessee of this Sublease. The total number of guests occupying or using a Condominium at any one time shall not exceed that allowed by local fire and zoning regulations or by the provisions of this Sublease.

13.4 Rules and Regulations Governing Tenancy in the Marina City Club.

The rules and regulations governing tenancy in the Marina City Club condominiums (the "Rules and Regulations") are attached hereto as Exhibit H and incorporated herein. Each Sublessee agrees to comply with said Rules and Regulations, as such Rules and Regulations may from time to time be amended or promulgated by Sublessor, and any violation thereof shall constitute a breach of this Sublease and shall entitle Sublessor to the rights and remedies provided for in Article 16 below.

13.5 Consent Standard.

Except as specifically otherwise provided in this Article 13, all consents require under this Article 13 may be given or withheld by Sublessor in its sole discretion.

14. ASSIGNMENT AND SUBLETTING

14.1 Sale and Assignment by Sublessee.

Each Condominium Sublessee's interest hereunder may be freely sold or assigned subject to the following conditions:

14.1.1 Any Such sale or assignment shall be made in accordance with all applicable federal, state, and local laws or regulations.

14.1.2 Each Condominium Sublessee shall provide Sublessor with a written agreement from any purchaser or assignee to assume and be bound by all of the terms, covenants and conditions of this Sublease applicable to such Sublessee, including all of the terms, covenants and conditions comprising the interest under this Sublease described as such Sublessee's Condominium Sublease, from and after the date of such sale and assignment. Such written agreements shall be in a form specified by Sublessor.

14.1.3 No Condominium Sublessee shall be released or discharged from any obligation arising under this Sublease until delivery to Sublessor of the agreement described in Section 14.1.2 above and the payment of the Change in Ownership Fee prescribed by Section 4.5. Said delivery and payment shall not release or discharge a Condominium Sublessee from any existing liability which has accrued under this Sublease as of the date of said delivery and payment.

14.1.4 Prior to execution of an agreement for the sale, assignment or transfer of any Condominium Sublease, the Condominium Sublessee thereunder shall provide the prospective purchaser, assignee or transferee with a separate written notice in the form of Exhibit I (the "Transfer Notice"), and shall receive back a receipt, the original of which shall be delivered to Sublessor, executed by the proposed transferee and acknowledging the receipt of the Transfer Notice.

14.2 Change in Ownership

A "Change in Ownership" for purposes of this Sublease shall mean (i) a change in ownership as defined in, and with the exceptions provided in, Sections 60-68 of the California Revenue and Taxation Code as of November 7, 1986, and (ii) a sublease by a Condominium Sublessee of its Condominium for a term, including any options to extend, of 35 years or more, or the balance of the Sublease term, whichever is less. A Condominium Sublessee shall not be obligated to pay the Change in Ownership Fee provided in Section 4.5 for sales or assignments which are not a Change in Ownership.

There shall also be no Change in Ownership Fee due under Section 4.5 with respect to any Change in Ownership which occurs by reason of (i) a transfer which serves as security for a loan from any Authorized Mortgagee but which does not entitle such holder to any immediate right to use, occupy, possess or receive the rents from the affected Condominium for so long as the assignor makes the required periodic payments and complies with other provisions of the loan, or (ii) a transfer resulting from a foreclosure (by judicial foreclosure or trustee's sale) by such an Authorized Mortgagee or a transfer in lieu thereof, or (iii) a transfer by the Master Sublessee of any or all of its interest under this Sublease to Condominium Sublessees.

Notwithstanding anything else above to the contrary, in the event that a particular transaction involves more than one Change in Ownership solely because the Condominium Sublessee's interest is held for an interim period (not to exceed twenty-four (24) hours) by an accommodation party as a part of a tax-deferred exchange under Section 1031 of the Internal Revenue Code, and provided there is no increase in consideration given, then for purposes of the Change in Ownership Fee, the transaction shall be deemed to contain only one Change in Ownership. If the transaction described in the preceding sentence is the original creation of a Condominium Sublease by Mater Sublessee, there shall be no Change in Ownership Fee.

14.3 Copies of Agreement.

Each Condominium Sublessee shall provide Sublessor with certified or other true and correct copies of any sublease in excess of (1) year in duration or any agreement for sale, assignment, or other transfer, including but not limited to such agreements resulting in a Change in Ownership, within thirty (30) days after execution of such agreement or fifteen (15) days prior to the actual sublease, sale, assignment or other transfer, whichever first occurs.

14.4 Assignment by Sublessor.

Sublessor shall have the right to assign, sell or transfer its rights and obligations under this Sublease, in accordance with the terms of the Master Lease, to any corporation, partnership, or person(s) in Sublessor's sole discretion and each Condominium Sublessee agrees to execute a written agreement in favor of such corporation, partnership or person(s) attorning to and recognizing such transferee as the Sublessor hereunder, provided such corporation, partnership or person(s) agrees to remain bound by all terms, covenants and conditions of this Sublease. If a Condominium Sublessee does not execute such an agreement, Sublessor shall be deemed, pursuant to the provisions of this Section 14.4, to have a power of attorney to execute such an agreement on such Sublessee's behalf. Upon execution and delivery of such agreement, Sublessor shall have no further obligation to any Sublessee under this Sublease, including all Condominiums Subleases created pursuant hereto, or otherwise.

