

ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT is entered into effective January 26, 2012 (the "Effective Date") by and among West Covina C, LLC, a California limited liability company, or nominee, ("Purchaser"), on the one hand, and West Covina Motors, Inc., a California corporation ("Seller") West Covina Automotive Holding, Inc., a California corporation ("Holding"), which owns all of the outstanding capital stock of Seller and Ziad Alhassen ("Owner") on the other, and is made with respect to the following facts and circumstances.

- A. Owner owns substantially all of the capital stock of Holding.
- B. Seller owns and operates a Chevrolet automobile dealership operated under the business name of "Clippinger Chevrolet" (the "Dealership") and located at 1932 East Garvey Avenue South, West Covina, California and 1900 East Garvey Avenue South, West Covina, California (the "Premises").
- C. An affiliate of Seller owns and operates Clippinger Ford, Clippinger Chrysler Jeep Dodge, and Clippinger Mazda. Affiliates of Purchaser and affiliates of Seller are simultaneously entering into Asset Purchase Agreement for Clippinger Ford, Clippinger Chrysler Jeep Dodge and Clippinger Mazda ("Related Transactions").
- D. Seller desires to sell to Purchaser and Purchaser desires to purchase from Seller certain of the assets, property and business of Seller in connection with the Dealership and to lease the Premises from the owner thereof on the terms and conditions set forth herein.

NOW, THEREFORE, in recognition of the foregoing premises, in exchange of the covenants, agreements, representations and warranties herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Definitions. For the purposes of this Agreement, the following terms shall have the following meanings:

1.1 Acquired Assets. The "Acquired Assets" are the assets and property to be purchased by Purchaser hereunder, as more fully described in Section 2 hereof.

1.2 Closing Date. Unless otherwise mutually agreed between Purchaser and Seller, the "Closing Date" shall be ten (10) business days from the date the conditions specified in Sections 8 and 9 herein are satisfied; subject however to the provisions of Section 17 below. The Closing shall take place at the Dealership on the Closing Date commencing at 10:00 a.m.

1.3 Damaged Vehicles. "Damaged Vehicles" are any new vehicles which have incurred "material damage", as such damage is defined in California Vehicle Code Section 9990.

1.4 Employee Benefit Plan. "Employee Benefit Plan" means any (a) nonqualified deferred compensation or retirement plan or arrangement which is an Employee Pension Benefit Plan, (b) qualified defined contribution retirement plan or arrangement which is an Employee Pension Benefit Plan, (c) qualified defined benefit retirement plan or arrangement which is an Employee Pension Benefit Plan (including any Multiemployer Plan), or (d) Employee Welfare Benefit Plan or material fringe benefit plan or program.

1.5 Employee Pension Benefit Plan. "Employee Pension Benefit Plan" has the meaning set forth in ERISA Section 3(2).

1.6 Employee Welfare Benefit Plan. "Employee Welfare Benefit Plan" has the meaning set forth in ERISA Section 3(1).

1.7 ERISA. "ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

1.8 Sales and Service Agreement. "Sales and Service Agreement" means the Chevrolet automobile Sales and Service Agreement currently held by Seller in connection with the Dealership at the Premises.

1.9 Manufacturer. "Manufacturer" means Chevrolet Division of General Motors Corporation.

1.10 Hazardous Materials. "Hazardous Materials" shall mean any hazardous or toxic substance, material or waste which is or becomes regulated by any local governmental authority, the State of California or the United States Government. The term "hazardous material" includes, without limitation, any material or substance which is (i) defined as a "hazardous waste," "extremely hazardous waste" or "restricted hazardous waste" under Section 25115, 25117 or 25122.7, or listed pursuant to Section 25140, of the California Health and Safety Code, Division 20, Chapter 6.5 (Hazardous Waste Control Law), (ii) defined as a "hazardous substance" under Section 25316 of the California Health and Safety Code, Division 20, Chapter 6.8 (Carpenter-Presley-Tanner Hazardous Substance Account Act), (iii) defined as a "hazardous material," "hazardous substance," or "hazardous waste" under Section 25501 of the California Health and Safety Code, Division 20, Chapter 6.95 (Hazardous Materials Release Response Plans and Inventory), (iv) defined as a "hazardous substance" under Section 25281 of the California Health and Safety Code, Division 20, Chapter 6.7 (Under Storage of Hazardous Substances), (v) petroleum, (vi) friable asbestos not in compliance with applicable laws or regulations, (vii) listed under Article 9 or defined as hazardous or extremely hazardous pursuant to Article 11 of Title 22 of the California Administrative Code, Division 4, Chapter 20, (viii) designated as a "hazardous substance" pursuant to Section 311 of the Federal Water Pollution Control Act (33 U.S.C. Section 1317), (ix) defined as a "hazardous waste" pursuant to Section 1004 of the Federal Resource Conservation and Recovery Act, 42 U.S.C. Section 6901 et seq. (42 U.S.C. Section 6903), or (x) defined as a "hazardous substance" pursuant to Section 101 of the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. Section 9601 et seq. (42 U.S.C. Section 9601).

1.11 Major Documents. "Major Documents" shall mean: Seller's Sales and Service Agreement with Manufacturer; a schedule of assets for the Dealership; all contracts and leases set forth in Schedule 4.6 attached hereto and any Phase I or II environmental studies or investigations concerning the Dealership including any documents related to environmental remediation and governmental closure reports.

1.12 Obsolete Parts. "Obsolete Parts" means factory parts which are not listed in the most current manufacturer's wholesale price book or, if listed therein, are valued at Zero Dollars (\$0.00), parts which are not returnable to the manufacturer (as defined by the Manufacturer) for any reason other than on account of being unboxed or in an opened or damaged container, or parts indicated as discontinued, parts for which there has been no sale in the last twelve (12) months, and broken or damaged parts, regardless of whether listed in the manufacturer's current wholesale price book.

1.13 Signs. "Signs" shall mean any signs owned or leased by Seller of a type recommended or required by the Manufacturer and bearing the Manufacturer's trademark or logo.

1.14 Tax. "Tax" means any federal, state, local, or foreign income, gross receipts, license, payroll, employment, excise, severance, stamp, occupation, premium, windfall profits, environmental (including taxes under Internal Revenue Code Section 59A), customs duties, capital stock, profits, withholding, social security (or similar), unemployment disability, real property, personal property, sales, use, transfer, registration, value added, alternative or add-on minimum, estimated, or other tax of any kind whatsoever, including any interest, penalty, or addition thereto, whether disputed or not.

1.15 Knowledge of Seller. "Knowledge of Seller" means the actual knowledge of Ziad Alhassen without any duty of investigation or examination.

2. Sale of Assets. Seller agrees to sell, convey, transfer, assign and deliver to Purchaser, and Purchaser agrees to buy, receive and accept from Seller, on the Closing Date all of the following assets (the "Acquired Assets"):

2.1 Fixed Assets. All of the fixed assets owned by Seller used in the operation of the Dealership, and located at the Premises as of the Effective Date, including, without limitation, all machinery and shop equipment, Chevrolet special tools, signs, all as more particularly listed on Schedule 2.1 attached hereto. All of such fixed assets shall be in substantially the same condition and repair on the Closing Date as existed on the date on which Purchaser approves their condition at the conclusion of the Due Diligence Period, normal wear and tear excepted.

2.2 Goodwill, Sales and Service Agreement and Intangible Property. All of Seller's goodwill developed in connection with the Dealership and all other intangible assets of a similar nature including without limitation the service and sales customer lists; vehicle sales and service records; telephone and facsimile numbers; website, URLs, domain name; computer software; approvals, permits, licenses, orders, registrations, certificates, variances and similar rights obtained from governmental authorities; creative materials, product advertising and promotional materials, studies, reports and other printed or written materials relating to the Dealership;

finance and insurance information; parts inventory history; training materials; reference books; shop reference books; parts reference manuals; accounting forms; the Sales and Service Agreement.

2.3 Vehicles. All 2011 and 2012 new, unregistered, unused but excluding any Damaged Vehicle; Chevrolet vehicles owned by Seller and offered for sale at the Dealership with not more than three hundred (300) miles as shown on the odometer, or in transit, on the Closing Date but excluding any Damaged Vehicle; no more than two (2) 2011 or 2012 new unregistered demonstrator Chevrolet vehicles owned by Seller and offered for sale at the Dealership with not more than five thousand (5000) miles as shown on the odometer; and all used vehicles on which Purchaser and Seller can agree on a purchase price.

2.4 Parts and Accessories. All returnable current, unused, undamaged, new factory (i.e., Manufacturer) parts and accessories, excluding any Obsolete Parts, on hand on the Closing Date which are listed in the most recent factory parts catalogue, and all parts return privileges associated therewith (collectively, "Factory Parts"). All useable new parts and accessories from any supplier other than the Manufacturer on hand on the Closing Date which are listed in the applicable supplier's most recent parts catalogue (collectively, "Non-Factory Parts"). Purchaser shall not be obligated to purchase, and the definitions of Factory Parts and Non-Factory Parts shall not include, any used, damaged or Obsolete Parts or accessories.

2.5 Miscellaneous Inventory. All miscellaneous inventories including without limitation gas, oil, grease and the like, on hand at the Dealership on the Closing Date.

2.6 Work in Process and Sublet Repairs. All work in process and sublet work not completed by Seller prior to the Closing Date. Work in process shall refer to service work or repair orders (customer, insurance/service contract and warranty) written by Seller prior to the Closing Date but not complete on that date; work in process shall be further limited to only those vehicles in the actual possession, custody or control of Seller on the Closing Date.

2.7 Excluded Assets. Notwithstanding anything in this Section to the contrary, the following assets and property shall be retained by Seller and shall not be sold or transferred to Purchaser (the "Excluded Assets"):

(a) Customer and Manufacturer accounts receivable, marketable securities, cash and cash equivalents.

(b) Any of Seller's accounting or personnel records.

(c) Supplies consumed and all vehicles, parts, accessories and other inventory sold in the normal course of business prior to the Closing Date.

(d) Any contracts, leases, concessions or other assets of Seller not specifically included in this Agreement.

(e) Seller's dealership-related reserves at banks and finance companies.

(f) Books and records relating to tax returns of the Dealership, its shareholders, as well as minute books, stock registers, or other books and records relating to changes in ownership of the Dealership.

(g) Any fixed asset situated in Seller's facilities in Covina, California including without limitation body shop and fabrication assets.

(h) Any fixed asset which Seller designates as not being for sale.

3. Consideration for Acquired Assets. Subject to the terms and conditions of this Agreement, the consideration to be paid by Purchaser for the Acquired Assets (the "Purchase Price") shall be the aggregate value of the Acquired Assets determined in accordance with this Section 3. The Acquired Assets shall be valued as provided below:

3.1 Fixed Assets. The purchase price for the fixed assets identified in Section 2.1 shall be equal to the fair market value. In the event Purchaser and Seller are unable to agree on the fair market value within thirty (30) days of the Effective Date, such fair market value shall be determined by an appraisal on an installed and continuous use basis. Purchaser and Seller shall employ the service of Paul Fields and Associates to determine such fair market value of the fixed assets. The parties acknowledge that the value of the Fixed Assets shall be reduced for any such item not in good operating condition. There shall be no value for leasehold improvements; provided however, that in the event that any fixed asset included in the appraisal is materially damaged, destroyed or removed from the Dealership between the date of the appraisal and the Closing Date, the value, as reasonably determined by the parties, of such item damaged, destroyed, or moved from the Dealership shall be credited against the Purchase Price determined in accordance herewith. The cost of the appraisal shall be shared equally by the Purchaser and the Seller.

3.2 Goodwill, Sales and Service Agreement and Intangible Property. The value of the Goodwill, Sales and Service Agreement and Intangible Property shall be the sum of Four Million Six Hundred Ninety Three Thousand Seven Hundred Fifty Dollars (\$4,693,750).

3.3 Vehicles. The vehicles identified in Section 2.3 shall be valued as follows:

(a) The price for all 2011 and 2012 new, unregistered, undamaged unused Chevrolet model vehicles with not more than three hundred (300) miles as shown on the odometer shall be valued at the sum of the following:

(i) The wholesale cost of each new vehicle determined in accordance with the factory invoice, including advertising charges; plus

(ii) The wholesale cost of all optional parts and accessories installed by Seller in the new vehicles plus the cost of labor (determined at the internal rate pursuant to the standard factory formula) for installation of the same; plus

(iii) The cost of pre-delivery expenses actually performed related to specific automobiles transferred at Closing, but only to the extent that such pre-delivery expense has not previously been reimbursed to Seller, or is not payable to Seller, in which event the right to assign reimbursement shall be assigned to Purchaser at the Closing; less

(iv) The sum of all distributor's allowances as of the Closing including, but not limited to, inventory allowances, floor plan assistance, interest credits, advertising credits, discounts, holdbacks, rebates, contests, model changes and similar distributor's allowances applicable to specific automobiles, including dealer trades, transferred on the Closing; less

(v) The cost (as reasonably determined by the parties) to repair any damage to any new vehicle existing as of the Closing Date; provided, however, that in the event the reasonable cost of both parts and labor to repair any damage to a new vehicle exceeds Five Hundred Dollars (\$500), such vehicle shall be considered a used vehicle and shall be valued in accordance with Section 3.3(d); less

(vi) The wholesale cost of any missing accessories, equipment or parts.

(b) All amounts due for pre-delivery inspection ("PDI") for the new motor vehicle inventory will be the property of Seller with respect to any new vehicle for which Seller performed the PDI prior to the Closing Date.

(c) Up to two (2) 2011 or 2012 new, unregistered Chevrolet model demonstrator vehicles with more than five hundred (500) miles but less than five thousand (5,000) miles as shown on the odometer, shall be valued pursuant to the provisions of Section 3.3(a), less the sum of twenty cents (\$0.20) per mile for each mile as shown on the odometer for each vehicle.

(d) All used vehicles (which shall include new, unregistered vehicles not acquired pursuant to Section 3(a) and 3(b) above, all company vehicles and loaner vehicles and all demonstrator vehicles) shall be valued as mutually agreed between Purchaser and Seller. Any vehicles about which Purchaser and Seller cannot agree on the value shall be retained by Seller and Seller shall have ten (10) days after the Closing Date to remove such vehicles from the Premises.

3.4 Parts and Accessories. Parts and accessories shall be valued as follows:

(a) All Factory Parts which are in the possession of Seller as of the Closing Date shall be valued at dealer cost in accordance with the manufacturer's or distributor's most current wholesale parts and accessories price book as of the Closing Date, less any dealer discounts (if applicable). The value of Factory Parts with no sale within the last twelve (12) months shall equal the actual fair market value as determined by the appraisal service.

(b) All Non-Factory Parts which are in possession of the Seller as of the Closing Date shall be valued at Seller's cost in accordance with the applicable supplier's most current wholesale parts and accessories price book as of the Closing Date, less any applicable discounts;

provided that Purchaser shall have no obligation to purchase in excess of Twenty Thousand Dollars (\$20,000) of Non-Factory Parts.

(c) Seller shall assign to Purchaser Seller's terminating dealer parts return privilege under the Sales and Service Agreement, if any, with respect to the Factory Parts and the Non-Factory Parts purchased hereunder. Seller shall keep any Factory Parts and Non-Factory Parts not purchased by Purchaser hereunder and shall remove such Factory Parts and Non-Factory Parts from the Dealership Property within thirty (30) days following the Closing

3.5 Miscellaneous Inventory and Supplies. All miscellaneous inventories, including gas, oil, and grease, in stock on the Closing Date shall be valued at cost.