15. HYPOTHECATION

If requested by a Condominium Sublessee, Sublessor agrees to execute its written consent to the assignment of such Sublessee's Condominium Sublease by mortgage or trust deed upon and subject to the covenants and conditions hereinafter set forth, and upon the further condition that such Condominium Sublessee and said assignee, for themselves and their respective successors and assigns, shall execute in writing, with and for the benefit of Sublessor, their acceptance and approval of said consent and their agreement to be bound by each and all of the covenants and conditions thereof, as follows; (a) that except as hereinafter otherwise provided, said assignment and all rights thereunder shall be subject to each and all of the covenants, conditions and restrictions of this Sublease, the CC&Rs, and all rights and interests of Sublessor hereunder, none of which shall be deemed waived by said consent; (b) that should there be any conflict between the provisions of this Sublease and said mortgage or trust deed, this Sublease shall control as between Sublessor and its Condominium Sublessee and as between Sublessor and the Authorized Mortgagee; (c) that if the interest of such Condominium Sublessee hereunder shall be foreclosed or otherwise acquired under said mortgage or trust deed, the transferee or transferees thereof shall thereupon and thereby assume the performance of and shall be bound by each and all the covenants, conditions and obligations herein provided to be kept and performed by such Condominium Sublessee during the period such transferee or transferees shall hold title to such interest, and for all unpaid rental or other charges due to Sublessor from such Condominium Sublessee under this Sublease; and (d) that Sublessor shall not exercise the rights and remedies provided in Article 16 below because of any default, hereunder on the part of such Condominium Sublessee, if the holder of said mortgage or trust deed, within 30 days after service of written notice to such Authorized Mortgagee from Sublessor of its intention to exercise such rights and remedies for such Uncured Default, shall either (i) cure such default, if the same can be cured by the payment of money, or , (ii) if such default is not curable (A) commence in good faith to cure any default which is curable and thereafter diligently prosecute the same to completion, (bB0 institute proceedings for the foreclosure of such mortgage or trust deed (by filing a notice of default or a complaint for judicial foreclosure) and thereafter diligently conclude the same, and (C) undertake in writing, with and for the benefit of Sublessor, to keep and perform, and in fact keep and perform, to the extent possible, all of the covenants and conditions of this Sublease herein provided to be kept an performed by such Condominium Sublessee from the date of such written undertaking until such time as the interest hereunder shall be sold upon foreclosure pursuant to any such mortgage or trust deed or shall be released from said mortgage or reconveyed under said trust deed; provided, however that if the holder of said mortgage or trust deed shall fail or refuse to comply with any or all of the conditions of this clause (d), then Sublessor shall be released from the covenant of forbearance contained herein. Each Condominium Sublessee shall furnish Sublessor at the time of such consent a complete copy of such mortgage or trust deed, together with the address of the holder thereof. Upon execution of such consent, the assignee thereunder shall be deemed an "Authorized Mortgagee" under this Sublease.

16. SUBLESSOR'S RIGHTS AND REMEDIES UPON DEFAULT

16.1 Default.

The occurrence of any one or more of the following shall constitute an "Event of Default" or "Default" under this Sublease with respect to the party causing or allowing such Event of Default to occur:

16.1.1 A Condominium Sublessee uses or allows its Condominium to be used or authorizes, permits, or fails to terminate the use of its Condominium for any purpose other than as expressly authorized in this Sublease with respect to such interest;

16.1.2 A Condominium Sublease fails to pay any installment of the Monthly Maintenance Fee, Supplemental Maintenance Fee, Change in Ownership Fee, taxes and assessments, Ground Rent or any other sum payable by such Condominium Sublessee to Sublessor hereunder when due;

16.1.3 A Condominium Sublessee fails to pay or cause to be paid any tax, assessment, insurance premium, lien, claim, demand, judgment or other charge provided in this Sublease to be paid or caused to be paid by such Condominium Sublessees at the time and in the manner herein provided;

16.1.4 A Condominium is not maintained as provided in Article 6 hereof; or

16.1.5 A Condominium Sublessee breaches or defaults in the performance of any other covenant, condition or restriction provided in this Sublease to be kept or performed by such Condominium Sublessee.

The failure of the Association, acting on behalf of the Condominium Sublessees, to pay any of the sums or perform any of the acts required by this Sublease with respect to the Common Area, including the maintenance obligations set forth in Section 6.4.2, shall not constitute a Default by a Condominium Sublessee under its Condominium Sublease; provided, however, Sublessor shall have the right (but not the obligation) following written notice to the Association of the asserted Default and the Association's failure to cure such Default within ten (10) days after delivery of such notice, (i) to enter upon the Common Area and take all steps necessary to correct such failure, or (ii) to bring an action in a court of competent jurisdiction to enjoin or correct such failure. All costs and expenses incurred by Sublessor in connection with such remedial action, plus interest and other charges thereon as made applicable by Sections 6.3 or 16.4, shall be charged to the Condominium Sublessees as a Supplemental Maintenance Fee in accordance with Section 6.3 above.

The interest of a Condominium Sublessee under a Condominium Sublease created pursuant hereto shall not be affected by any Default of the Master Sublessee or another Condominium Sublessee, nor shall the interest of the Master Sublessee be affected by any Condominium Sublessee's Default under its Condominium Sublease following the creation thereof.

An Even of Default described in Section 16.1.1, 16.1.2, or 16.1.3 which remains uncured for a period of ten (10) days from and after written notice thereof by Sublessor to the defaulting Sublessee, or an Even of Default described in Section 16.1.4 or 16.1.5 which remains uncured for a period of thirty (30) days from and after written notice thereof by Sublessor to the defaulting Sublessee, shall constitute an "Uncured Default." Copies of any written notice of an Event of Default to a Sublessee shall be simultaneously mailed to any Authorized Mortgagee of which Sublessor has been given written notice and an address for service.

16.2 Remedies Upon Default.

Sublessor acknowledges that because of the Condominium Payment paid by each Condominium Sublessee, the usual landlord-tenant remedies (except in the limited circumstances specifically described below), including the right to oust such Condominium Sublessee from possession and/or to terminate such Condominium Sublessee's Condominium Sublease by means of summary eviction proceedings as provided in California Code of Civil Procedure Section 1161 et seq., are not appropriate to enforce the rights and remedies of Sublessor under this Sublease during the term of such Condominium Sublease. Therefore, in lieu of the usual landlord-tenant remedies, the parties hereto have provided for (a) specific enforcement and other legal remedies, including equitable relief where appropriate, for breach of non-Monetary Obligations, and (b) remedies available under a deed of trust for breach of Accrued Monetary Obligations as defined in Section 16.3, below, so long as such deed of trust shall remain as a valid lien against the interest of a Condominium Sublessee in its Condominium Sublease. By limiting Sublessor to remedies under a deed of trust for breaches of Accrued Monetary Obligations, so long as such deed of trust remains as a valid lien against the Condominium Sublease, each Condominium Sublessee is afforded statutory cure periods and other substantive and procedural protections and Sublessor is afforded reasonable security for the performance by such Condominium Sublessee of the Accrued Monetary Obligations under its Condominium Sublease. Accordingly, at any time during the term of the sublease that any Uncured Default exists under a Condominium Sublease:

(a) Uncured Default Involving Accrued Monetary Obligations. In the event of any Uncured Default as to an Accrued Monetary Obligation, which occurs at a time when the "Subleasehold Deed of Trust" (as defined in Section 16.3 below) remains as a valid lien against a Condominium Sublease, Sublessor may exercise all rights and remedies of Sublessor as Beneficiary under that Subleasehold Deed of Trust. If any Uncured Default as to an Accrued Monetary Obligation occurs at a time when the Subleasehold Deed of

Trust does not constitute a valid lien against the Condominium Sublease, Sublessor shall be entitled to recover any amounts included in said Uncured Default of an Accrued Monetary Obligation by an action at law for damages, including but not limited to an action in accordance with California Civil Code Section 1951.4 or successor provisions.

(b) Other Uncured Defaults. In the event of any Uncured Default as to any obligation other than an Accrued Condominium Sublessee, and with or without taking possession of such Sublessee's Condominium, Sublessor may specifically enforce the performance of all such obligations, as the same shall respectively arise or accrue, and Sublessor shall have the right of affirmative injunction relief as well as the right to bring other necessary legal or equitable remedies, except an action for unlawful detainer or similar summary eviction proceeding, to enforce performance of such obligations. In no event shall the voluntary or involuntary relinquishment of possession of its Condominium by a Condominium Sublessee terminate the Condominium Sublease of such Condominium Sublessee, nor relieve such Condominium Sublessee from the payment of any Monthly Maintenance Fees, Supplemental Maintenance Fees, Change in Ownership Fees, Ground Rent or other sums then due and payable from or thereafter accruing with respect to such Condominium Sublessee (until the transfer of the Condominium Sublease of such Sublessee to the purchaser at the foreclosure sale under the subleasehold Deed of Trust or sale in lieu of such foreclosure), or any claim for damages then or thereafter accrued or accruing against such Condominium Sublessee hereunder, nor shall it relieve such Condominium Sublessee from the performance of such Sublessee's obligations under Section 16.5 below.

(c) Other Remedies. Sublessor may pursue any other remedy now or hereafter available to Sublessor under the laws or judicial decisions of the state of California consistent with the foregoing provisions of this Section 16.2.

16.3 Monetary Obligations to be Secured by Deed of Trust.

All obligations of a Condominium Sublessee under this Sublease which may be fully satisfied, performed or discharged solely by the payment of money, including without limitation the payment of Monthly Maintenance Fees, Supplemental Maintenance Fees, Ground Rent, Change in Ownership Fees, property taxes, possessory interest taxes or their equivalent, assessments, monetary indemnification obligations, and reimbursements to Sublessor for the payment of utility charges, repair costs or other amounts advanced by Sublessor on behalf of a Sublessee as provided in this sublease, as such obligations shall accrue and be payable from time to time, and a Sublessee's obligations under Section 3.3 of the Subleases hold Deed of Trust (hereinafter shall be secured by a Deed of Trust in the form attached hereto as Exhibit J (the "Subleasehold Deed of Trust") encumbering such Sublessee's Condominium Each Condominium Sublessee and Sublessor shall sign, acknowledge and cause the Subleasehold Deed of Trust to be recorded concurrently with creation of the Sublessee's Condominium Sublease. No obligation of a Condominium Sublessee hereunder which does not

constitute an Accrued Monetary Obligation at the time of the foreclosure sale under the Subleasehold Deed of Trust, or at the time that the Subleasehold Deed of Trust ceases for any reason to be a valid lien against the Condominium Sublease (including without limitation any Monthly Maintenance Fee or Ground Rent not then accrued and payable), shall be secured by the Subleasehold Deed of Trust. Notwithstanding any other provisions hereof, and without intending to exclude any other provisions by express reference to specific provisions, the right of Sublessor to require compliance by a Condominium Sublessee with the provisions of Sections 7.1, 7.2, 13.1, 13.2, 13.3, 14.1, and 14.4 of this Sublease and any right to seek reimbursement, damages or other compensation that may be payable to Sublessor by reason of non-compliance by a Sublessee with said enumerated provisions of this Sublease, shall not constitute Accrued Monetary Obligations within the meaning of this Sublease and shall not be secured by the Subleasehold Deed of Trust.

In the even of a sale of the interest of a Condominium Sublessee under its Condominium Sublease in any foreclosure sale (for the purposes of this Sublease in any “foreclosure” shall include judicial foreclosures and non-judicial foreclosures by trustee’s sale) conducted pursuant to the provisions of, or otherwise, by reason of the Subleasehold Deed of Trust, or any sale in lieu of such foreclosure, Sublessor, to the extent permitted by applicable law, shall deduct and pay from the monies derived therefrom the following:

- (a) The cost of any alteration, repairs, maintenance or redecoration of the affected Condominium incurred in placing such premises in a marketable condition;
- (b) All costs of such foreclosure sale including, without limitation, title insurance, mailing, trustee’s fees, advertising costs, administrative overhead, commissions and reasonable attorneys fees incurred; and
- (c) An amount equal to all delinquent installments of Monthly Maintenance Fees, Ground Rent, Supplemental Maintenance Fees, taxes assessments, interest, late charges and other charges and amounts accruing under the affected Sublessee’s Condominium Sublease to the date of sale with interest thereon at the highest rate then allowed by law.
- (d) Any other fee payable to the County and/or Sublessor pursuant to the provisions hereof as a result of a non-exempt Change of Ownership.

The balance of the proceeds then remaining from such foreclosure sale or sale in lieu of foreclosure, if any, shall be paid to the Condominium Sublessee whose Condominium was the subject of the foreclosure action, its Authorized Mortgagee or any other parties entitled thereto as provided by applicable law relating to the foreclosure of deeds of trust.