3.6 Work in Process and Sublet Repairs. All work in process and sublet repairs shall be valued at Seller's actual cost, which shall consist of the actual cost of all parts and accessories which are a part of the work in process/repair plus the cost of labor (determined at the internal rate pursuant to the standard factory formula) associated therewith and incurred by Seller through the Closing Date. In the event Seller and Purchaser disagree as to the collectability of any work in process or sublet repair, Purchaser shall assume the work and complete it, and Seller's share of the invoice price for the work shall be paid to Seller upon receipt by Purchaser of payment for such work.

3.7 Purchase Orders and Deposits. At no charge to Purchaser, Seller shall transfer to Purchaser on the Closing Date all rights to existing, unfulfilled purchase orders incurred in the ordinary course of business and corresponding customer deposits for new vehicles. All customer contracts for undelivered vehicles that Purchaser will be assuming at Closing will be valid and effective in accordance with their terms, and there will be no defaults or events of default or events which with notice or lapse of time or both would constitute defaults thereunder.

3.8 Pre-closing Inventory. As of the close of business on the day immediately preceding the Closing Date or on such other date as mutually agreed upon by Purchaser and Seller, a physical inventory to determine the value of the new and used vehicles, sublet repairs, miscellaneous inventories, and work-in-progress shall be taken jointly by the parties. Each party shall bear the expenses associated with its own personnel in connection with the valuation of the assets. The parties shall jointly employ an independent inventory service selected by Seller and reasonably acceptable to Purchaser to take an inventory of parts and accessories immediately prior to the Closing. The cost of such inventory shall be paid one-half by Purchaser and one-half by Seller.

4. Payment of Purchase Price; Pro-rations; Sales Tax. The Purchase Price to be paid by Purchaser pursuant to this Agreement shall be paid as follows:

4.1 Deposit. Purchaser shall deliver the sum of Fifty Thousand Dollars (\$50,000) (the "Initial Deposit") to the Escrow Holder within three (3) business days of the Effective Date of this Agreement. Upon the approval of the Due Diligence by Purchaser in accordance in Section 8.6 herein below, Purchaser shall deliver an additional deposit to Escrow Holder (as defined below), in the amount of Fifty Thousand Dollars (\$50,000) (the "Additional Deposit"). The

Initial Deposit and the Additional Deposit shall collectively be referred to as the "Deposit". The Deposit shall be held in an interest bearing account by Escrow Holder and shall be applied to the benefit of Purchaser toward the purchase price of the Dealership upon Closing. If the transaction does not close, and this Agreement is terminated pursuant to Section 18, the Deposit, together with all accrued interest, shall be disbursed to Purchaser, unless the provisions of Section 21 are applicable, in which case the disposition of the Deposit shall be governed by the provisions of Section 21.

4.2 Floor Plan Payment. Purchaser shall receive a credit against the Purchase Price in the amount of the floor plan financing paid by Purchaser on behalf of Seller's current floor plan loan.

4.3 Balance. The balance of the Purchase Price shall be payable by Purchaser through Escrow to Seller in immediately available funds on the Closing Date.

4.4 Closing and Post-Closing Adjustments. All adjustments normal in asset acquisitions, including but not limited to rents, lease deposits, utilities, telephone charges, personal property taxes, real property taxes, customer prepayments, if relating to a period before and after the Closing Date, and prepaid expenses inuring to the benefit of Purchaser shall be apportioned between Seller and Purchaser according to the number of days in the period covered thereby which occurred prior to and including the Closing Date and subsequent to the Closing Date. The aggregate amount of any adjustment shall be determined and paid through Escrow as of the Closing Date. Any additional amounts as reasonably determined by the parties after the Closing Date to be paid by either party under this Section 4.4 shall be paid by check delivered within seven (7) days following determination of the amount of any such adjustment. In the event Seller and Purchaser are unable to agree on any post-closing adjustments in accordance with this Section 4.4, such dispute shall be resolved by binding arbitration in accordance with Section 23 herein below.

4.5 Sales Taxes. Purchaser shall pay any sales tax in connection with this transfer. Purchaser shall reimburse Seller through Escrow for the sales tax which may be imposed or payable on or in connection with the transfer of the Acquired Assets pursuant to this Agreement.

4.6 Liabilities. Purchaser shall have no obligation for any liabilities of Seller other than those contracts and personal property leases set forth on Schedule 4.6 attached hereto for which Purchaser shall only be responsible for that portion of any such obligations which first accrue on or subsequent to the Closing Date. Purchaser and Seller shall execute such assignment and assumption documents in connection with the liabilities to be assumed by Purchaser as provided for herein. Seller shall be fully responsible for any and all costs or charges of any kind whatsoever arising out of such agreements for the period prior to the Closing Date. Seller shall use commercially reasonable efforts to obtain all consents and approvals related to the transfer of all contracts and personal property leases. Purchaser shall cooperate with Seller in obtaining such consents and approvals and shall enter into an arrangement of assumption as may be reasonably requested by any lessor or contracting party of a lease or other contract on Schedule 4.6. If the consent of any lessor of a lease listed in Schedule 4.6 or the consent of any party to any other contract listed on Schedule 4.6 is required for the valid assignment of that lease or

other contract, and if such lessor or other contracting party refuses to consent in writing or conditions its consent on any conditions that are not commercially reasonable, Purchaser shall not be required to assume that lease or other contract, as the case may be; provided, however, Purchaser shall pay such monthly costs for such period Purchaser has the benefit of such contract. Without limiting the generality of the foregoing and except as may be specifically provided to the contrary in this Agreement, the parties acknowledge and agree that Purchaser is not assuming and Seller shall remain responsible for: employment agreements, labor agreements, collective bargaining agreements, retirement plans, Employee Benefit Plans or other similar contracts; any liability of Seller for Taxes; any liability of Seller relating to or arising out of the violation by Seller of any law (including rules and regulations) of any federal, state, local or foreign government (or agency thereof); any liability of Seller relating to or arising out of the sale of products or the performance of services by Seller or the conduct or operation of the Dealership prior to the Closing Date; and/or any liability of Seller relating to or arising out of any agreement, contract, lease, license or other arrangement not specifically identified on Schedule 4.6 attached hereto. The parties acknowledge and agree that Seller shall terminate all of Seller's employees as of the Closing Date.

4.7 Factory Orders. On the Closing Date, Purchaser will assume the obligation to purchase and pay when due any amounts relating to new, unused and undamaged 2011 and 2012 model year Chevrolet vehicles, and OEM Parts and Accessories which have been ordered by Seller in its normal course of business prior to the Closing Date but which have not been delivered to the Dealership as of the Closing Date and which are not otherwise included among the Acquired Assets.

4.8 We Owes. On the Closing Date, Purchaser will assume the obligation to perform the services and/or provide the accessories due to customers of Seller as specifically listed on Schedule 4.8, which will be attached to this Agreement on the Closing Date and thereby made a part hereof (collectively "We Owes"). Purchaser will receive a credit against the Purchase Price equal to the estimated costs to Purchaser determined at Purchaser's internal rates of performing any such We Owes. Purchaser shall promptly refund Seller the amount of the credit given for any We Owes which was not fulfilled by Purchaser within twelve (12) months after the Closing Date and Seller will reimburse Purchaser for the costs of satisfying the We Owes as later presented by the customer.

5. Representations and Warranties of Seller and Owner. Seller and Owner represent, warrant, and agree with Purchaser as follows:

5.1 Good Standing. Seller is a corporation duly organized, validly existing and in good standing under the laws of the State of California and is entitled to and has the power and authority to own or lease its property and to carry on its business in the manner and in the places where such property is now owned, leased or operated and such business is now conducted.

5.2 Title to Assets: Liens and Encumbrances. Except for signs and equipment leases to be assumed by Purchaser pursuant to Section 4.6 above, Seller will convey to Purchaser good and marketable title to the Acquired Assets, free and clear of all security interests, liens, claims, restrictions, equities and encumbrances whatsoever.

5.3 Authorization. The execution and delivery of this Agreement and the transactions contemplated hereby have been duly authorized by the board of directors of Seller and all other corporate action, including all shareholder approvals necessary to authorize the execution and delivery of this Agreement and the transactions contemplated hereby, have also been taken. Except for consent of the Manufacturer, lessors under leases, floor plan lenders, secured creditors, and other persons or entities disclosed in writing by Seller to Purchaser, no consent of any lender, trustee, security holder, lessor or any other person or entity is required to be obtained by Seller in connection with the execution, delivery and performance of this Agreement by Seller and the consummation of the transactions contemplated hereby. This Agreement constitutes a valid and binding obligation of Seller enforceable in accordance with its terms except as enforceability may be limited by bankruptcy, insolvency, reorganization or other similar laws affecting the enforceability of creditors' rights generally. Except for obtaining the consent of the Manufacturer, lessors under leases set forth in Schedule 4.6, and except as may be provided in Seller's existing floor plan financing agreements and except as otherwise disclosed in writing by Seller to Purchaser, the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby (a) do not violate or constitute a breach of or default under any contract, agreement or commitment to which Seller is a party, under which it is obligated or to which any of the Acquired Assets are subject, (b) do not violate any judgment, order, statute, rule or regulation to which Seller or any of the Acquired Assets are subject or the bylaws or other formation or governance documents of Seller, and (c) will not result in the creation of any lien, charge or encumbrance on any of the Acquired Assets.

5.4 Representations and Warranties on Closing Date. The representations and warranties of Seller contained in this Agreement shall be true and correct in all material respects on and as of the Closing Date with the same force and effect as though such representations and warranties had been made on and as of the Closing Date.

5.5 Litigation. Except as set forth on Schedule 5.5 attached hereto, there is not pending, or, to the best knowledge of Seller, threatened, any suit, action, arbitration, or legal, administrative, or other proceeding, or governmental investigation against or affecting Seller or any of the Acquired Assets.

5.6 Environmental and Other Compliance Notices. Seller has received no notice advising Seller of any defects, defaults or non-compliance in connection with the Acquired Assets and/or the Dealership pursuant to the laws, rules and regulations from any governmental agency dealing with environmental laws, except notices which have been previously complied with or expressly waived in writing by the governmental agency. Seller represents to Purchaser that the Dealership and the Premises now meet and will at the Closing meet the requirements established by all governmental and regulatory agencies governing the operation of the Dealership, including, but not limited to, the Department of Motor Vehicles, the City of West Covina, California and all other state, city and/or county permit and license departments, environmental regulatory authorities and other agencies. There are no underground storage tanks located at the Premises. Seller represents; to the best of Seller's knowledge, there is no Hazardous Material or toxic waste located upon, below or in the immediate vicinity of the Premises which is not properly stored in compliance with all applicable law. Seller has no

knowledge of any release or discharge of Hazardous Materials at, on, or under the Premises which would require any remediation activities.

5.7 Compliance With Law. Seller has complied with, and is not in violation of, applicable federal, state or local statutes, laws or regulations the violation of which would have a material adverse effect on the financial condition of the Dealership.

5.8 Collective Bargaining Agreements or Organizational Efforts; Labor Disputes. Seller has no collective bargaining agreements with respect to its employees. There are no proceedings pending for union certification or representation before the National Labor Relations Board nor, to the best of Seller's knowledge, has there been any attempt within the past three (3) years to organize the employees of Seller into a collective bargaining unit. There is no labor strike, dispute, slowdown or stoppage actually pending or, to the best of Seller's knowledge, threatened against or involving Seller, and no grievance which might have an adverse effect on Seller or the conduct of its business is pending. Seller has fewer than 100 employees.

5.9 Employee Benefits. Except as otherwise disclosed in writing by Seller to Purchaser, Seller neither maintains nor contributes to any Employee Benefit Plans nor any Employee Welfare Plans. None of Seller's employees are participants in any Employee Benefit Plans or any Employee Welfare Plans by virtue of their employment by Seller.

5.10 Taxes. Except as otherwise disclosed in writing by Seller to Purchaser, within the times and in the manner prescribed by law, Seller has duly filed all federal, state and local Tax returns and reports required to be filed and has duly paid or established adequate reserves for the proper payment of all Taxes and other governmental charges upon it or its properties, assets, licenses or sales. Seller knows of no material unpaid assessment or proposal by any taxing authority for Taxes for which Seller does not have adequate reserves for any such fiscal year or which shall be paid by Seller upon the Closing. All monies required to be withheld by Seller from employees for income taxes, FICA and unemployment insurance taxes have been collected or withheld, and either paid to the respective governmental agencies or set aside in accounts for such purpose, or accrued, reserved against, and entered upon the books of Seller, and to the extent so accrued, all will have been paid by Seller at or prior to Closing.

5.11 Insurance. Schedule 5.11 to this Agreement (which shall be prepared and delivered to Purchaser within ten (10) days of the execution of this Agreement) sets forth the following information with respect to each insurance policy (including policies providing property, casualty, liability, and workers' compensation coverage and bond and surety arrangements) to which Seller has been a party, a named insured, or otherwise the beneficiary of coverage at any time that Seller has owned and operated the Dealership:

- (a) the risk covered;
- (b) the amount of coverage; and
- (c) the scope (including an indication of whether the coverage was on a claims made, occurrence, or other basis) of coverage.

With respect to each such insurance policy, the policy is legal, valid, binding, enforceable, and in full force and effect.

5.12 Dealer Operating Statements Seller has delivered, or will deliver within five (5) days of the Effective Date, to Purchaser Dealer Operating Statements for the calendar year 2008, 2009, 2010 and year to date 2011 ("Dealer Operating Statements") which Seller represents are true and complete copies of the Dealer Operating Statements provided to the Manufacturer. Purchaser acknowledges that Seller has advised it that the Dealer Operating Statements may not accurately reflect the financial condition of the Seller in all material respects as of the respective date thereof and the results of its operating for the respective period. Further, Purchaser acknowledges that it is not relying upon any representation, warranty or statement made by Seller or Owner with respect to the financial condition of the Seller and the results of Seller's operation of its Dealerships for the current year or for any prior years.

5.13 Untrue Statements and Omissions. Subject to the written disclosures by Seller to Purchaser, to the best of knowledge of Seller, no statement by Seller contained in this Agreement or any exhibit or schedule attached hereto and no statement contained in any certificate or other instrument or document furnished by or on behalf of Seller pursuant to this Agreement, contains or will contain any untrue statement of a material fact or omits or will omit to state any material fact which is necessary to make the statements contained herein or therein not misleading as of the Closing Date.

5.14 Purchaser's Disclaimer. Purchaser acknowledges that except as otherwise set forth in this Agreement, Seller and Owner make no representations, warranties or statements whatsoever respecting the Acquired Assets being purchased, Seller's business or the Premises and that in entering into this Agreement and in consummating the transactions contemplated herein, Purchaser is not relying upon any representation, warranty or statement made by Owner or by Seller nor any of its members, affiliates, employees, agents, brokers, or attorneys, other than those expressly set forth in this Agreement. Without limiting the generality of the foregoing, and except as otherwise specifically set forth in this Agreement, neither Seller nor Owner makes any representations, warranties or statements of any nature whatsoever respecting the financial condition (past or present), results of Seller's dealership operations for current or for prior periods, liabilities, employees, suppliers, customers, market position, reputation or prospects of Seller or the Dealership; the physical condition or the marketability for resale of the Acquired Assets; the physical condition of the Premises; or any matter which might affect Purchaser's ability in the future to conduct business using the Acquired Assets which is in any manner similar to the current manner in which Seller conducts business. For all purposes in connection with its decision to enter into this Agreement and to consummate the transactions contemplated herein, and except as to the representations and warranties set forth in this Section 5 and elsewhere in this Agreement, Purchaser has undertaken and is relying upon such independent investigations and examinations of material facts as Purchaser, in its sole discretion, has deemed relevant, or necessary under the circumstances to make such decision.