Each Condominium Sublessee shall in any mortgage or encumbrance with an Authorized Mortgagee, require that such Authorized Mortgagee, require that such Authorized Mortgagee agree: (1) to the payment priorities set forth in this Section 16.3 and to reconvey its deed of trust or release its mortgage or other encumbrance in exchange for payment, if any, pursuant to such payment priorities; and (2) to be subject and subordinate to any Subleasehold Deed of Trust, now or hereafter executed in connection with such Sublessee's Condominium Sublease whether by the existing Sublessee thereof or by a successor Condominium Sublessee; provided, however, in the even the Subleasehold Deed of Trust at some time does not constitute a valid lien against the Sublessee's Condominium Sublease, then such Authorized Mortgagee shall be subject to and subordinate to Sublessor's action at law for damages against the applicable Condominium Sublessee as provided in this Sublease. In the even of a foreclosure sale of a Sublessee's Condominium Sublease hereunder, the purchaser of the same shall be required to execute a Subleasehold Deed of Trust with respect to such Condominium Sublease.

16.4 Late Charges and Interest.

Notwithstanding any other provision herein, in the event of any Event of Default as to an Accrued Monetary Obligation by a Condominium Sublessee, including, without limitation, the failure to pay the Monthly Maintenance Fee, Ground Rent, Supplemental Maintenance Fee or any item or reimbursement to Sublessor, the Sublessor and each Condominium Sublessee agree that it would be impracticable or extremely difficult to determine the actual damages arising therefrom. Each Condominium Sublessee, by accepting an assignment of its Condominium Sublease, therefore agrees to pay to Sublessor a late charge equal to six percent (6%) of the amount of such delinquency, or \$10.00, whichever is greater, no later than 10 days following notice from Sublessor. Each Condominium Sublessee further agrees to pay interest on any such delinquent obligation at the maximum rate provided by law from the date due until paid in full. Payment of, or the right of Sublessor to collect, such late charges and interest shall not excuse or cure any Event of Default by a Condominium Sublessee hereunder, and payment of such charges and interest shall be required of a Condominium Sublessee or any Authorized Mortgagee attempting or undertaking to cure an Event of Default within the time periods permitted in article 15 or Section 16.1, whichever is applicable.

16.5 Quitclaim and Surrender of Condominium and Property.

Upon the expiration of the term of this Sublease or the sooner termination of both this Sublease and the Master Lease pursuant to Section 10.2 or Section 11.3 hereof, each sublessee shall execute, acknowledge and deliver to Sublessor a duly acknowledged instrument in writing releasing and quitclaiming to the County or its successor in interest all right, title, and interest of such Sublessee in and to its Condominium and the Property by virtue of this Sublease or otherwise. Each Sublessee shall further surrender its Condominium to the County or its successor in interest in as good condition as

reasonable and careful use will permit. Upon such expiration or such sooner termination, the interest of a Sublessee in its Condominium Sublease shall terminate and become null and void without further notice.

16.6 Cumulative Remedies; Non-waiver.

Except as specifically provided to the contrary in this Article 16 or as otherwise provided by law, all rights, options and remedies of Sublessor contained in this Sublease shall be cumulative, and no one of them shall be exclusive of the other and Sublessor shall have the right to pursue any one or all of such remedies. Except as specifically provided to the contrary in this Article 16 or as otherwise provided by law, no delay or omission of Sublessor in the exercise of any right or remedy shall be construed as a waiver of any such right or remedy or of any default by a Condominium Sublessee hereunder. The acceptance by such Sublessor of any Monthly Maintenance Fees, Supplemental Maintenance Fees, Ground Rent or other sums to be paid hereunder shall not be a waiver of any preceding breach or default by a Condominium Sublessee of any provision hereof, other than the failure of such Sublessee to pay the particular Monthly Maintenance Fees, Supplemental Maintenance Fees, Ground Rent, or other sum accepted, regardless of Sublessor's knowledge of such preceding breach or default at the time of acceptance of such Monthly Maintenance Fees, Supplemental Maintenance Fees, Ground Rent, or other sum, or a waiver of Sublessor's right to exercise any remedy available to Sublessor by virtue of such breach or default.

17. PARKING

As set forth above in Section 5.2, a Sublessee's rights hereunder include an exclusive right during the term of this Sublease to park a motor vehicle or vehicles within the Parking Space or Spaces allocated to that Sublessee's Condominium at the time of and as a part of the creation of a Condominium Sublease pursuant hereto. There shall be no additional charge for such Space or Spaces. If a change in the location of such Parking Space(s) is required by state or local or other laws and regulations or if the present location of such Parking Space(s) becomes impractical due to changes in the parking areas or surrounding buildings or otherwise, Sublessor shall provide the affected Sublessee with the exclusive right to park in an alternative Parking Space(s). **Each sublessee and such Sublessee's guests, invitees, subtenants, licensees, servants and family members assume the risk of damage to or loss of any motor vehicle (or any portion thereof or anything therein or thereon) parked by them within said Parking Space(s) or parked elsewhere on Sublessor's property either with or without Sublessor's approval. Each Sublessee and such Sublessee's guests, invitees, subtenants, licensees, servants and family members shall be liable for all towing and other related expenses in the event any such person uses parking spaces or areas other than those designated by Sublessor. No recreational-type vehicles may be parked in said Parking Space(s). Sublessor's determination as to whether a vehicle is a recreational type vehicle shall be final. Each**

Sublessee's use of its Parking Space(s) shall be subject to the Rules and Regulations and such further rules and regulations, as Sublessor shall adopt from time to time.

18. PERIODIC REVIEW AND DEFAULT UNDER MASTER LEASE

18.1 Periodic Review Under Master Lease.

In addition to the requirements of the Master Lease, each Sublessee agrees to comply with any requirements imposed by Sublessor or the County as a result of any periodic review or modification by the County of Sublessor's obligations under the Master Lease with respect to the following:

(a) To require that any sale, assignment or sublease of a Condominium be made on a non-discriminatory basis in compliance with existing or future state or County policies concerning discrimination;

(b) To require that the Common Areas and the areas of the Property subject to common or public use be maintained in a neat, clean, and attractive condition;

(c) To require approval by the County prior to construction of any exterior improvements or modifications or signage;

(d) To require that security lighting, fencing and locks be provided and maintained to the extent necessary to assure the safety and security of residents and the public;

(e) To require periodic increases in the insurance coverage provided for in Article 8 hereof to assure that the amount of such coverage is reasonable and appropriate;

(f) To require that all utilities and services provided are adequate;

(g) To require that each residential unit on the Property, including each Condominium leased hereunder, be used only for the purposes and in the manner permitted by this Sublease; and

(h) To approve any modifications or amendments to this Sublease.

18.2 Default by Sublessor Under Master Lease.

In the event of a default by Sublessor and termination of the Sublessor's interest under the Master Lease, each Condominium Sublessee shall be entitled to remain in possession of its Condominium pursuant to and subject to the terms and conditions of its Condominium Sublease. In such case, each Condominium Sublessee shall have the same rights and obligations under its Condominium Sublease as he or she would have had if the Sublessor had remained in possession, in accordance with this Sublease and Section 10.05 of the Master Lease. Each Condominium Sublessee agrees to attorn to and recognize County as landlord under its Condominium Sublease in the event of such early termination of the Master Lease and will execute any terms of such Condominium Sublessee's continued occupation of its Condominium. The benefits of this Section and Section 10.05 of the Master Lease shall also be extended to the Authorized Mortgagees successors in interest and transferees. Upon the termination of the Master Lease, the

County shall have the right to enter a new master lease with a new master lessee containing the same terms and conditions as the Master Lease insofar as they affect any Condominium Sublessee and containing the same protections for the Condominium Sublessees as the Maser Lease, and such new master lease shall have the same priority as the Master Lease.

19. EXPENSE OF LITIGATION

If Sublessor or any Sublessee incurs any expense, including reasonable attorneys' fees, in connection with any action or proceeding instituted by Sublessor against such Sublessee or such Sublessee against Sublessor by reason of any default or alleged default of the other party hereunder, the party prevailing in such action or proceeding shall be entitled to recover its reasonable expenses and attorneys' fees from the other party in an amount determined by the court, whether or not such action goes to final judgment. In the event of settlement or final judgment in which neither party is awarded all of the relief prayed for, the prevailing party as determined by the court shall be entitled to recover from the other party reasonable expenses and attorneys' fees in the amount determined by the court.

20. SUBORDINATION AND NON-DISTRUBANCE

This Sublease, and each Condominium Sublease created pursuant hereto, is subordinate to any mortgage, deed of trust, or any other hypothecation for security now or hereafter placed upon the Property, and each Condominium Sublessee hereby appoints Sublessor as its attorney in fact, coupled with an interest, to execute any documents on such Condominium Sublessee's behalf as are reasonably necessary to confirm such subordination. Notwithstanding the above, a Condominium Sublessee's rights hereunder shall not be disturbed by any holder of a security interest encumbering Sublessor's interest in the Property so long as such Condominium Sublessee is not in default of any of its obligations under its Condominium Sublease. Each Sublessee shall, in the event any proceedings are brought for the foreclosure of any such mortgage, deed of trust, or other hypothecation, attorn and recognize the purchaser upon foreclosure of sale or sale under power of sale or deed in lieu of foreclosure as the Sublessor hereunder. Upon the written request of a Sublessee, Sublessor shall use its best efforts to obtain from any such encumbrance an instrument in recordable form providing, in substance, that so long as such Sublessee is not in default under its condominium Sublease, no foreclosure, sale under power of sale or deed in lieu of foreclosure under such encumbrance shall termination such Sublessee's Condominium Sublease or otherwise affect such Sublessee's rights under its Condominium Sublease.

21. PAYMENTS AND NOTICES

All sums payable by a Sublessee to Sublessor hereunder shall be paid to Sublessor at its business mailing address below, or at such other place as Sublessor may hereafter

designate in writing. Any request, notice, statement, demand, or quote to be given, or other hereunder may be delivered in person, or may be deposited in the United States mail with full first-class postage prepaid, and addressed to the party for whom intended as follows: To Sublessor at Marina city Club Administrative Office, 4333 Admiralty Way, Marina del Rey, California, 90292 (Attention: Michael Wise); to the Association at its principal office wherever the same may be located from time to time; and to each Sublessee at the address of its Condominium; provided, however Sublessor's notice of default to a Sublessee shall be sent by registered or certified mail, postage prepaid, and return receipt requested, in which case such notice shall be deemed received on the date of actual receipt. Either party hereto may from time to time, by written notice to the other, designate a different address which shall be substituted for the one specified above. If any notice or other document, other than a payment due under this Sublease, is sent by mail the same shall be deemed served or delivered seventy-two (72) hours after the mailing thereof as above provided or upon actual receipt, if sooner. Any payment due under this Sublease shall be deemed received only upon actual receipt by Sublessor. Should a Sublessee consist of more than one person, the personal delivery or mailing of such notice to any one of such persons shall constitute complete service upon all such persons. Except as specifically otherwise provided in this Sublease, any notice to be given by Sublessor to any encumbrancer of a Sublessee shall be served in the same manner as hereinabove provided and shall be delivered or directed to the encumbrancer at its address as last shown on the records of Sublessor; provided, however, Sublessor's notice to Authorized Mortgagees as provided in Article 11A and Section 15(d) shall be sent by registered or certified mail, postage prepaid, and return receipt requested. If an Authorized Mortgagee holds a mortgage on more than one Condominium Sublease, only one copy of any notice required by this Sublease need be sent to such Authorized Mortgagee.

22. ESTOPPEL CERTIFICATE

22.1 Sublessee's Duty to Delivery

Each Condominium Sublessee shall, at any time upon not less than ten (10) days prior written notice from Sublessor, execute, acknowledge and deliver to Sublessor a statement in writing (i) certifying that its Condominium Sublease is unmodified and in full force and effect, or, if modified, stating the nature of such modifications and certifying that its Condominium Sublease, as so modified, is in full force and effect and the date to which the rent and other charges are paid in advance, if any, (ii) acknowledging that there are not, to such Sublessee's knowledge, any uncured defaults on the part of Sublessor hereunder, or specifying such defaults, if any are claimed, and (iii) setting forth any other information relating to its Condominium Sublease which has been reasonably requested by Sublessor. Any such statement may be conclusively relied upon by any prospective assignee of, encumbrancer of, or lender for the Property, or any portion thereof.