6. Representations and Warranties of Purchaser. Purchaser represents, warrants, and agrees with Seller as follows:

6.1 Good Standing. Purchaser is a limited liability company duly organized, validly existing and in good standing under the laws of the State of California and is entitled to and has the power and authority to own or lease its property and to carry on its business in the manner and in the places where such property is now owned, leased or operated and such business is now conducted.

6.2 Authorization. The execution and delivery of this Agreement and the transactions contemplated hereby have been duly authorized by Purchaser and all other action necessary to authorize the execution and delivery of this Agreement and the transactions contemplated hereby, have also been taken. This Agreement is a valid and binding obligation of Purchaser enforceable against Purchaser in accordance with its terms except as enforceability may be limited by bankruptcy, insolvency, reorganization or other similar laws affecting the enforceability of creditors' rights generally. Except for consent of the Manufacturer, no consent of any trustee, security holder or any other person or entity is required to be obtained by Purchaser in connection with the execution, delivery and performance of this Agreement by Purchaser and the consummation of the transactions contemplated hereby. Except for obtaining the consent of the Manufacturer, the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby (a) do not violate or constitute a breach of or default under any contract, agreement or commitment to which Purchaser is a party or under which it is obligated, and (b) do not violate any judgment, order, statute, rule or regulation to which Purchaser is subject.

7. Conduct Prior to Closing Date.

7.1 Ongoing Operations. Seller will use its reasonable efforts to preserve intact the Acquired Assets and to continue to operate the Dealership as a going concern to the extent financially able to do so. The parties acknowledge that the Dealership is only operating on a limited basis. Seller will not order vehicles or make other commitments to third parties except in the ordinary course of business and in a manner consistent with Seller's past business practices. Seller will not dispose of any of the Acquired Assets except in the ordinary course of business consistent with past practices, and will not, without limiting the foregoing, hold a "going-out-of-business" or "liquidation" sale. Seller shall maintain all of its insurance in effect with respect to its business and assets as of the Effective Date. Seller shall not, without Purchaser's prior written consent, encumber or suffer to be encumbered any of the Acquired Assets or other Premises or facilities (except for normal flooring of inventory vehicles in the normal and ordinary course of business).

7.2 Approvals. Each of Purchaser and Seller will use its commercially reasonable efforts to obtain all permits, approvals, authorizations and consents of third parties necessary or desirable for the consummation of the transactions contemplated by this Agreement and for the ownership and operation by Purchaser of the Acquired Assets and the Dealership. Purchaser and Seller shall proceed as promptly as practicable after the date hereof to prepare and file with the Manufacturer all materials necessary to obtain the consent of Manufacturer as is necessary for Purchaser to acquire the Acquired Assets and for consummation of the transactions contemplated hereby.

7.3 Covenant to Comply. Seller and Purchaser shall not take any action or fail to take any action which will make any of their representations and warranties not true and correct in all material respects on the Closing Date. Seller and Purchaser shall each use its commercial reasonable efforts to satisfy or cause to be satisfied all of the conditions precedent to obligations hereunder. Seller and Purchaser shall give prompt written notice to the other of any material change in any of the information contained in the representations and warranties made in this Agreement or the schedules referred to herein which occur prior to the Closing Date; provided, however, that any change in the information contained in the representations and warranties or schedules will not relieve the disclosing party of any obligations hereunder if such changes result in a breach of the representations and warranties contained herein.

7.4 Seller's Employees. At Purchaser's request, following the completion of Purchaser's due diligence investigations, Seller will permit Purchaser to interview Seller's employees and to otherwise meet with Seller's employees, either individually or in groups, as Purchaser may determine. Seller will pay all its employees in full for their services rendered through the Closing Date and will otherwise satisfy all of Seller's obligations to its employees through such date, including, but not limited to, any individual employment contracts, accrued vacation time, accrued bonuses, etc.

7.5 WARN Act. Seller shall comply in all respects (including, without limitation delivering notice to such employees which might otherwise be required) with the Federal Worker Adjustment and Retraining Notification Act (the "WARN Act") and any state worker notification requirement applicable to the transaction described herein.

8. Conditions to Purchaser's Obligations to Close. The obligations of Purchaser under this Agreement are subject to fulfillment of the conditions set forth below. Purchaser shall have the right to waive in writing all or part of any one or more of the following conditions without releasing Seller from any liability for any loss or damage sustained by Purchaser by reason of the breach by Seller of any covenant, obligation or agreement contained herein, or by reason of any misrepresentation made by Seller and upon such waiver may proceed with the transactions contemplated by this Agreement.

8.1 Agreements and Conditions. On or before the Closing Date, Seller shall have complied with and duly performed in all respects all agreements and conditions on its part to be complied with and performed pursuant to or in connection with this Agreement on or before the Closing Date, including, without limitation, delivering to Purchaser and/or the Escrow Holder all items described in Section 10 of this Agreement.

8.2 Representations and Warranties. The representations and warranties of Seller contained in this Agreement, or otherwise made in writing in connection with the transactions contemplated hereby, shall be true and correct in all respects on and as of the Closing Date with the same force and effect as though such representations and warranties had been made on and as of the Closing Date and Purchaser shall have received a certificate to that effect dated as of the Closing Date and executed by the President of Seller or such other corporate officer authorized to execute such certificate.

8.3 No Legal Proceedings. No action or proceeding shall have been instituted or threatened to restrain or prohibit the acquisition by Purchaser or the conveyance by Seller of the Acquired Assets or which might result in any material adverse change in the business, prospects or financial or other condition of the Acquired Assets.

8.4 Loss, Damage or Destruction. No material loss, damage or destruction of the Acquired Assets, or the Premises shall have occurred prior to the Closing Date. The risk of any loss or damage to the Acquired Assets, or any part thereof, or to the Dealership, or any part thereof, from any casualty, including without limitation: acts of God; fire; explosion, tornado; earthquake; accident; flood; riot, condemnation; theft; damage; or, activities of armed forces, shall be upon the Seller between the date hereof through and including the Closing Date. The provisions of this section shall also apply to any actual or threatened condemnation of the Premises occurring on or before the Closing Date.

If, on or prior to the Closing Date, there shall be an occurrence resulting in any kind of physical loss or damage to the Acquired Assets or to the Dealership, or to any part of the foregoing, to the extent such loss or damage is not restored by Seller prior to the Closing Date, or cannot be repaired at the Seller's cost within thirty (30) days after Closing, then the Purchaser shall have the option to elect to close the transaction contemplated herein, receive any and all insurance proceeds, and deduct from the Purchase Price the deficiency of any uninsured loss or damage and if applicable, the deductible, or terminate this Agreement.

8.5 Consents. Purchaser shall have received the written approval of the Manufacturer designating Purchaser as the duly authorized dealer for the sales and service of the Manufacturer's vehicles at 1932 East Garvey Avenue South, West Covina, California, or such other premises in West Covina, California as determined by Purchaser, on commercially reasonable terms and conditions, and Purchaser and Manufacturer shall have entered into a customary dealer sales and service agreement; provided, however, that if Manufacturer seeks to impose any facility or other conditions not consistent with conditions imposed by the Manufacturer related to its standard image programs as a condition to the granting of such Sales and Service Agreement to Purchaser that Purchaser in good faith finds unacceptable, Purchaser shall be free to reject such conditions and shall incur no liability to Seller as a result thereof. All permits and licenses necessary to enable Purchaser to conduct the Sales and Service Agreement and service facilities shall have been obtained. All other requisite consents and approvals shall have been obtained.

8.6 Due Diligence. Purchaser shall have approved, in writing delivered to Seller and Escrow Holder and in its sole and absolute discretion, its due diligence investigations regarding the Acquired Assets, the Dealership and any other matters which Purchaser, in its sole and absolute discretion, deems relevant. Purchaser shall have a period of sixty (60) days (the "Due Diligence Period") beginning on the Effective Date to review the books and records of the Dealership, the physical condition of the Premises and any other items Purchaser, in its sole and absolute discretion, deems necessary or appropriate to evaluate the Dealership. Such review shall be done at times and locations as mutually agreed between Purchaser and Seller. Seller shall cooperate and provide such information reasonably necessary for Purchaser to conduct and complete such due diligence review during the Due Diligence Period. In the event Purchaser

does not approve of its due diligence investigations regarding the Acquired Assets and the Dealership by written notice to Seller prior to the expiration of the Due Diligence Period, this Agreement shall terminate, all deposits shall be returned to Purchaser, and neither party shall have any further rights or obligations to the other. Seller shall not be required to provide Purchaser with access to its books and records since Purchaser acknowledges that it is not relying on Seller's financial condition or results of its dealership operations for the current year or any prior periods.

8.7 Environmental Assessment. Purchaser shall have approved, in writing delivered to Seller and Escrow Holder and in its sole and absolute discretion, the results of Phase I and (if applicable) Phase II environmental investigation(s) of the Premises. During the Due Diligence Period, Purchaser shall have the right to conduct an environmental assessment (the "Environmental Assessment") of the Premises. Prior to commencement of the Due Diligence Period, Seller shall have delivered to Purchaser copies of any Phase I or II reports or studies within Seller's possession or control pertaining to the Premises. Purchaser shall be responsible for the cost of any Phase I study to be obtained by Purchaser; in the event Purchaser's environmental consultant recommends that a Phase II investigation be conducted, then Seller and Purchaser shall each pay one-half of the costs of conducting the Phase II investigation. Seller shall make all Dealership facilities available to Purchaser on a reasonable basis and schedule in order to allow Purchaser's environmental consultant to complete a Phase I and/or II study or studies, including, without limitation, obtaining any required consent of the landlord(s) of such facilities, if any. In the event a Phase II study is recommended by Purchaser's environmental consultant, the Due Diligence Period with respect to Purchaser's approval of the Phase II study only shall be extended to that date which is five (5) business days following completion and delivery of the Phase II study. In the event that during the Due Diligence Period Purchaser obtains actual knowledge regarding the presence of any Hazardous Materials at the Premises in violation of any applicable environmental law, Purchaser shall give Seller written notice of such information, which notification requirement may be satisfied by delivery to Seller of copies of such report(s). Unless Seller agrees to remediate the condition at its sole costs and expense prior to the Closing Date, Purchaser may terminate all of its obligations under this Agreement by written notice to Seller on or before the expiration of the Due Diligence Period, if Purchaser disapproves, in its sole and absolute discretion, the results of the Phase I and/or Phase II studies to be obtained by Purchaser. Failure to timely notify Seller under this Section 8.7 shall be deemed an election by Purchaser to exercise its right to terminate this Agreement under this Section 8.7. Purchaser shall indemnify Seller against any liability arising from or relating to any of Purchaser's due diligence/testing activities at the Premises, including without limitation any liability for the payment of any cost which is Purchaser's responsibility; provided, however, that the foregoing indemnity shall not include any liability arising from: (i) any characteristics or attributes of the Premises which may be discovered by Purchaser or its agents as a result of any such due diligence/testing activities, and/or (ii) the negligence or willful misconduct of Seller or its employees or agents.

8.8 Physical Audit. On or before the Closing Date the valuation of the Acquired Assets pursuant to the physical audit specified in Section 3.8 shall be completed.

8.9 Tax Clearance. Purchaser shall have received a Certificate of Release (or other customary written confirmation) from the California Employment Development Department ("EDD") stating that as of a date not more than fifteen (15) days prior to the Closing Date, no contributions, interest or penalties are due to the EDD from Seller or conditioned on payment of all sums due and owing upon the Closing through escrow. Purchaser shall additionally have received a Certificate of Release (or other customary written confirmation) from the California Board of Equalization ("BOE") stating that as of a date no more than fifteen (15) days prior to the Closing Date, that Seller has paid all sales taxes, interest and penalties which Seller owes to the BOE. Seller shall have additionally furnished Purchaser with a Tax Clearance Certificate for Seller issued by the California Sales and Service Agreement Tax Board as of a date not more than fifteen (15) days prior to the Closing Date. In the event such certificates are not reasonably available, the parties shall defer to the custom of the Escrow Holder with respect to the delivery of such certificates following the Closing Date (including without limitation the retention of a portion of the Purchase Price in escrow after closing until such certificates are available)

8.10 List of Employees. Seller shall have terminated or taken all other appropriate actions to terminate its employees' employment with Seller, effective as of the Closing Date. Seller shall have paid all employee benefits accrued prior to the Closing Date, including, without limitation, FICA, SDI and other payroll taxes, and all sales commissions and other compensation, including vacation pay and sick leave, for all employees of Seller. Seller shall furnish to Purchaser a list of all employees, their rates of pay, including, separately, base pay, and incentive, commission plans and employee benefits. Further Seller shall make reasonable efforts to deliver to Purchaser a certificate from each of such employees showing that such employee has received from Seller all compensation including all sick leave, vacation, and any and all other compensation due such employee through the Closing Date. In addition thereto and if applicable, Seller shall have complied with any and all obligation of Seller under any collective union agreements and/or collective bargaining agreements.

8.11 Lease of Dealership Property. The owner of the Premises and Purchaser shall have entered into two lease agreements for the Premises in accordance with Section 12 below. Purchaser shall have received a final order from the U.S. Bankruptcy Court approving the lease and providing in form and substance such assurances that in the event of foreclosure by any lien holder on the Premises that the lease shall remain in full force and effect. In addition, Purchaser shall have received either (i) an executed Non-Disturbance Agreement executed by all lien holders on the Premises as provided for in Section 12 herein below or (ii) a final nonappealable order from the U.S. Bankruptcy Court providing for equivalent non-disturbance protection for the Purchaser.

8.12 Bulk Sale; Title Seller shall have furnished in a timely manner all affidavits and lists of creditors and such other instruments or documents as Escrow Holder shall require for Seller and Purchaser to comply with all applicable bulk sales laws of the State of California, and Seller and Purchaser shall have so complied prior to the Closing. Purchaser shall have received evidence reasonably satisfactory to Purchaser and its counsel that the assets being sold hereunder shall at the Closing be free and clear of all liens and encumbrances and any claims of creditors or other third parties. In the event that Purchaser and Seller determine that the bulk sale laws of the State of California are not applicable to this transaction, Seller and Owner shall deliver to

Purchaser such evidence in form and substance reasonably acceptable to Purchaser, and its counsel confirming that Purchaser shall have no obligation for any debts or obligations of Seller.

8.13 Governmental Approvals. Purchaser shall have obtained all governmental licenses and permits necessary to operate a Chevrolet dealership at the Premises.

8.14 Related Transactions. Affiliates of Seller and affiliates of Purchaser shall have simultaneously closed the Related Transactions and the leases for the Premises upon which the dealerships subject of the Related Transactions are executed.

8.15 No Release. During the period from the date hereof to the Closing Date, no release of petroleum or any Hazardous Material shall have occurred at the Premises of such a nature as would place the Premises in violation of any environmental law, unless Seller agrees to remediate the condition at its sole cost and expense prior to the Closing.

8.16 No Adverse Event. During the period from the date hereof to the Closing Date, no event, occurrence or condition shall have occurred specifically with respect to Seller or Seller's dealership, which has a material and adverse effect solely on Seller's dealership operations.

8.17 WARN Act. All applicable waiting periods (and any extensions thereof) under the WARN Act and any state notification requirements, if applicable, will have expired or otherwise been terminated.

9. Conditions of Seller's Obligations to Close. The obligations of Seller under this Agreement are subject to the fulfillment of the conditions set forth below. Seller shall have the right to waive in writing all or part of any one or more of the following conditions without, however, releasing Purchaser from any liability for any loss or damage sustained by Seller by reason of the breach by Purchaser of any covenant, obligation or agreement contained herein, or by reason of any misrepresentation made by Purchaser and upon such waiver may proceed with the transactions contemplated by this Agreement.