22.2 Effect of Failure to Deliver.

A condominium Sublessee's failure to deliver such statement within such time shall be conclusive upon such Sublessee (i) that its Condominium Sublease is in full force and effect, without modification except as may be represented by Sublessor, (ii) that there are no uncured defaults in Sublessor's performance and (iii) that any other statement of fact contained in the requested statement are true.

23.1 Severability.

The provisions of this Sublease, and each Condominium Sublease created pursuant hereto, shall be deemed independent and severable, and the invalidity or partial invalidity or unenforceability of any provision, clause, sentence, or phrase hereof shall not affect the validity of the remaining provisions.

23.2 Time of Essence.

Time is of the essence with respect to the performance of every provision of this Sublease, and each Condominium Sublease created pursuant hereto, as to which time is a factor.

23.2 Covenant and Condition.

Each provision of this Sublease, and each Condominium Sublease created pursuant hereto, to be performed by a Condominium Sublessee shall be deemed both a covenant and a condition.

23.4. Multiple Sublessees.

In the event that a Condominium Sublessee now or at some future time consists of more than one person or entity, and Sublessor or its agents are required to perform an act or fulfill a duty hereunder with the knowledge or consent of such Condominium Sublessee, the acknowledgement or consent of any person(s) or entity(ies) claiming an interest of more than fifty percent (50%) under the affected Condominium Sublease shall constitute sufficient acknowledgement or consent with respect to any such act or duty. If a Condominium Sublessee hereunder consists of more than one person or entity, the obligations of each shall be joint and several.

23.5. Successors.

Each and all of the terms, covenants, and agreements contained hereunder shall be binding upon and shall inure to the benefit of the respective heirs, executors, administrators, successors, and assigns of each of the parties to this Sublease or any Condominium Sublease created pursuant hereto.

23.6. Short Form or Memorandum of Sublease.

A short form or memorandum of this Sublease shall be executed and acknowledged by both parties concurrently with the execution of this Sublease, and shall be recorded promptly thereafter.

23.7. Entire Agreement; Modification.

This Sublease and the Exhibits thereto constitute the entire agreement between Sublessor and Master Sublessee with respect to the matters set forth in this Sublease. Each Condominium Sublease shall constitute the entire agreement between the parties thereto with respect to the subject matter thereof. Each Condominium Sublessee, by execution of the Assignment and Assumption of Condominium Sublease applicable to its Condominium, represents that it has not relied on any statement or representation of Sublessor, Master Sublessee, its agents, officers, or employees, except as therein specifically contained. Neither this Sublease nor any Condominium Sublease may be modified or amended except by a written instrument (i) which is duly executed by the parties thereto, or by their authorized agents or officers, and (ii) which is approved by the affected Sublessee's Authorized Mortgagees, if any, as provided below, and by the County. The affected Sublessee's Authorized Mortgagees, if any, must approve of such modification or amendment, other than a modification or amendment to the Rules and Regulations provided for in Section 13.4 (to which they have no right to give or withhold consent). Sublessor shall send a written notice to the affected Sublessee's Authorized Mortgagees, if any, notifying such Authorized Mortgagees of its intent to modify or amend the affected Condominium Sublease. Such notice shall state that those Authorized Mortgagees have twenty (20) days to approve or object to such modification or amendment. If any Authorized Mortgagees fail to respond in writing to such notice within such twenty (20) day time period, Sublessor shall inform such Authorized Mortgagees of such failure to respond in a notice providing that such Authorized Mortgagees have ten (10) days to approve or object to the proposed modification or amendment. Any Authorized Mortgagees, which do not respond in writing to this second notice within such ten (10) day time period, shall be deemed to have approved of such modification or amendment.

23.8. Captions.

The Article, section and subsection captions used in this Sublease are for convenience only and shall not be considered in the construction or interpretation of any provision hereof.

23.9 No Merger.

If the interests of Sublessor and Master Sublessee hereunder are acquired by the same person or entity, there shall not be a merger of the leasehold interests of Sublessor and Master Sublessee.

23.9. Termination of Master Sublessee's Obligations: Short-Term Sublease by Master Sublessee.

(a) Termination of Mater Sublessee's Obligations. Notwithstanding anything above which is or appears to be to the contrary, upon creation of a Condominium Sublease by Master Sublessee: (i) Master Sublessee shall be released from all obligations arising under this sublease or otherwise with respect to the interest created by such Condominium Sublease; (ii) the Condominium Sublessee alone shall thereafter be deemed to be the Sublessee under this Sublease with respect t the Condominium covered by that Condominium Sublease; and (iii) such Condominium Sublessee shall be obligated and hereby agrees to thereafter indemnify, defend, and hold Master Agents thereof, harmless with respect to any losses, (including reasonable attorneys' fees and court costs) arising from or related directly or indirectly to any of such Condominium Sublessee's activities on the Property or the activities of such Condominium Sublessees agents, employees, licensees, lessees, guests, invitees, contractors, or representative thereon.

Notwithstanding anything above which is or appears to be to the contrary, the Master Sublessee shall be released form all obligations thereafter arising under this Sublease or otherwise with respect to the entire Property and each portion thereof after the initial assignment of all of its interest in the Units, the Common Area, and the Appurtenant Rights subject to this Sublease pursuant to the Condominium Subleases as contemplated herein.

(b) Short Term Subleases by Master Sublessee. Notwithstanding anything herein which is or appears to be to the contrary, the Master Sublessee an/or Sublessor retain the right, in their sole discretion, to sublease one or more Condominiums to third parties (other than Condominium Sublessees) for such period as they shall determine appropriate or desirable, including, but not limited to, a month to month term, pending assignment of Master Sublessee's interest in such Condominium to a Condominium Sublessee, and no Condominium Sublessee shall be entitled to object to or interfere with such leasing activity.