9.1 Agreements and Conditions. On or before the Closing Date, Purchaser shall have complied with and duly performed in all material respects all of the agreements and conditions on its part required to be complied with or performed pursuant to this Agreement on or before the Closing Date, including, without limitation, delivering to Seller and/or Escrow Holder all items described in Section 10 of this Agreement.

9.2 Representations and Warranties of Purchaser. The representations and warranties of Purchaser contained in this Agreement shall be true and correct in all material respects on and as of the Closing Date with the same force and effect as though such representations and warranties had been made on and as of the Closing Date and Seller shall have received a certificate to that effect dated as of the Closing Date and executed by the Manager of Purchaser and Ytransport LLC shall have delivered its guaranty of the lease.

9.3 Physical Audit. On or before the Closing Date the valuation of the Acquired Assets pursuant to Section 3.8 shall be completed.

9.4 Lease of Dealership Property. Purchaser and the owner of the Premises shall have entered into two lease agreement for the Premises in accordance with Section 12 below.

9.5 Related Transactions. Affiliates of Seller and affiliates of Purchaser shall have simultaneously closed the Related Transactions and executed the leases for the Premises upon which the affiliated dealerships are situated.

10. Deliveries of Seller on the Closing Date. Seller agrees on the Closing Date to deliver to Purchaser:

10.1 Title to Acquired Assets. All conveyances, covenants, warranties, deeds, assignments, bills of sale, motor vehicle titles, confirmations, powers of attorney, approvals, consents and any and all further instruments as may be necessary, expedient or proper in order to complete any and all conveyances, transfers and assignments herein provided for and to convey to Purchaser such title to the Acquired Assets as Seller is obligated hereunder to convey. The parties shall agree on the form of all transfer documents, including without limitation a bill of sale, prior to expiration of the Due Diligence Period.

10.2 Certificate of Secretary. Certificate of the Secretary of Seller setting forth a copy of the resolutions adopted by Seller authorizing and approving the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby.

10.3 Certificate of President. Certificate of the President of Seller or other corporate officer authorized to execute such certificate referred to in Section 8.2.

10.4 Consents. All consents, approvals, authorizations or orders of any person or entity or court or governmental agency required or necessary for the consummation of the transactions contemplated hereby, provided that Seller shall not be obligated to deliver the consent of the Manufacturer.

10.5 Assignments. Duly executed assignments to Purchaser of all of Seller's purchase orders for new vehicles as of the Closing Date pursuant to customer contracts that have been accepted by Purchaser, together with all deposits on such purchase orders.

10.6 Statements of Origin. Valid manufacturers' statements of origin and factory invoices for each of the new vehicles.

10.7 Registration. Signed registration and ownership certificates effectively conveying good and marketable title to all of the used and company vehicles.

10.8 Bulk Sale. Evidence reasonably satisfactory to Purchaser's counsel of compliance by Seller with Seller's obligations under the California Bulk Sales Act.

10.9 Sales and Service Agreement. Such documents as may be required by Manufacturer relinquishing Seller's Sales and Service Agreement.

10.10 Keys. All of Seller's keys to the Premises.

10.11 Telephone Numbers and Websites. An assignment to Purchaser of all telephone numbers facsimile numbers and websites as provided for herein currently used by Seller.

10.12 Other Documents. Such other documents and instruments as may reasonably be required by Purchaser or its counsel as may be reasonably necessary in order to consummate the transaction and to otherwise effectuate the agreement of the parties hereto.

11. Deliveries of Purchaser on the Closing Date. Purchaser agrees on the Closing Date to deliver or cause to be delivered:

11.1 Consideration. The aggregate amounts to be delivered pursuant to Section 3 hereof.

11.2 Certificate of Manager. Certificate of the Manager of Purchaser setting forth a copy of the resolutions adopted by Purchaser authorizing and approving the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby.

11.3 Certificate of Manager. The Certificate of the Manager of Purchaser referred to in Section 9.2.

12. Lease for the Premises. Purchaser and Hassen Imports Partnership, a California limited partnership ("Landlord") shall have entered into a lease for the property commonly known as 1932 East Garvey Avenue South, West Covina, California. The lease shall provide for an initial rent of Forty Five Thousand Dollars (\$45,000) per month for the first ten (10) months, thereafter, the rent shall be increased to Seventy Five Thousand Dollars (\$75,000) which rent shall continue for the balance of the first sixty (60) months of the Lease. Purchaser and Landlord shall have entered into a Lease for the property commonly known as 1900 East Garvey Avenue South, West Covina, California. The Lease shall provide for initial rent of Eighteen Thousand Dollars (\$18,000) per month for first ten (10) months, thereafter, the rent shall be increased to Thirty Thousand Dollars (\$30,000) per month. The two Leases shall each provide for the terms set forth herein below. Thereafter, the rent shall increase every five (5) years during the term and any options exercised by Purchaser by an amount equal to any increase in the Consumer Price Index from the prior five (5) years; provided such increase shall not exceed ten percent (10%). The term of the Lease shall be ten (10) years with Purchaser having four (4) five (5) year options to extend the term of the Lease. The Lease shall further contain a right of first refusal in the event the Landlord decides to sell the Premises. The Landlord shall provide to Purchaser, at Closing, a final, nonappealable U.S. Bankruptcy Court Order in form and substance reasonably approved by Purchaser and its counsel approving the lease of the Premises and confirm that such Lease shall not be disturbed by a lienholder on the Premises together with a Nondisturbance Agreement confirming that notwithstanding the exercise of any right by a lienholder against the Landlord, Purchaser's rights under the Lease shall not be disturbed. The Nondisturbance

Agreement shall be a form and substance reasonably approved by Purchaser and its counsel. The Lease shall be in the form attached hereto as Schedule 12. Ytransport LLC, the parent company of Purchaser shall execute a guaranty of all of the obligations of Purchaser as lessee thereunder for the initial ten year term of the Lease. The form of the Guaranty shall be attached hereto as Schedule 12(b) incorporated by this reference.

13. Covenants after Closing Date.

13.1 Transfer of Acquired Assets. Seller agrees, at any time and from time to time after the Closing Date, upon the request of Purchaser, to do, execute, acknowledge and deliver, or to cause to be done, executed, acknowledged and delivered, all such further acts, deeds, assignments, transfers, conveyances, powers of attorney and assurances as may be required for the better assigning, transferring, conveying, and confirming to Purchaser, or to its successors and assigns, or for the aiding, assisting, collecting and reducing to possession of, any or all of the Acquired Assets as provided herein.

13.2 Cooperation. Seller will cooperate and use its best efforts to have its officers and employees cooperate with Purchaser at Purchaser's request, on and after the Closing Date in furnishing information, evidence, testimony and other assistance in connection with any actions, proceedings, arrangements or disputes involving Purchaser and based upon contracts, arrangements, commitments or acts of Seller which were in effect or occurred on or prior to the Closing Date.

13.3 Post-Closing Repair of Vehicles. The parties acknowledge and agree that Purchaser in its discretion may repair automobiles sold and/or serviced by Seller to correct miscellaneous bona fide customer complaints that Purchaser determines in Purchaser's reasonable judgment are an obligation of Seller; provided, however, Purchaser shall obtain Seller's approval for any and all customer repairs in excess of Two Hundred Fifty Dollars (\$250). Purchaser shall have the right to reimbursement from Seller for the cost of correcting such customer complaints. In order to facilitate the intent of this Section, Escrow Holder shall retain Five Thousand Dollars (\$5,000) of the proceeds due Seller at Closing in an interest bearing account for one hundred eighty (180) days following the Closing Date. Should Purchaser have a claim for customer repair, Purchaser shall submit the same to Seller for approval, and upon approval, the parties shall jointly instruct Escrow Holder to release the appropriate sum to Purchaser. At the conclusion of the one hundred eighty (180) day period, all remaining funds shall be released to Seller. Each of the parties agrees to execute all documentation requested by Escrow Holder to cause the fund releases contemplated by this Section.

14. Indemnification.

14.1 Indemnification by Seller and Owner. Seller and Owner agree to indemnify and hold harmless Purchaser from and against any and all losses, costs, damages, claims and expenses (including reasonable attorneys' fees) which Purchaser may sustain at any time by reason of (a) any debt, liability or obligation of Seller except obligations specifically assumed by Purchaser under this Agreement and/or any of the documents, instruments or other materials to be delivered at the Closing, (b) any liability or obligation of any kind relating to the operations of

the Acquired Assets or Dealership prior to the Closing Date except for obligations specifically assumed by Purchaser under this Agreement and/or any of the documents, instruments or other materials to be delivered at the Closing, (c) any presence of Hazardous Materials located on or before the Closing Date on or about the Premises; or (d) the breach or inaccuracy of or failure to comply with, or the existence of any facts resulting in the inaccuracy of, any of the warranties, representations, covenants or agreements of Seller contained in this Agreement or in any agreement or document delivered pursuant hereto or in connection herewith or with the closing of the transactions contemplated hereby.

14.2 Indemnification by Purchaser. Purchaser agrees to indemnify and hold harmless Seller from and against any and all losses, costs, damages, claims and expenses (including reasonable attorneys' fees) which Seller may sustain at any time by reason of (a) any debt, liability or obligation of Purchaser, (b) any liability or obligation of any kind relating to the operations of the Acquired Assets or Dealership after the Closing Date, or (c) the breach or inaccuracy of or failure to comply with, or the existence of any facts resulting in the inaccuracy of, any of the warranties, representations, covenants or agreements of Purchaser contained in this Agreement or in any agreement or document delivered pursuant hereto or in connection herewith or with the closing of the transactions contemplated hereby.

14.3 Defense. Any party who receives notice of a claim for which it will seek indemnification shall promptly notify the indemnifying party in writing of such claim. The indemnifying party shall have the right to assume the defense of such action at its cost with counsel reasonably satisfactory to the indemnified party. The indemnified party shall have the right to participate in such defense with its own counsel at its cost.

15. Survival of Representations. The parties hereto each agree that all representations, warranties and agreements contained herein shall survive the execution and delivery of this Agreement, the Closing Date hereunder but will expire and terminate three (3) years after the Closing Date

16. Finder / Broker. Purchaser and Seller acknowledge Vogel Strategies has acted as a Finder on behalf of Purchaser. Purchaser agrees, upon the consummation of this transaction, to pay the fee due Vogel Strategies as a result of this transaction in accordance with a separate agreement. Purchaser agrees upon consummation of this transaction to pay Norman Hoffman, Esq. a fee in the amount of Six Thousand Two Hundred Fifty Dollars (\$6,250). Except as provided for herein above, Purchaser on the one hand, and Seller on the other, represent to the other that no broker or finder has been connected with the transactions contemplated by this Agreement. In the event of a claim by any other broker or finder based upon his or her representing or being retained by Seller on the one hand, or by Purchaser on the other, Seller or Purchaser, as the case may be, agrees to indemnify and save harmless the other in respect of such claim.

17. Termination. If the Closing Date shall not have occurred on or before March 15, 2012, subject to any right of extension contained herein, or if Purchaser shall receive disapproval or no approval from the Manufacturer prior thereto, any party that is not in default in the performance of its obligations under this Agreement may, thereafter, terminate this Agreement by giving written notice to the other party; provided, however, that upon written notice delivered prior to

the scheduled original Closing Date to exercise, Seller and Purchaser shall each have the right to extend the scheduled Closing Date by up to thirty (30) days in order to allow additional time as necessary for the satisfaction of any of the conditions set forth in Sections 8 and 9 above. Such written notice shall be given prior to the Closing Date.

18. Escrow. The parties, upon execution of this Agreement shall open an escrow (the "Escrow") with Fidelity National Title Company, 601 California Street, Suite 1501, San Francisco, CA. 94108, Linda Chrisman, email lchrisman@fnf.com ("Escrow Holder"). The parties shall forthwith provide to Escrow Holder any and all documentation necessary for Escrow Holder to publish such notices as may be required by the bulk sale laws of the State of California. Any and all costs of such escrow shall be paid one-half by Purchaser and one-half by Seller.

19. Notices. All notices, requests or demands to a party hereunder shall be in writing and shall be given or served upon the other party by personal service, by certified return receipt requested or registered mail, postage prepaid, or by Federal Express or other nationally recognized commercial courier, charges prepaid, addressed as set forth below. Any such notice, demand, request or other communication shall be deemed to have been given upon the earlier of personal delivery thereof, three (3) business days after having been mailed as provided above, or one (1) business day after delivery to a commercial courier for next business day delivery, as the case may be. Notices may be given electronically by facsimile or email and shall be effective upon the transmission of such notice provided that the notice is transmitted on a business day and a copy of the notice indicating the date and time of transmission is sent no later than the immediately succeeding business day by recognized overnight carrier for next business day delivery. Each party shall be entitled to modify its address by notice given in accordance with this Section 19.

To Seller and Owner: 2000 East Garvey Avenue South
(Before Closing) West Covina CA 91791
Telephone: (626) 331-0041

(After Closing) 100 West Barranca Avenue, Suite 900
West Covina, CA 91791
Telephone: (626) 967-7683

With a copy to: Norman J. Hoffman, Esq.
Norman J. Hoffman, a Professional Corporation
16133 Ventura Boulevard
Penthouse A
Encino, CA 91436
Telephone: (818) 995-6676
Email: njhinc@aol.com

To Purchaser: 516 Gibson Drive, Suite 290
Roseville, CA 95678-5798
Telephone: (916) 380-3300

With a copy to:

W. Bruce Bercovich, Esq.
100 The Embarcadero, PH
San Francisco, CA 94105
Telephone: 415-357-1200
Email: bbercovich@kmlaw100.com

20. Miscellaneous.

20.1 Entire Agreement. This Agreement, including the exhibits and schedules hereto, sets forth the entire agreement and understanding between the parties as to the subject matter hereof and merges and supersedes all prior discussions, agreements and understandings of every kind and nature between them and no party hereto shall be bound by any condition, definition, warranty or representation other than as expressly provided for in this Agreement or as may be on a date subsequent to the date hereof duly set forth in writing signed by the party hereto which is to be bound thereby. This Agreement shall not be changed, modified or amended except by a writing signed by the party to be charged and this Agreement may not be discharged except by performance in accordance with its terms or by a writing signed by the party to be charged.

20.2 Governing Law. This Agreement and its validity, construction and performance shall be governed in all respects by the laws of the State of California, without giving effect to principles of conflict of laws.

20.3 Severability. If any provision of this Agreement or the application of any provision hereof to any person or circumstance is held invalid, the remainder of this Agreement and the application of such provision to other persons or circumstances shall not be affected unless the provision held invalid shall substantially impair the benefits of the remaining portions of this Agreement.

20.4 Benefit of Parties. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors, heirs, legal representatives and assigns. Purchaser shall have the right to assign its rights and obligations under this Agreement to an entity controlled by, controlling or under common control with Purchaser.

20.5 Necessary Documents. Each of the parties does hereby agree to do any act and to execute any other or further documents necessary or convenient to the carrying out of the provisions of this Agreement.

20.6 Headings. The headings in the sections of this Agreement are inserted for convenience of reference only and shall not constitute a part hereof.

20.7 Attorneys' Fees. In the event that any action or proceeding is brought to enforce or interpret any provision, covenant or condition contained in this Agreement on the part of Purchaser or Seller, the prevailing party in such action or proceeding (whether after trial or appeal) shall be entitled to recover from the party not prevailing its expenses therein, including reasonable attorneys' fees and allowable costs.