23.10. Sublessor's Disclosure and Condominium Sublessee's Waiver.

(a) EACH CONDOMINIUM SUBLESSEE, BY EXECUTION OF ITS ASSIGNMENT AND ASSUMPTION OF CONDOMINUM SUBLEASE, ACKNOWLEDGES THAT HE HAS BEEN ADVISED THAT THE LAND UNDERLYING THE PROPERTY MAY CONSIST OF HYDRAULIC DREDGE FILL OR OTHER MATERIALS PLACED OVER LOW-LYING, MARSHY GROUND ORIGIANLLY DEVOTED TO MARGINAL USES INCLDUING, BUT NOT NECESSARILY LIMITED TO AGRICULTURE, OIL REINERIES, AND LOW

PRODUCTION OIL WELLS. FURTHERMORE, EACH CONDOMINIUM SUBLESSEE ACKNOWLEDGES THAT HE HAS BEEN ADVISED AND OTHERWISE HAS ACTUAL KNOWLEDGE THAT THE PROPERTY IN FACT COVERS AN OLD TRASH DUMP SITE.

(b) EACH CONDOMINIUM SUBLESSEE ACCEPTS ITS CONDOMINIUM, THE PREMISES AND THE PROPERTY IN THEIR AS-IS PRESENT CONDITION NOTWITHSTANDING THE FACT THAT THERE MAY BE CERTAIN DEFECTS IN THE PROPERTY OR SUCH PREMISES WHICH MAY NOT BE ACTUALLY KNOWN TO EITHER PARTY AT THE TIME OF THE EXECUTION OF THIS SUBLEASE OR THE APPLICABLE ASSIGNMENT AND ASSUMPTION OF CONDOMINIUM SUBLEASE.

(c) IN THE EVENT AN UNINSURED CASUALTY OR CONDEMNATION OCCURS, THIS SUBLEASE MAY BE TERMINATED. IF THIS SUBLEASE IS NOT TERMINATED, EACH SUBLESSEE'S ALLOCABLE SHARE OF THE COSTS OF REPAIR OR RESTORATION WILL BE CHARGED TO SUCH SUBLESSEE AS A SUPPLEMENTAL MAINTENANCE FEE. THE SUPPLEMENTAL MAINTENANCE FEE IS AN ACCRUED MONETARY OBLIGATION SECURED BY THE SUBLEASEHOLD DEED OF TRUST AND A SUBLESSEE'S FAILURE TO PAY THE SUPPLEMENTAL MAINTENANCE FEE APPLICABLE TO IT COULD RESULT IN A FORECLOSURE SALE PURSUANT TO THE SUBLEASEHOLD DEED OF TRUST. IN THE EVENT OF AN UNINSURED CASUALTY DURING THE LAST FIVE (5) YEARS OF THE TERM OF THIS SUBLEASE, THIS SUBLEASE MAY BE TERMINATED. EACH CONDOMINIUM SUBLESSEE IS ADVISED TO HAVE ITS ATTORNEY EXPLAIN THIS ARRANGEMENT TO IT.

(d) SUBLESSOR HAS THE OBLIGATION UNDER THIS SUBLEASE TO PROVIDE A "MASTER POLICY" OF PROPERTY AND CASUALTY INSURANCE ON THE PROPERTY AND A COMPREHENSIVE GENERAL LIABILITY INSURANCE POLICY WITH RESPECT TO THE PROPERTY. (HOWEVER, UNDER CERTAIN CIRCUMSTANCES SUBLESSOR MAY, WITH THE APPROVAL OF THE COUNTY, ENGAGE IN A PROGRAM OF SELF INSURANCE.) EACH SUBLESSEE'S PRO RATA SHARE OF THE COST OF ALL SUCH INSURANCE WILL BE INCLUDED IN EACH SUBLESSEE'S MONTHLY MAINTENANCE FEE. THE MASTER POLICY WILL NOT COVER ANY SUBLESSEE'S PERSONAL PROPERTY OR ANY IMPROVEMENTS SUBLESSEE MAKES TO ITS CONDOMINIUM OR THE COMMON AREA. THE COMPREHENSIVE GENERAL LIABILITY INSURANCE POLICY WILL NOT PROVIDE A SUBLESSEE WITH ANY INDIVIDUAL LIABILITY INSURANCE COVERAGE. EACH SUBLESSEE IS RESPONSIBLE FOR OBTAINING SUCH SUBLESSEE'S OWN PROPERTY AND CASUALTY INSURANCE AND SUCH SUBLESSEE'S OWN COMPREHENSIVE GENERAL LIABILITY INSURANCE.

(e) EACH CONDOMINIUM SUBLESSEE'S MONTHLY MAINTENANCE FEE WILL INCREASE IF OPERATING AND MAINTENANCE COSTS INCREASE. FURTHERMORE, A PORTION OF THE MONTHLY MAINTENANCE FEE WILL BE SET ASIDE AS A CAPITAL ASSET REPLACEMENT FUND.

(f) THE INITIAL REAL ESTATE TAXES PAYABLE BY A SUBLESSEE WITH RESPECT TO ITS CONDOMINIUM WILL BE BASED UPON THE CONDOMINIUM PAYMENT, THE GROUND RENT AND THE APPLICABLE TAX RATE.

(g) WITH RESEPECT TO EACH CONDOMINIUM SUBLESSEE, THIS AGREEMENT IS A SUBLEASE OF A PARTICULAR CONDOMINIUM FOR A TERM EXPIRING ON JULY 29, 2067. THE CONDOMINIUM AND OTHER IMPROVEMENTS OF WHICH SUCH SUBLESSEE'S UNIT IS A PART ARE ON LAND OWNED BY THE COUNTY OF LOS ANGELES WHICH LAND IS LEASED TO SUBLESSOR PURSUANT TO THE MASTER LEASE FOR A TERM EXPIRING AT EXACTLY THE SAME TIME AS THIS SUBLEASE TERM EXPIRES, AT THE EXPIRATION OF THE MASTER LEASE THE SUBLESSEES HEREUNDER WILL HAVE NO FURTHER RIGHT TO OCCUPY THEIR CONDOMINIUMS AND THE SUBLESSOR WILL HAVE NO FURTHER RIGHT TO HAVE THE IMPROVEMENTS COMPRISING THE SUBLEASEHOLD CONDOMINIUM REGIME REMAIN IN EXISTENCE. EXCEPT AS EXPRESSLY PROVIDED IN THIS SUBLEASE WITH RESEPECT TO THE SUBLEASEHOLD CONDOMINIUM REGIME COMMON AREA, THE SUBLESSEES HEREUNDER WILL HAVE NO ROLE IN THE MANAGEMENT OF ANY PORTION OF THE PROPERTY. SUBLESSOR HAS NOT ACQUIRED EARTHQUAKE INSURANCE FOR THE PROPERTY. THIS TRANSACTION IS MORE FULLY DESCRIBED IN THE SUPPLEMENTAL NOTICE AND ACKNOWLEDGEMENT PREVIOUSLY EXECUTED BY EACH CONDOMINIUM SUBLESSEE, A COPY OF WHICH IS ATTACHED HERETO AS EXHIBIT A, AND THE DEPARTMENT OF REAL ESTATE SUBDIVISION PUBLIC REPORT PREVIOUSLY SUPPLIED TO EACH CONDOMINIUM SUBLESSEE. A CONDOMINIUM SUBLESSEE DOES NOT ACQUIRE ANY FEE INTEREST IN THE PROPERTY UNDER THIS SUBLEASE. SUBLESSOR WILL BE SUBLEASING TO A CONDOMINIUM SUBLESSEE THE EXCLUSIVE RIGHT TO OCCUPY A UNIT AND TO USE THE COMMON AREA AND APPURTENANT RIGHTS. EACH CONDOMINIUM SUBLESSEE IS ADVISED TO HAVE ITS ATTORNEY EXPLAIN THIS ARRANGEMENT TO IT.