20.8 Time is of the Essence. Time is of the essence with respect to the performance of each obligation hereunder.

20.9 Counterparts. This Agreement may be executed in any number of counterparts, including via facsimile, each of which shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument. This Agreement shall become effective upon the execution of a counterpart hereof by each of the parties hereto.

20.10 Electronic Signatures. Facsimile or PDF transmission of any signed original document, and retransmission of any transmission, will be the same as delivery of an original, but the party transferring the signature by facsimile or PDF must promptly send the original signature by overnight delivery service.

21. Liquidated Damages. If Purchaser breaches this Agreement, and the transaction contemplated by this Agreement fails to close by reason thereof, Seller shall, after written notice to Purchaser and Purchaser's failure to cure such alleged default within five (5) business days of such notice (as to an alleged monetary default) or ten (10) business days (as to any other alleged default), be entitled to terminate this Agreement and retain the amount of the Deposit, plus any accrued interest thereon (the "Specified Sum") as liquidated damages. **SELLER AND PURCHASER ACKNOWLEDGE THAT SELLER'S DAMAGES WOULD BE DIFFICULT TO DETERMINE, AND THAT THE SPECIFIED SUM IS A REASONABLE ESTIMATE OF SELLER'S DAMAGES. SELLER AND PURCHASER FURTHER AGREE THAT THIS SECTION IS INTENDED TO AND DOES LIQUIDATE THE AMOUNT OF DAMAGES DUE TO SELLER, AND SHALL BE SELLER'S EXCLUSIVE REMEDY AGAINST PURCHASER, BOTH AT LAW AND IN EQUITY ARISING FROM OR RELATED TO A BREACH BY PURCHASER OF ITS OBLIGATIONS TO CONSUMMATE THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT.**

Initial Below


Purchaser

Seller

22. Confidentiality Agreement. Until and unless the Closing occurs or the parties otherwise agree in writing, except to the extent otherwise expressly provided by another provision of this Agreement, (a) the parties agree to keep confidential the existence of this Agreement; and (b) Purchaser agrees to keep confidential any confidential data or information obtained from Seller relating to the Dealership and its facilities. This provision shall not prohibit Purchaser and Seller from sharing any such information with their lenders, attorneys, accountants, the direct or indirect partners, investors, potential investors or employees of Purchaser, environmental consultants, architects, engineers or other professionals assisting Purchaser and Seller who have a legitimate need therefor. This provision shall not prohibit Purchaser from disclosing the fact of this Agreement to the Manufacturer and/or to the City of West Covina, California or other governmental authorities as may be reasonably necessary in order to obtain the consent of Manufacturer and/or for Purchaser to conduct its due diligence investigations as contemplated by this Agreement. In addition, Purchaser may share such information with employees of Purchaser

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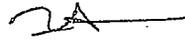
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Initial Below

Purchaser



Seller

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and its affiliated entities who are assisting Purchaser in the transaction contemplated by this Agreement and who have a legitimate need therefor. However, Seller and Purchaser shall instruct all such persons to whom any confidential information is given to keep such information confidential. The provisions of this Section do not apply to information that (a) is available to the trade or the public other than as a result of a disclosure by Purchaser; (b) was available to Purchaser on a non-confidential basis from a source other than Seller who is not bound by a confidentiality agreement with Seller; or (c) must be disclosed to a governmental authority because of a legal or regulatory requirement. Notwithstanding the preceding, Seller and Purchaser shall be allowed to confirm the existence of this Agreement to third parties making inquiry of Seller or Purchaser, but neither party shall disclose to any such third party prior to the Closing the purchase price or other material terms of this Agreement.

23. Arbitration. In the event a dispute arises between the parties concerning the enforcement or interpretation of this Agreement or any of its provisions, the parties hereby agree that such dispute shall be submitted for final, binding resolution to the American Arbitration Association ("AAA") in West Covina, California, pursuant to the commercial dispute rules and procedures then in effect at the AAA. Notwithstanding the foregoing, the parties shall have, and the AAA shall have no authority to restrict, the right to conduct discovery pursuant to the provisions of Code of Civil Procedure section 1280, et seq. The arbitrator shall be bound by, and apply, California law, and the parties shall not be bound by any error in the application of California law committed by the arbitrator. The arbitrator's decision shall be in writing and shall include a statement of factual findings and conclusions of law. The arbitrator shall further award reasonable attorneys' fees and costs of arbitration to the prevailing party in any final decision.

24. Allocation. Purchaser and Seller agree that the Total Purchase Price shall be allocated to the Acquired Assets in accordance with this Section 24 (the "Allocation"). Purchaser and Seller shall report (including with respect to the filing of Form 8594 to the Internal Revenue Service) the sale and purchase of the Acquired Assets for all income tax purposes in a manner consistent with the Allocation and expressly acknowledge that the Allocation was determined pursuant to arm's length bargaining between them regarding the fair market value for the Acquired Assets and in accordance with Section 1060 of the Internal Revenue Code of 1986, as amended (the "Code"). Purchaser and Seller agree to consult with one another with respect to any tax audit, controversy or litigation relating to the Allocation. Neither Seller nor Purchaser shall take or agree to any position that is inconsistent with the Allocation in connection with any tax audit, controversy or litigation which would adversely affect the taxes of the other party to any material extent without the prior written consent of the other party, which consent shall not be unreasonably withheld.

IN WITNESS WHEREOF, the parties hereto have caused this Asset Purchase Agreement to be executed on the day and year first above written.

PURCHASER:

WEST COVINA C, LLC
a California limited liability company

By: 

Carlos Hidalgo, C.E.O

SELLER:

WEST COVINA MOTORS, INC.
a California corporation

By: _____

Ziad Alhassen, President

HOLDING:

WEST COVINA AUTOMOTIVE HOLDING, INC.,
a California corporation

By: _____

Ziad Alhassen, President

OWNER:

Ziad Alhassen

IN WITNESS WHEREOF, the parties hereto have caused this Asset Purchase Agreement to be executed on the day and year first above written.

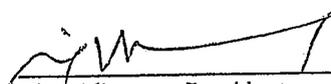
PURCHASER:

WEST COVINA C, LLC
a California limited liability company

By: _____
Carlos Hidalgo, C.E.O

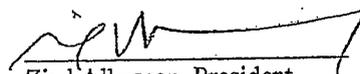
SELLER:

WEST COVINA MOTORS, INC.
a California corporation

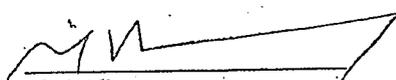
By: 
Ziad Alhassen, President

HOLDING:

WEST COVINA AUTOMOTIVE HOLDING, INC.,
a California corporation

By: 
Ziad Alhassen, President

OWNER:


Ziad Alhassen

SCHEDULES

Schedule 2.1	Fixed Assets
Schedule 4.6	Assumed Contracts
Schedule 5.5	Litigation
Schedule 5.11	Insurance
Schedule 12	Form of Lease
Schedule 12(b)	Form of Guaranty

SCHEDULE 2.1

FIXED ASSETS

SCHEDULE 4.6

ASSUMED CONTRACTS

SCHEDULE 5.5

LITIGATION

SCHEDULE 5.11

INSURANCE

SCHEDULE 12
FORM OF LEASE

LEASE AGREEMENT

This Lease ("Lease") is entered into effective _____, 2012 (the "Effective Date") by and between Hassen Imports Partners, a California limited partnership ("Landlord") and West Covina ____, LLC, a California limited liability company ("Tenant").

1. Premises. On and subject to the terms, covenants and conditions set forth in this Lease, Landlord leases to Tenant and Tenant rents from Landlord that certain real property constituting approximately _____ (_____) acres and buildings in the approximate size of _____ (_____) square feet located in the City of West Covina, County of Los Angeles, State of California commonly known as 2000 East Garvey Avenue South, West Covina, California and more particularly described on Exhibit A attached hereto (the "Premises"). Landlord hereby represents and warrants that the existing electrical, plumbing, lighting, heating, ventilation and air conditioning systems ("HVAC") are in good working order and adequately serve the Premises, and that the structural elements of the roof, bearing walls and foundations of the Premises are in good working order. If a non-compliance with said systems warranty exists as of the Effective Date, or if one of such HVAC systems or elements should malfunction or fail within the warranty period, Landlord shall, as Landlord's sole obligation with respect to such matter, except as otherwise provided in Section 9.2 of this Lease, promptly after receipt of written notice from Tenant setting forth with specificity the nature and extent of such non-compliance, malfunction or failure, rectify same at Landlord's expense. The warranty period shall be the period commencing on the Effective Date and continuing through the date that is one (1) year thereafter. Except as otherwise provided in Section 9.2 of this Lease, if Tenant does not give Landlord the required notice within the appropriate warranty period, correction of any such non-compliance, malfunction or failure shall be the obligation of Tenant at Tenant's sole cost and expense. Tenant shall, at Tenant's sole expense, procure and maintain contracts, with copies to Landlord, in customary form and substance for, and with contractors specializing and experienced in the maintenance of HVAC equipment. Landlord represents and warrants that there are no hazardous materials located on the Premises, except for hazardous materials used in the normal operation of an automotive dealership and stored in compliance with applicable law.

2. Term.

2.1 Initial Term. The term of this Lease (the "Term") shall be for ten (10) years commencing on the Effective Date (the "Commencement Date") and continuing through and including _____ (the "Termination Date").

2.2 Extended Terms. Tenant shall have the option to extend the Term for four (4) additional, consecutive five (5) year periods (collectively, the "Extended Terms", individually, the "First Extended Term", the "Second Extended Term", the "Third Extended Term" and the "Fourth Extended Term", respectively) on all the terms and conditions contained in this Lease including, without limitation, continuation of the adjustment of the Base Rent on an annual basis as provided in Section 3.2 below. Tenant shall deliver, if at all, written notice of its exercise of the option (each an "Option Notice") to Landlord at least six (6) months prior to the expiration of the initial five (5) year Term, or the First Extended Term, Second Extended Term or Third Extended

Term, as the case may be. In the event Tenant fails to deliver the Option Notice within the time allowed, Landlord shall deliver written notice to Tenant advising Tenant of its failure to deliver the Option Notice ("Reminder Notice"), and Tenant shall then have thirty (30) days from receipt of the Reminder Notice within which to deliver the Option Notice, if at all, to Landlord. In the event Tenant fails to deliver an Option Notice to Landlord within such thirty (30) days, Tenant shall be considered to have elected not to extend the Term of this Lease and thereafter, Tenant shall have no further right to extend the Term of this Lease. Provided Tenant timely delivers the Option Notice and is not in default of this Lease on the date the subject Extended Term is to commence, this Lease shall be extended for the subject Extended Term. In the event Landlord delivers a Reminder Notice to Tenant and Tenant fails to deliver an Option Notice within thirty (30) days thereafter or is deemed to have elected not to extend the Term of the Lease, the Term of the Lease shall be extended such that Landlord receives six (6) months' notice of Tenant not exercising its option to extend the Lease prior to the expiration of the applicable Term. By way of illustration of the foregoing, if Tenant fails to timely deliver an Option Notice for the First Extended Term and Landlord delivers a Reminder Notice and Tenant fails to timely respond to the Reminder Notice, the initial five (5) year Term shall be extended to a date that is six (6) months after the earlier of (i) notice from Tenant that it is not exercising its option for an Extended Term of the Lease or (ii) six (6) months from the expiration of the Reminder Notice.

2.3 **Other Leases.** Tenant's right to exercise its options to extend the term of the Lease shall be conditioned upon Tenant's concurrent exercise of its option to extend the corresponding terms of the leases for the properties at 1900 East Garvey Avenue South, West Covina, CA and 1932 East Garvey Avenue South, West Covina, CA (collectively "Related Garvey Avenue South Leases").

3. Rent.

3.1 **Base Rent.** Tenant shall pay to Landlord as monthly Base Rent ("**Base Rent**") for the Premises, in advance on the Commencement Date and on the first (1st) day of each and every calendar month of the Term thereafter, without deduction, set-off, prior notice or demand in a lawful currency of the United States of America, the Base Rent as described in this Lease. The Base Rent during the first day at ten (10) months of the term of the Lease shall be the sum of _____ (\$ _____) per month. The Rent for the next fifty (50) months of the term of the Lease shall be the sum of _____ (\$ _____) per month. Tenant shall pay the Base Rent by automatic wire transfer initiated by Tenant from its checking or savings account to the checking or savings account designated by Landlord.

3.2 **Adjustment to Base Rent.** The Base Rent Commencing on the first day of the calendar month immediately following the calendar month which the fifth anniversary of the Commencement Date occurs ("**Initial Adjustment Date**") shall be adjusted in accordance with the provisions of this Section 3.2 and shall thereafter be adjusted at the commencement of each Extended Term thereafter as applicable (each an "**Adjustment Date**"). The Base Rent shall be adjusted to reflect any increase in the Consumer Price Index (All Items) for Urban Consumers for the Los Angeles-Riverside-Orange County Metropolitan Area, published by the United States Department of Labor, Bureau of Labor Statistics ("**Index**"), and shall be calculated as follows:

3.2.1 On each Adjustment Date the Base Rent until the next Adjustment Date shall be increased over the Base Rent paid in the month immediately prior to the subject Adjustment Date by the percentage increase in the Index published immediately prior to such Adjustment Date over the Index in effect five (5) years earlier; provided, however, that in no event shall the Base Rent be adjusted upward by more than ten percent (10%) from the Base Rent immediately prior to the prior Adjustment Date, and in no event shall the Base Rent as adjusted be less than the Base Rent payable immediately prior to the Adjustment Date.

3.2.2 If the Index is changed so that the base year differs from 1982-1984=100, the Index shall be converted in accordance with the conversion factor published by the United States Department of Labor, Bureau of Labor Statistics. If the 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 be obtained if the Index had not been discontinued or revised. On adjustment of the Base Rent as provided in this Section 3.2, the parties shall immediately execute a written amendment to the Lease setting forth the new Base Rent, but the failure to do so shall not affect the enforceability thereof, and in no event shall the Base Rent as adjusted be less than the Base Rent payable immediately prior to the Adjustment Date.

3.3 **Late Charge.** Tenant acknowledges that late payment by Tenant to Landlord of any Base Rent shall cause Landlord to incur costs not contemplated by this Lease, the exact amount of such cost being extremely difficult and impracticable to ascertain. Such costs include, without limitation, processing and accounting charges and late charges that may be imposed on Landlord by the terms of any encumbrance or note secured by the Premises. Therefore, if any Base Rent is not received by Landlord within ten (10) days of its due date, Tenant shall pay to Landlord a late charge equal to three percent (3%) of the Base Rent not paid within such ten (10) day period. Landlord and Tenant hereby agree that such late charge represents a fair and reasonable estimate of the costs that Landlord will incur by reason of any such late payment and that the late charge is in addition to any and all remedies available to the Landlord and that the assessment and/or collection of the late charge shall not be deemed a waiver of any other default.

3.4 **Proration.** If the Term begins or ends on a day other than the first or last day of a calendar month, the Base Rent payable for such calendar month of the Term shall be prorated on the basis which the number of days of the Term in the calendar month bears to the total number of days in such month. The term "Rent" as used in this Lease shall refer to Base Rent, Initial Improvement Rent, prepaid rent, if any, real property taxes, insurance costs, repairs and maintenance costs, utilities, late charges and other monetary obligations imposed upon Tenant pursuant to this Lease, either directly to Landlord or otherwise.

3.5 **Default Interest.** Tenant shall pay to Landlord interest at the rate of the lesser of ten percent (10%) per annum or the maximum rate permitted by law ("Default Rate") on the following sums until paid in full: (a) all installments of Rent from the respective due dates thereof if the same are not paid within ten (10) days following written notice from Landlord that such sums are due; and (b) all overdue amounts of Rent relating to obligations that Landlord shall have paid on behalf of Tenant as provided herein if the same are not paid within ten (10) days following written notice from Landlord that such sums are due for the period commencing on the date of payment thereof by Landlord to the date of payment by Tenant.

3.6 **Place of Payment.** All Base Rent shall be paid to Landlord in lawful money of the United States of America, at the following address ("Landlord's Address"):

Hassen Imports Partnership
100 North Barranca Avenue
Suite 900
West Covina, CA 91791

or to such other individual, partnership, limited liability company, association, corporation or other entity (each a "Person") or at such other place as Landlord may from time to time designate by notice to Tenant.

4. Taxes.

4.1 **Personal Property Taxes.** Tenant shall pay prior to delinquency all taxes assessed against and levied upon Tenant owned leasehold improvements, trade fixtures, furnishings, equipment and all personal property of Tenant contained in the Premises or elsewhere. When possible, Tenant shall cause its leasehold improvements, trade fixtures, furnishings, equipment and all other personal property to be assessed and billed separately from the real property of Landlord.

4.2 **Real Property Taxes.** Tenant shall pay prior to delinquency all Real Property Taxes (as defined below) which accrue in connection with the Premises during the Term of this Lease. Upon request, Tenant shall furnish Landlord with satisfactory evidence that all Real Property Taxes are paid and current. If Tenant shall fail to pay any Real Property Taxes required by this Lease to be paid by Tenant, Landlord shall have the right to pay the same upon ten (10) days written notice to Tenant, and Tenant shall reimburse Landlord therefor, including any interest and penalties upon demand. In no event, however, shall Landlord be required to pay any franchise, income, inheritance, estate, succession, transfer or gift taxes that are or may be imposed upon Tenant or its successors or assigns.

4.2.1 As used herein, the term "Real Property Taxes" shall include any form of real estate tax, any general, special, ordinary or extraordinary assessment, any improvement bond, levy or similar tax (or any other fee, charge, or excise which may be imposed as a substitute for any of the foregoing) imposed upon the Premises by any authority having the direct or indirect power to tax, including any city, county, state or federal government, or any school, agricultural, sanitary, fire, street, drainage or other improvement district, levied against any legal or equitable interest of Landlord in the Premises.

4.3 **Tax Bills.** The collecting authority shall continue sending all pertinent tax bills directly to Landlord or its designee. All pertinent tax bills received by Landlord shall be immediately forwarded directly to Tenant or its designee to permit timely remittance in the normal course of business. Landlord shall be fully liable for all interest and penalties reasonably chargeable due to its failure to perform as provided in this Section 4.3.

4.4 **Challenges.** Tenant shall be entitled to any refund obtained by Tenant with respect to any charges or other fees paid by Tenant hereunder. Tenant or its designees, at its sole cost and expense, shall have the right to contest or review all taxes, charges or other fees by legal proceedings

or in such other manner as is commercially reasonable. If necessary, Landlord shall reasonably cooperate in any such proceedings.

5. Uses.

5.1 **Authorized.** The Premises shall be used by Tenant for the sales, servicing and repair of automobiles and light trucks, and all uses incidental and related thereto, or any other lawful use but only in compliance with the provisions of Section 5.2 below.

5.2 **Compliance with Laws.** Tenant shall not do or suffer anything to be done in or on the Premises which will in any way conflict with any law, statute, ordinance or other governmental rule, regulation or requirement applicable to the Premises during the Term, including without limitation, any agreement with a redevelopment agency or public authority (i) entered into as of the Commencement Date and (ii) provided to Tenant by Landlord, or cause or create any nuisance. Tenant shall, at its sole cost and expense, promptly comply with each and all of said governmental measures existing now or in the future.

6. Hazardous Materials.

6.1 **Permitted Use.** Landlord acknowledges that the use of the Premises contemplated by Section 5 above necessarily requires that Tenant have and maintain certain petroleum-based and other substances on the Premises during the Term which constitute Hazardous Materials (as defined below). At all times, Tenant shall store, handle and otherwise maintain all Hazardous Materials kept on the Premises in full compliance with all applicable laws and regulations, and Tenant shall take every commercially reasonable caution in connection with the presence and handling of Hazardous Materials on the Premises. If Tenant breaches the obligations stated in the preceding sentence, Tenant shall promptly remediate the condition at its sole cost and expense. Upon written request, Tenant shall provide Landlord with information or documentation reasonably requested by Landlord regarding any inspection, testing, remediation or other activities undertaken by Tenant under this Section 6.1. This Section 6.1 shall survive the termination or expiration of this Lease.

6.2 **Indemnification of Landlord.** Tenant shall defend, indemnify and hold Landlord harmless from and against any and all claims, demands, liabilities, responsibilities, losses, damages, penalties, fines and/or costs (including reasonable attorney's and consultant fees) made against or incurred by Landlord arising from or relating to the release of Hazardous Materials as a result of Tenant's activities at the Premises during the Term. Tenant's indemnification obligations created by this Section 6.2 shall include, without limitation, all costs of (i) site investigation and testing, (ii) clean-up, remediation, removal or restoration work, and (iii) all monitoring activities which are required by any federal, state or local governmental agency with jurisdiction over the matter as a result of use or storage of Hazardous Materials at the Premises by Tenant. This Section 6.2 shall survive the termination or expiration of the Lease.

6.3 **Notice of Environmental Actions.** Tenant shall promptly notify Landlord of any (a) enforcement, clean-up, removal or other governmental or regulatory action concerning the Premises instituted, completed or threatened pursuant to any Environmental Law; (b) claim made or threatened by any Person against Landlord and/or Tenant, or the Premises, relating to damage, condemnation, cost recovery, compensation, loss or injury resulting from or claimed to result from any Hazardous

Substances; (c) reports made to any environmental agency arising out of or in connections with any Hazardous Substance in, or about the Premises or with respect to any Hazardous Substance removed from the Premises, including any complaints, notices, warnings, reports or asserted violations in connection therewith; and (d) Hazardous Substance that Tenant knows has been, or will come to be, released or located within, under or about the Premises.

6.4 Indemnification of Tenant. Landlord shall defend, indemnify and hold Tenant harmless from and against any and all claims, demands, liabilities, responsibilities, losses, damages, penalties, fines and/or costs (including reasonable attorney's and consultant fees) made against or incurred by Tenant arising from or relating to the release of Hazardous Materials from the Premises prior to the Term. Landlord's indemnification obligations created by this Section 6.4 shall include, without limitation, all costs of (i) site investigation and testing, (ii) clean-up, remediation, removal or restoration work, and (iii) all monitoring activities which are required by any federal, state or local governmental agency with jurisdiction over the matter as a result of use or storage of Hazardous Materials at the Premises prior to the Term. This Section 6.4 shall survive the termination or expiration of the Lease.

6.5 Hazardous Materials Defined. As used herein, the term "Hazardous Materials" means any hazardous or toxic substance, material or waste which is or becomes regulated by any local governmental authority, the State of California or the United States Government. The term "hazardous material" includes, without limitation, any material or substance which is (i) defined as a "hazardous waste," "extremely hazardous waste" or "restricted hazardous waste" under Section 25115, 25117 or 25122.7, or listed pursuant to Section 25140, of the California Health and Safety Code, Division 20, Chapter 6.5 (Hazardous Waste Control Law), (ii) defined as a "hazardous substance" under Section 25316 of the California Health and Safety Code, Division 20, Chapter 6.8 (Carpenter-Presley-Tanner Hazardous Substance Account Act), (iii) defined as a "hazardous material," "hazardous substance," or "hazardous waste" under Section 25501 of the California Health and Safety Code, Division 20, Chapter 6.95 (Hazardous Materials Release Response Plans and Inventory), (iv) defined as a "hazardous substance" under Section 25281 of the California Health and Safety Code, Division 20, Chapter 6.7 (Under Storage of Hazardous Substances), (v) petroleum, (vi) friable asbestos not in compliance with applicable laws or regulations, (vii) listed under Article 9 or defined as hazardous or extremely hazardous pursuant to Article 11 of Title 22 of the California Administrative Code, Division 4, Chapter 20, (viii) designated as a "hazardous substance" pursuant to Section 311 of the Federal Water Pollution Control Act (33 U.S.C. Section 1317), (ix) defined as a "hazardous waste" pursuant to Section 1004 of the Federal Resource Conservation and Recovery Act, 42 U.S.C. Section 6901 et seq. (42 U.S.C. Section 6903), or (x) defined as a "hazardous substance" pursuant to Section 101 of the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. Section 9601 et seq. (42 U.S.C. Section 9601) (collectively, "Environmental Laws").

7. Services and Utilities. Tenant shall pay prior to delinquency all charges for water, gas, heat, light, power, telephone, sewage, air conditioning and ventilating, scavenger, janitorial, landscaping, and all other materials and utilities supplied to the Premises during the Term. Landlord shall not be liable, and Tenant shall not be entitled to any abatement of Rent (including without limitation, Base Rent) for the reduction, interruption or suspension of any utility service to the Premises unless caused by the negligent act or omission of Landlord or its agents. No such

interruption, reduction or suspension of utilities shall constitute an eviction of Tenant from the Premises.

8. Alterations.

8.1 **Tenant Improvements.** Tenant shall obtain Landlord's written consent prior to performing any alteration, addition or improvement on or to the Premises; provided, however, that Landlord's consent shall not be required where the contemplated work (i) does not include any alteration of the structural components of the Premises, or (ii) will not cost more than Four Hundred Thousand Dollars (\$400,000.00) to complete. In the event Landlord's consent is required, such consent shall not be unreasonably withheld, conditioned or delayed. In the event Landlord has no objected to such alterations requiring Landlord's consent within twenty (20) days of receipt of the request, Landlord shall be deemed to have approved such alteration, addition or improvement. All alterations, additions and improvements shall be constructed in a good and workmanlike manner by licensed contractors and in compliance with all applicable laws, regulations, CC&R's, zoning ordinances and building codes. Except as provided immediately below, all alterations, additions and improvements constructed in or on the Premises by Tenant shall remain on the Premises without compensation of any kind to Tenant upon expiration of the Term. Tenant shall not be required to remove any of the alterations, additions or improvements made to the Premises during the Term except only those alterations, additions or improvements requiring Landlord's consent, to the extent Landlord conditioned its consent upon removal of the subject alteration, addition or improvement by Tenant at the expiration of the Term. With respect to such alterations, additions or improvements only, Tenant upon the written request of Landlord, shall upon the expiration of the Term, remove such alteration, addition or improvement at its cost and restore the Premises to its condition prior to such alteration, addition or improvement. Tenant shall maintain insurance as required by Section 11.2 covering any improvements, alterations or additions to the Premises made by Tenant under the provisions of this Section 8.1, it being understood and agreed that none of such improvements shall be insured by Landlord. At any time, Landlord may request from Tenant reasonably detailed plans of any alterations completed by Tenant and to the extent available, Tenant shall promptly provide such plans to Landlord.

8.2 **Governmental Approvals.** Tenant shall commence making any alterations only after all required approvals for the alterations, including plans and specifications, have been obtained from the City of West Covina and any other governmental authorities whose consent or approval is required.

8.3 **Liens.** Tenant shall keep the Premises free from any liens arising out of work performed, materials furnished, or obligations incurred by Tenant and shall indemnify, hold harmless and defend Landlord from any liens and encumbrances arising out of any work performed or materials furnished by or at the direction of Tenant. Landlord shall have the right to post and keep posted on the Premises any notices permitted or required by law, or which Landlord shall deem proper, for the protection of Landlord and the Premises, and any other party having an interest therein, from mechanics' and materialmen's liens. Tenant shall give Landlord written notice at least twenty (20) days prior to the expected date of commencement of any work done or materials delivered to the Premises for the purpose of posting notices.

9. Maintenance and Repairs.

9.1 Tenant's Obligations.

9.1.1 Subject to Section 9.2, Tenant shall, at all times during the Term and at Tenant's sole cost and expense, keep the Premises (and any improvements constructed thereon during the Term) and every part thereof, in good order, condition and repair, ordinary wear and tear and casualty as described in Section 19 excepted. Tenant shall exercise and perform good maintenance practices. Tenant's repair and maintenance obligations shall include all equipment or facilities serving the Premises, such as plumbing, heating, air conditioning, ventilating, electrical, lighting facilities, boilers, fired or unfired pressure vessels, fire sprinkler and/or standpipe and hose or other automatic fire extinguishing system, including fire alarm and/or smoke detection systems and equipment, fire hydrants, fixtures, walls (interior and exterior), ceilings, floors, windows, doors, plate glass, skylights, landscaping, driveways, parking lots, fences, signs, sidewalks and parkways located in, on, about or adjacent to the Premises (whether or not such portion of the Premises requiring repairs, or the means of repairing same, are reasonably or readily accessible to Tenant, and whether or not the need for such repairs occurs as a result of Tenant's use, any prior use, the elements or the age of such portion of the Premises). Tenant's obligations shall include restorations, replacements or renewals when necessary to keep the Premises and all improvements thereon or a part thereof in good order, condition and state of repair; provided, however, that Tenant and Landlord shall share the cost of any replacements incurred after the first five (5) years on a prorated basis in the event the useful life of any equipment or component replacement exceeds the remainder of the Term of this Lease. Further, Tenant shall obtain all necessary Permits deemed required to operate the dealership, from the Local Authorities and Government, including but not limited to The Los Angeles County, AQMD, State of California and other and keep them in full force and effect, without any time lapsing during the initial term of the Lease and thereafter.

9.1.2 Upon the expiration or earlier termination of this Lease, Tenant shall surrender the Premises in the same condition as delivered on the Commencement Date, subject to permitted alterations, additions and improvements, and ordinary wear and tear and casualty, and Tenant shall promptly remove or cause to be removed, at Tenant's expense, all of Tenant's signs, displays, trade fixtures and personal property from the Premises.

9.2 **Landlord's Obligations.** Except for any obligations of Landlord to repair the Premises to meet the representations as set forth in Section 1 above and Landlord's obligations per Section 6.4, Landlord shall have no obligation to repair or maintain the Premises or any equipment therein, all of which obligations are intended to be that of Tenant, with the exception only of the roof and foundation of the Premises, all structural walls and components thereof which shall remain the obligation of Landlord. It is the intention of the parties that the terms of this Lease govern the respective obligations of the parties as to the maintenance and repair of the Premises.

9.3 **Compliance With Law.** Tenant shall each do all acts required to comply with all present and future applicable laws, ordinances, regulations and rules of any public authority including without limitation, any agreement with a redevelopment agency or public authority (i) entered into as of the Commencement Date and (ii) provided to Tenant by Landlord, relating to its maintenance obligations as set forth herein including, without limitation, securing at its cost and

expense prior to the Commencement Date all licenses, permits required to operate its automobile dealership on the Premises.

10. Indemnity.

10.1 **Tenant's Obligations.** Tenant shall defend, indemnify and hold Landlord harmless from and against any and all claims, demands, liabilities, responsibilities, losses, damages, penalties, fees, expenses and costs (including attorney's fees) of any kind and nature whatsoever made against or incurred by Landlord arising from or related to (i) Tenant's breach of any material covenant or condition contained in this Lease, (ii) Tenant's use and occupancy of the Premises, and/or (iii) the negligent or willful misconduct of Tenant. In the event any action or proceeding is brought against Landlord which falls within the scope of this Section 10.1, Tenant, upon written notice from Landlord, shall defend Landlord in such action at Tenant's expense by counsel reasonably satisfactory to Landlord. For purposes of this paragraph, "Tenant" shall include all of the employees, agents, officers and directors of Tenant. To the extent that Landlord recovers from any insurance, Tenant is hereby released from this indemnification to the extent of such proceeds. The provisions of this Section 10.1 shall survive the expiration or earlier termination of this Lease.