Signed by:

SUBLESSOR; J. H. SNYDER COMPANY, a California Limited Partnership.

And

Sublessee: MARINA CITY CONDOMINIUMS, a California Limited Partnership.

EXHIBIT H

MARINA CITY CONDOMINIUMS RULES & REGULATIONS

ARCHITECTURAL CONTROL

1. Any structural or architectural modifications to the interior of units or balconies and patios is prohibited without the written consent of J.H. Snyder Company, a California Limited Partnership, or its successor (“Sublessor”).
2. Requests for unit modification must be submitted to Sublessor in writing accompanied by detailed plans and specifications.

GARAGE, STREETS & DRIVEWAYS

1. The speed limit within Marina City Club is 15 miles per hour.
2. All residents shall observe entry and exit signs and the directional traffic.
3. Residents shall be limited to parking in their assigned spaces within the parking structure.
4. Guests shall park in areas designated as visitor parking and they may utilize the valet parking services. Guests shall also be permitted to use a resident’s additional space(s) if they are registered with the valet service.

5. Improperly parked vehicles are subject to towing at the owner's expense.
6. Boats, campers, trailers, and motor homes (RV's) may not be parked or stored in garage parking areas.
7. Automobile repair or maintenance is not permitted in garage and parking areas.
8. The riding of bicycles or playing in the garage area is prohibited.

STORAGE

1. Loose items may not be stored in the garage area. Storage items must be placed in designated storage lockers or residents must arrange for storage accommodations elsewhere.
2. Bicycles must be kept chained to the bike racks or other areas so specified by Sublessor.
3. The storage of combustible materials in storage or garage areas is prohibited.

PATIOS, BALCONIES & WINDOWS

1. All windows shall be covered with closewoven white or off-white draperies or drapery lining.
2. Windows may be tinted or new glass may be installed, but colors shall be grey. And written approval must be provided by Sublessor.
3. No clothing, towels, bathing suits, etc., shall be hung over balcony railings. No objects of any kind shall be attached or hung from the balconies.
4. No signs shall be displayed in public view on patios or balconies.
5. Balconies are not to be used for the storage of bicycles or other such recreational equipment. Patio furniture visible from balcony and patio areas must be maintained in acceptable condition and appearance.
6. The storage or use of barbecues of any variety is not permitted on balconies.

PETS

1. One small dog, cat or bird (25 pounds or under) is permitted per unit.
2. Pets shall not be objectionable to other residents, and pet owners must respond to any complaints from other residents or Sublessor concerning their pets.

3. Pets must be on a leash or carried while in any common area.
4. Residents shall not allow their pets to relieve themselves in the public or front areas of the building or garage. It is the responsibility of pet owners to clean up after their pets.

TELEPHONE SERVICE

1. The receptionist at Marina City Club shall not be responsible for handling personal business calls.

TRASH ROOMS

1. All residents shall refrain from using the trash chute between the hours of 10:00 p.m. and 8:00 a.m.
2. All loose items shall be placed in a tied or secured bag.
3. Do not attempt to put boxes or bulky items down the chute. Boxes must be placed in the trash room for pickup.
4. Please notify management if the chute appears to be obstructed or full.

LAUNDRY ROOMS

1. The laundry rooms shall not be used between the hours of 10:00 p.m. and 8:00 a.m.
2. The laundry rooms shall not be used for personal storage of laundry soap and supplies. The shelves and benches are provided for daily use only.
3. Please clean the lint trap after each usage of the dryer.
4. Do not utilize the laundry room or facilities for dyeing or tinting fabrics or clothing.
5. Do not attempt to wash heavily soiled or chemically exposed items in the machines.
6. Please leave the room clean for your neighbors, and promptly remove your laundry from the machines.
7. Do not use the trash cans in the laundry rooms for disposal of your household trash.

QUIET ENJOYMENT

1. No disturbing noise is permitted at any time before 9:00 a.m. or after 10:00 p.m. Singing, the playing of musical instruments, or loud playing of television, radio or phonograph equipment is not permitted if disturbing to other residents.

MISCELLANEOUS

1. For your own personal safety, residents and guests are not allowed on the roof or in the building's equipment and service areas.
2. The building cannot accept responsibility for residents personal items handled by the front desk, i.e. mail, books, laundry, flowers, etc.
3. Door to door soliciting by anyone is prohibited and the display or distribution of posters or flyers in any public areas is also prohibited. Any requests by residents for notices or bulletins must be approved by the Sublessor.
4. Smoking is prohibited in the elevators.
5. No television, radio or other antennae shall be placed anywhere on the property without the written consent of the Sublessor.
6. The use of skateboards and roller-skating is prohibited anywhere on the premises of the Marina City Club.

PERMITTED USES

1. Except as otherwise approved by Sublessor and County in writing, the premises may be used for a private residence only, and no business, commercial, manufacturing, vending, or nonresidential enterprise shall be permitted.