10.2 **Landlord's Obligations.** Landlord shall defend, indemnify and hold Tenant harmless from and against any and all claims, demands, liabilities, responsibilities, losses, damages, penalties, fees, expenses and costs (including attorney's fees) of any kind and nature whatsoever made against or incurred by Tenant arising from or related to (i) Landlord's breach of any material covenant or condition contained in this Lease, and/or (ii) the negligent or willful misconduct of Landlord. In the event any action or proceeding is brought against Tenant which falls within the scope of this Section 10.2, Landlord, upon written notice from Tenant, shall defend Tenant in such action at Landlord's expense by counsel reasonably satisfactory to Tenant. For purposes of this paragraph, "Landlord" shall include all of the employees, agents, officers and directors of Landlord. To the extent that Tenant recovers from any insurance, Landlord is hereby released from this indemnification to the extent of such proceeds. The provisions of this Section 10.2 shall survive the expiration or earlier termination of this Lease.

11. Insurance.

11.1 **General.** All insurance required to be carried by Tenant hereunder shall be issued by responsible insurance companies reasonably acceptable to Landlord and the holder of any mortgage or deed of trust secured by any portion of the Premises (referred to herein as a "Mortgagee"). All policies of insurance provided for in this Lease shall be issued by insurance companies licensed to do business in the State of California, with general policy holder's rating of not less than "A-" and a financial rating of not less than "Class VII" as rated in the most current available "Best's Insurance Reports." Each policy shall name Landlord and at Landlord's request any Mortgagee as an additional insured, as their respective interests may appear, and a duplicate original of all policies or certificates evidencing the existence and amounts of such insurance shall be delivered to Landlord upon Landlord's written request. All policies of insurance delivered to Landlord shall contain a provision that the company writing said policy will give Landlord (and any Mortgagee with respect to property insurance) ten (10) days written notice in advance of any cancellation or lapse of or any change in such insurance. All public liability, property damage and other casualty insurance policies shall be written as primary policies, not contributing with, and not in excess of coverage which Landlord may

carry. Tenant shall furnish Landlord with renewals or "binders" of any such policy within ten (10) days of the Effective Date of the insurance. If Tenant does not procure and maintain such insurance, Landlord may (but shall not be required to) obtain such insurance on Tenant's behalf and charge Tenant the premiums therefor which shall be payable upon demand, and no such action by Landlord shall constitute a waiver of Tenant's default hereunder. Tenant may carry such insurance under a blanket policy, provided such blanket policy expressly affords the coverage required by this Lease by a Landlord's protective liability endorsement or otherwise.

11.2 Property Insurance. Tenant shall obtain and keep in force during the Term a policy of insurance in the name of Landlord and Tenant, with loss payable to Landlord and to any Mortgagee insuring loss or damage to the Premises. The amount of such insurance shall be equal to the full replacement cost of the Premises, including the roof, as the same shall exist from time to time, or the amount required by any lender(s). Such insurance shall, in addition, include flood coverage if the Premises are within a designated flood zone. Notwithstanding anything to the contrary herein, Tenant shall not be required to carry earthquake insurance. The insurance required by this Section 11.2 shall, in addition, include coverage for any additional costs resulting from debris removal and reasonable amounts of coverage for the enforcement of any ordinance or law regulating the reconstruction or replacement of any undamaged sections of the Premises required to be demolished, and shall also contain an agreed valuation provision in lieu of any coinsurance clause, waiver of subrogation and inflation guard protection causing an increase in the annual property insurance coverage amount by a factor of not less than the adjusted U.S. Department of Labor Consumer Price Index for All Urban Consumers for the city nearest to where the Premises are located. If such insurance coverage has a deductible clause, then Tenant shall be liable for such deductible amount.

11.3 Liability Insurance. Tenant shall obtain and keep in force during the Term of this Lease a commercial general liability policy of insurance protecting Tenant and Landlord (as an additional insured) against claims for bodily injury, personal injury and property damage based upon, involving or arising out of the ownership, use, occupancy or maintenance of the Premises and all areas appurtenant thereto. Such insurance shall be on an occurrence basis providing single limit coverage in an amount not less than Two Million Dollars (\$2,000,000) per occurrence with an "Additional Insured-Managers or Landlords of Premises" endorsement and contain an "Amendment of the Pollution Exclusion" for damage caused by heat, smoke or fumes from a hostile fire. The policy shall not contain any intra-insured exclusions as between insured persons or organizations. All insurance to be carried by Tenant shall be primary to and not contributory with any similar insurance carried by Landlord, whose insurance shall be considered excess insurance only.

11.4 Rental Value. Tenant shall, in addition, obtain and keep in force during the Term of this Lease a policy or policies insuring the loss of the full rental or other charges payable by Tenant to Landlord pursuant to this Lease for a period of not less than one year. Such insurance shall provide that in the event that the Lease is terminated or the Base Rent is reduced by reason of an insured loss, as well as a non-insured loss if such coverage is available at commercially reasonable rates, the period of indemnity for such coverage shall be extended beyond the date of the completion of repairs or replacement of the Premises, to provide for one full year's loss of Rent from the date of any such loss. Said insurance shall contain an agreed evaluation provision in lieu of any coinsurance clause, and the amount of coverage shall be adjusted annually to reflect the projected Rent payable

by Tenant for the next twelve (12) month period. Tenant shall be liable for any deductible amount in the event of such loss.

11.5 **Mutual Waiver.** Notwithstanding any provision to the contrary contained in this Lease, to the extent that this release and waiver does not invalidate or impair their respective insurance policies, the parties hereto release each other and their respective agents, employees, officers, directors, shareholders, successors and assigns from all liability for injury to any person or damage to any property that is caused by or results from a risk which is actually insured against pursuant to the provisions of this Lease without regard to the negligence or willful misconduct of the parties so released. Each party shall use its best efforts to cause each insurance policy it obtains to provide that the insurer thereunder waives all right of recovery by way of subrogation as required herein in connection with any injury or damage covered by the policy. If such insurance policy cannot be obtained with such waiver of subrogation, or if such a waiver of subrogation is only available at additional cost and the party for whose benefit the waiver is not obtained does not pay such additional cost after reasonable notice, then the party obtaining such insurance shall promptly notify the other party of the inability to obtain insurance coverage with the waiver of subrogation.

11.6 **Premiums.** Tenant shall pay as they become due all premiums for the insurance required by this Article 11, shall renew or replace each policy and deliver to Landlord evidence of the payment of the full premium therefore or installment then due at least ten (10) days prior to the expiration date of such policy, and upon written request shall promptly deliver to Landlord certificates evidencing the existence of all such policies.

12. Assignment and Subletting.

12.1 **Assignment to Affiliate.** Tenant shall have the right to assign its interest in this Lease, or sublet any portion of the Premises, to any entity in which Tenant, or any of Tenant's wholly owned subsidiaries or the owner of the Tenant, hold either directly or indirectly a fifty-one percent (51%) ownership interest without the prior consent of Landlord, provided that such entity agrees to be bound by the terms and conditions of this Lease. Tenant shall give Landlord written notice of the effective date of such assignment or subletting as soon as practicable. In connection with any such assignment, the Tenant shall continue to be jointly and severally liable with the assignee for the obligations of the Tenant pursuant to this Lease. Landlord acknowledges that the merger of Tenant with another entity shall not constitute an assignment pursuant to this Section 12, and Landlord's consent to such a merger shall not be required.

12.2 **Assignment to Third Parties.** Except as provided in Section 12.1 above, Tenant shall not assign or encumber its interest in this Lease or the Premises without first obtaining Landlord's written consent, which consent shall not be unreasonably withheld, delayed or conditioned. Landlord shall give written notice of its consent or its determination not to consent within thirty (30) days following written request for such consent given by Tenant to Landlord. In the event Landlord has not objected to such assignment within thirty (30) days of such written request Landlord shall be deemed to have approved such assignment. Any assignment or encumbrance without Landlord's prior written consent shall be voidable and at Landlord's election shall constitute a material default of this Lease.

12.3 **Sublease.** Tenant shall have the right to sublease all or any portion of the Premises without the prior consent of Landlord provided that such sublessee agrees to lease the Premises and agrees to the terms and conditions of this Lease. In the event of such sublease Tenant shall remain liable for all rights and obligations under this Lease.

12.4 **Involuntary Assignment.** No interest of Tenant in this Lease shall be assignable by operation of law including, without limitation, the transfer of this Lease by will or intestacy. Each of the following acts shall be considered an involuntary assignment: (a) if Tenant is or becomes bankrupt or insolvent, makes an assignment for the benefit of creditors, or institutes or becomes the subject of a proceeding under the Bankruptcy Code in which Tenant is the debtor and such proceeding remains undismissed for a period of sixty (60) days; (b) if a writ of attachment or execution is levied on this Lease and not released within sixty (60) days; (c) if, in any proceeding or action to which Tenant is a party, a receiver is appointed with authority to take possession of the Premises. An involuntary assignment shall be deemed to constitute a material default by Tenant and Landlord shall have the right to elect to terminate this Lease, in which case this Lease shall not be treated as an asset of Tenant.

12.5 **No Release of Tenant.**

12.5.1 Notwithstanding any assignment or subletting of any interest in this Lease or the Premises by Tenant, unless Landlord otherwise consents in writing, Tenant shall continue to be liable for the full performance of all Tenant obligations set forth in the Lease.

12.5.2 If, with the Landlord's consent, the Tenant assigns or subleases this Lease and Tenant is not released from all obligations hereunder, the Landlord, when giving notice to said assignee or any future assignee in respect of any default, shall also serve a copy of such notice upon the original Tenant or any successor to such original Tenant (the "**Original Tenant**"), and no notice of default shall be effective until a copy thereof is so given to the Original Tenant. The Original Tenant shall have the same period after receipt of such notice plus an additional ten (10) days to cure such defaults as is given to the Tenant therefore under this Lease. If this Lease terminates because of a default of such assignee or subtenant after transfer of this Lease shall have been made, the Landlord shall promptly give to the Original Tenant notice thereof, and the Original Tenant shall have the option, exercisable by the giving of notice by the Original Tenant to the Landlord within twenty (20) days after receipt by the Original Tenant of the Landlord's notice, to cure any default in the payment of Base Rent or other charges hereunder and become "Tenant" under a new lease for a term equal to the period of the then remainder of the term of this Lease if this Lease had not been terminated, and upon all of the same terms and conditions as then remain under this Lease, if the same had not been terminated, including the right to exercise any remaining options for Extended Terms but not the right of first refusal, and such new lease shall commence on the date of termination of this Lease, except that if the Landlord delivers to the Original Tenant, together with the Landlord's notice, a release in favor of the Original Tenant as to all future liability under this Lease, the Original Tenant shall not have the foregoing option to exercise any remaining options or an Extended Term of the Lease or right of first refusal.

12.5.3 The acceptance of rent from any other person shall not be deemed to be a waiver of any of the provisions of this Lease, or consent to the assignment or subletting of the

Premises. Consent to any particular assignment or subletting for which consent is required shall not be deemed consent to any future assignment or subletting

13. Sale of Premises or Building. Each conveyance by Landlord or its successor in interest of Landlord's interest in the Premises prior to the expiration or termination of this Lease shall be subject to this Lease and shall relieve the Landlord as grantor of all further liability or obligations as Landlord, except for such liability or obligations accruing prior to the date of such conveyance. Tenant agrees to attorn to Landlord's successors in interest, whether such interest is acquired by sale, transfer, foreclosure, and deed in lieu of foreclosure or otherwise.

14. Entry by Landlord. Landlord and its authorized representatives shall have the right to enter the Premises during business hours and after reasonable notice (except in the event of an emergency in which case entry may be at any time and with such prior notice to Tenant as is reasonable under the circumstances): (a) to inspect the Premises; (b) to supply any service provided to Tenant hereunder; (c) to show the Premises to prospective lenders, purchasers, or broker and agents in connection with a sale of the building; (d) to show the Premises to prospective tenants or brokers and agents in connection with a leasing of the Premises, but only during the last twelve (12) months of the Term; (e) to post notices of non-responsibility; (f) to alter, improve or repair the Premises (to the extent permitted or required hereunder); (g) to erect scaffolding and other necessary structures, where required by the work to be performed, all without reduction or abatement of rent and (h) to obtain a Phase I Environmental Site Assessment and/or a Phase II Environmental Site Assessment of the Premises.

15. Insolvency or Bankruptcy.

15.1 Acts of Default. Without limitation, the following events shall constitute a default under this Lease: (a) if Tenant shall admit in writing its inability to pay its debts as they mature; (b) if Tenant shall make an assignment for the benefit of creditors or take any other similar action for the protection or benefit of creditors; (c) if Tenant shall give notice to any governmental body of insolvency or pending insolvency, or suspension or pending suspension of operations; (d) if Tenant shall file a voluntary petition in bankruptcy or shall be adjudicated a bankrupt or insolvent; (e) if Tenant shall file any petition or answer seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or other similar relief for itself under any present or future applicable federal, state or other statute or law relative to bankruptcy, insolvency or other relief for debtors; (f) if a court of competent jurisdiction shall enter an order, judgment or decree approving a petition filed against Tenant seeking any relief described in the preceding clause (e), and (i) Tenant acquiesces in the entry of such order, judgment or decree (the term "acquiesce" as used in this Section 15.1 shall include, without limitation, Tenant's failure to file a petition or motion to vacate or discharge any order, judgment or decree within sixty (60) days after entry of such order, judgment or decree), or (ii) such order, judgment or decree shall remain unvacated and unstayed for an aggregate of sixty (60) days, whether or not consecutive, from the date of entry thereof; (g) if Tenant shall seek or consent to or acquiesce in the appointment of any trustee, receiver, conservator or liquidator of Tenant of all or any substantial part of Tenant's properties or its interest in the Premises; (h) if any trustee, receiver, conservator or liquidator of Tenant or of all or any substantial part of its property or its interest in the Premises shall be appointed without the consent or acquiescence of Tenant and such appointment shall remain unvacated and unstayed for an aggregate of sixty (60) days, whether or not consecutive; or (i) if this Lease or any estate of Tenant hereunder shall be levied upon under

any attachment or execution and such attachment or execution shall remain unvacated and unstayed for an aggregate of sixty (60) days, whether or not consecutive. Notwithstanding the foregoing, the above described events shall not constitute a default under this Lease where Tenant has assigned the Premises as permitted in this Lease, such assignee has assumed this Lease, and such assignee is not otherwise in default hereunder.

15.2 Rights and Obligations under the Bankruptcy Code. Upon the filing of a petition by or against Tenant under the United States Bankruptcy Code, Tenant, as debtor in possession, and any trustee who may be appointed agree as follows: (a) to perform each and every obligation of Tenant under this Lease until such time as this Lease is either rejected or assumed by order of the United States Bankruptcy Court; (b) to pay monthly in advance on the first day of each month as reasonable compensation for use and occupancy of the Premises the sum required under Section 3, and all other charges otherwise due pursuant to this Lease; (c) to reject or assume this Lease within sixty (60) days of the filing of such petition; (d) to give Landlord at least forty-five (45) days prior written notice of any abandonment of the Premises, any such abandonment to be deemed a rejection of this Lease; (e) to do all other things of benefit to Landlord otherwise required under the Bankruptcy Code; (f) to be deemed to have rejected this Lease in the event of the failure to comply with any of the above; and (g) to have consented to the entry of an order by an appropriate United States Bankruptcy Court providing all of the above, waiving notice and hearing of the entry of same.

16. Default by Tenant.

16.1 Acts Constituting Defaults. In addition to the events specified as a default under Section 15.1 or elsewhere in this Lease, it shall constitute a default hereunder if (i) Tenant fails to pay Rent when due (and such failure is not cured within ten (10) days following written notice from Landlord) or (ii) if Tenant breaches or violates any material provision of this Lease applicable to Tenant other than the obligation to pay Rent (and such failure is not cured within twenty (20) days following written notice from Landlord) or (iii) if the tenant under any of the Related Garvey Avenue South Leases fails to pay Rent when due or breaches or violates any material provision of the applicable Related Garvey Avenue South Lease (and such breach or violation is not cured within the applicable cure period under the applicable Related Garvey Avenue South Lease). However, Landlord shall not commence any action to terminate Tenant's right of possession as a consequence of a default until any period of grace with respect thereto has elapsed and such period of grace shall be in addition to the period during which Tenant may cure such default following the delivery of notice pursuant to California Code of Civil Procedure Section 1161.

16.1.1 Tenant shall have a period of ten (10) days from the date of written notice from Landlord to Tenant within which to cure any default in the payment of Rent or any other monetary obligation of Tenant pursuant to this Lease.

16.1.2 Tenant shall have a period of twenty (20) days from the date of written notice from Landlord to Tenant (which notice shall specifically state the nature of the asserted default) within which to cure any nonmonetary default under this Lease; provided, however, that with respect to any default which cannot reasonably be cured within twenty (20) days, the default shall not be deemed to be uncured if Tenant commences to cure within twenty (20) days from Landlord's notice and thereafter prosecutes diligently and continuously to completion all acts required to cure the default.

16.2 **Landlord's Remedies.** If Tenant fails to cure a default within the time allowed, Landlord shall have the following rights and remedies in addition to any other rights and remedies available to Landlord at law or in equity.

16.2.1 Landlord may, pursuant to Civil Code Section 1951.4, continue this Lease in full force and effect, and this Lease will continue in effect so long as Landlord does not terminate Tenant's right to possession, and Landlord shall have the right to collect Rent (including, without limitation, Base Rent) as it becomes due. During the period Tenant is in default, Landlord can enter the Premises and relet the Premises, or any part of the Premises, to third parties for Tenant's account. Tenant shall be liable immediately to Landlord for all costs Landlord incurs in reletting the Premises, including without limitation, brokers' commissions, expenses of remodeling the Premises required by the reletting, and like costs. Reletting can be for a period shorter or longer than the remaining Term of this Lease. Tenant shall pay to Landlord the Rent due under this Lease on the dates the Rent is due, less the rental amounts Landlord receives from any reletting. No act by Landlord allowed by this Section 16.2.1 shall terminate this Lease unless Landlord notifies Tenant in writing that Landlord elects to terminate this Lease. After Tenant's default and for so long as Landlord does not terminate Tenant's right to possession of the Premises, if Tenant obtains Landlord's consent, Tenant shall have the right to assign or sublet its interest in this Lease, but Tenant shall not be released from liability. Landlord's consent to such a proposed assignment or subletting shall not be unreasonably withheld. If Landlord elects to relet the Premises as provided in this Section 16.2.1, any rental amounts that Landlord receives from reletting shall be applied to the payment of: first, any indebtedness from Tenant to Landlord other than Rent due from Tenant; second, all costs, including for maintenance incurred by Landlord in reletting; and third, Rent due and unpaid under this Lease. After deducting the payments referred to in this Section 16.2.1, any sum remaining from the rental amounts Landlord receives from reletting shall be held by Landlord and applied in payment of future Rent as Rent becomes due under this Lease. In no event shall Tenant be entitled to any excess rental received by Landlord. If, on the date Rent is due under this Lease, the rent received from the reletting is less than the Rent due on that date, Tenant shall pay to Landlord, in addition to the remaining Rent due, all costs including for maintenance Landlord incurred in reletting that remain after applying the rent received from the reletting as provided in this Section 16.2.1.

16.2.2 Landlord may, pursuant to Civil Code Section 1951.2, terminate Tenant's right to possession of the Premises at any time. No act by Landlord other than giving express written notice thereof to Tenant shall terminate this Lease. Acts of maintenance, efforts to relet the Premises, or the appointment of a receiver on Landlord's initiative to protect Landlord's interest under this Lease shall not constitute a termination of Tenant's right to possession. Upon termination of Tenant's right to possession, Landlord has the right to recover from Tenant: (1) the Worth of the unpaid Rent that had been earned at the time of termination of Tenant's right to possession; (2) the Worth of the amount by which the unpaid Rent that would have been earned after the date of termination until the time of award exceeds the amount of the loss of Rent that Tenant proves could have been reasonably avoided; (3) the Worth of the amount of the unpaid Rent that would have been earned after the award throughout the remaining Term of the Lease to the extent such unpaid Rent exceeds the amount of the loss of Rent that Tenant proves could have been reasonably avoided; and (4) any other amount, including but not limited to, expenses incurred to relet the Premises, court costs, attorneys' fees and collection costs necessary to compensate Landlord for all detriment caused

by Tenant's default. The "Worth", as used above in (1) and (2) in this subsection is to be computed by allowing interest at the lesser of ten percent (10%) per annum or the maximum legal interest rate permitted by law. The "Worth", as used above in (3) in this subsection is to be computed by discounting the amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of the award, plus one percent (1%).

16.2.3 In lieu of or in addition to any of the foregoing remedies and damages, Landlord may exercise any remedies and collect any damages available to it at law or in equity from Tenant or from Guarantor under its Guaranty. All remedies are cumulative and concurrent and no remedy is exclusive of any other remedy. Each remedy may be exercised at any time an event of default has occurred and is continuing and may be exercised from time to time.

16.2.4 No failure of Landlord (i) to insist at any time upon the strict performance of any provision of this Lease or (ii) to exercise any option, right, power or remedy contained in this Lease shall be construed as a waiver, modification or relinquishment thereof. A receipt by Landlord of any sum in satisfaction of any obligation with knowledge of the breach of any provision hereof shall not be deemed a waiver of such breach, and no waiver by Landlord of any provision hereof shall be deemed to have been made unless expressed in a writing signed by Landlord.

17. Landlord's Right to Cure Default. All covenants and agreements to be performed by Tenant under the terms of this Lease shall be performed by Tenant at Tenant's sole cost and expense and without any reduction of Rent. If Tenant shall be in default of its obligations under this Lease to pay any money other than rental or to perform any other act hereunder, and if such default is not cured within the applicable grace period (if any) provided in this Section 17, Landlord may, but shall not be obligated to, make any such payment or perform any such act on Tenant's part without waiving its rights based upon any default of Tenant and without releasing Tenant from any of its obligations. All sums so paid and all costs incurred by Landlord shall be paid to Landlord on demand together with interest thereon at the Default Rate from the date of payment of any such advance and costs by Landlord to the date of payment thereof by Tenant.

18. Default by Landlord. Landlord shall not be deemed to be in default in the performance of any obligation under this Lease unless and until it has failed to perform such obligation within thirty (30) days after receipt of written notice by Tenant to Landlord specifying such failure; provided, however, that if the nature of Landlord's default is such that more than thirty (30) days are required for its cure, then Landlord shall not be deemed to be in default if Landlord meaningfully commences such cure within the thirty (30) day period and thereafter diligently prosecutes such cure to completion. Tenant agrees to give any Mortgagee a copy, by registered mail, of any notice of default served upon Landlord, provided that prior to such notice Tenant has been notified in writing (by way of Notice of Assignment of Rents and Leases, or otherwise), of the address of such Mortgagee. Any time during which such Mortgagee may cure Landlord's default hereunder may, at Tenant's election, run concurrently with Landlord's time to cure.

19. Damage and Destruction.

19.1 **Damage - Insured.** In the event that the Premises are damaged by fire or other casualty which is covered under insurance pursuant to the provisions of Section 11 above, Landlord

shall restore such damage provided that: (i) insurance proceeds are available (inclusive of any deductible amounts) to pay substantially all of the cost of restoration; and (ii) in the reasonable judgment of Landlord, the restoration can be completed within three hundred sixty five (365) days after the date of the damage or casualty under the laws and regulations of the state, federal, county and municipal authorities having jurisdiction; provided, that if the remaining portion of the Premises is suitable for Tenant's continued use of the Premises, the three hundred sixty five (365) day limit shall not apply. Landlord shall use its best efforts to obtain the required approvals and permits as soon as reasonably possible after the occurrence of the event causing the need for the restoration. The deductible amount of any insurance coverage shall be paid by Tenant. If such conditions apply so as to require Landlord to restore such damage pursuant to this Section 19.1, this Lease shall continue in full force and effect, unless otherwise agreed to in writing by Landlord and Tenant. Tenant shall be entitled to a proportionate reduction of Rent at all times during which Tenant's use of the Premises are interrupted, such proportionate reduction to be based on the extent to which the damage and restoration efforts interfere with Tenant's business in the Premises, as long as the Landlord is equally compensated for such reduction by proceeds of rental value insurance if such insurance is required to be carried by Tenant in accordance with the provisions of Section 11.4 above for the term of such insurance. Tenant's right to a reduction of Rent hereunder shall be Tenant's sole and exclusive remedy in connection with any such damage.

19.2 Damage - Uninsured. In the event that the Premises is damaged by a fire or other casualty and Landlord is not required to restore such damage in accordance with the provisions of Section 19.1 immediately above, Landlord shall have the option to either (i) repair or restore such damage, with the Lease continuing in full force and effect, but Rent to be proportionately abated as provided in Section 19.1 above; or (ii) give notice to Tenant at any time within thirty (30) days after the occurrence of such damage terminating this Lease as of a date to be specified in such notice which date shall not be less than thirty (30) nor more than sixty (60) days after the date on which such notice of termination is given. In the event of the giving of such notice of termination, this Lease shall expire and all interest of Tenant in the Premises shall terminate on the date so specified in such notice and the Rent, reduced by any proportionate reduction in Rent as provided for in Section 19.1 above, shall be paid to the date of such termination as long as the Landlord is equally compensated for such reduction by proceeds of rental value insurance if such insurance is required to be carried by Tenant in accordance with the provisions of Section 11.4 above for the term of such insurance. Notwithstanding the foregoing, if Tenant delivers to Landlord the funds necessary to make up the shortage (or absence) in insurance proceeds and the restoration can be completed in a three hundred sixty five (365) day period, as reasonably determined by Landlord, Landlord shall restore the Premises as provided in Section 19.1 above.

19.3 End of Term Casualty. Notwithstanding the provisions of Sections 19.1 and 19.2 above, either Landlord or Tenant may terminate this Lease if the Premises is damaged by fire or other casualty (and Landlord's reasonably estimated cost of restoration of the Premises exceeds ten percent (10%) of the then replacement value of the Premises) and such damage or casualty occurs during the last twelve (12) months of the Term of this Lease (or the Term of any option for an Extended Term, if applicable) by giving the other notice thereof at any time within thirty (30) days following the occurrence of such damage or casualty. Such notice shall specify the date of such termination which date shall not be less than thirty (30) nor more than sixty (60) days following the date on which such notice of termination is given. In the event of the giving of such notice of

termination, this Lease shall expire and all interest of Tenant in the Premises shall terminate on the date so specified in such notice and the Rent shall be paid to the date of such termination. Notwithstanding the foregoing to the contrary, Landlord shall not have the right to terminate this Lease if damage or casualty occurs during the last twelve (12) months of the Term if Tenant timely exercises its option for an Extended Term pursuant to Section 2.2 of this Lease within twenty (20) days after the date of such damage or casualty.

19.4 **Termination by Tenant.** In the event that the destruction to the Premises cannot be restored as required herein under applicable laws and regulations within three hundred sixty-five (365) days of the damage or casualty, notwithstanding the availability of insurance proceeds, Tenant shall have the right to terminate this Lease by giving Landlord notice thereof within thirty (30) days of date of the occurrence of such casualty specifying the date of termination which shall not be less than thirty (30) days nor more than sixty (60) days following the date on which such notice of termination is given. In the event of the giving of such notice of termination, this Lease shall expire and all interest of Tenant in the Premises shall terminate on the date so specified in such notice and the Rent, reduced by any proportionate reduction in Rent as provided for in Section 19.1 above, shall be paid to the date of such termination.

19.5 **Restoration.** Landlord agrees that, in any case in which Landlord is required to, or otherwise agrees to restore the Premises, that Landlord shall proceed with due diligence to make all appropriate claims and applications for the proceeds of insurance and to apply for and obtain all permits necessary for the restoration of the Premises. Landlord shall restore the Premises to the condition existing prior to the date of the damage if permitted by applicable law. Landlord shall not be required to restore alterations made by Tenant, Tenant's trade fixtures, and Tenant's personal property, such excluded items being the sole responsibility of Tenant to restore provided, however, that Landlord shall, to the extent of available insurance proceeds, restore improvements to the Premises made by Tenant.

19.6 **Waiver.** Tenant waives the provisions of Civil Code Section 1932(2) and Civil Code Section 1933(4) with respect to any destruction of the Premises.

20. Condemnation.

20.1 **Definitions.** The following definitions shall apply: (1) "Condemnation" means (a) the exercise of any governmental power of eminent domain, whether by legal proceedings or otherwise by condemnor, or (b) the voluntary sale or transfer by Landlord to any condemnor either under threat of condemnation or while legal proceedings for condemnation are proceeding; (2) "Date of Taking" means the date the condemnor has right to possession of the property being condemned; (3) "Award" means all compensation, sums or anything of value awarded, paid or received on a total or partial condemnation; and (4) "condemnor" means any public or quasi-public authority, or private corporation or individual, having power of condemnation.

20.2 **Obligations to be Governed by Lease.** If during the Term of the Lease there is any Condemnation of all or any part of the Premises, the rights and obligations of the parties shall be determined strictly pursuant to this Lease. Each party waives the provisions of Code of Civil Procedure Section 1265.130 allowing either party to petition the Superior Court to terminate this Lease in the event of a partial Condemnation of the Premises.

20.3 Total or Partial Taking. If the Premises are totally taken by Condemnation, this Lease shall terminate on the Date of Taking. If any portion of the Premises is taken by Condemnation, this Lease shall remain in effect, except that Tenant can elect to terminate this Lease if the remaining portion of the Premises is rendered unsuitable for Tenant's continued use of the Premises. If Tenant elects to terminate this Lease, Tenant must exercise its right to terminate by giving notice to Landlord within thirty (30) days after the nature and extent of the Condemnation have been finally determined. If Tenant elects to terminate this Lease, Tenant shall also notify Landlord of the date of termination, which date shall not be earlier than thirty (30) days nor later than ninety (90) days after Tenant has notified Landlord of its election to terminate; except that this Lease shall terminate on the Date of Taking if the Date of Taking falls on a date before the date of termination as designated by Tenant. If any portion of the Premises is taken by Condemnation and this Lease remains in full force and effect, on the Date of Taking the Rent shall be reduced by an amount in the same ratio as the total number of square feet in the building(s) which are a part of the Premises taken bears to the total number of square feet in the building(s) which are a part of the Premises immediately before the Date of Taking. Any Award for the taking of all or any part of the Premises under the power of eminent domain or any payment made under threat of the exercise of such power shall be the property of Landlord, whether such Award shall be made as compensation for diminution in value of the leasehold or for the taking of the fee, or as severance damages; provided, however, that Tenant shall be entitled to any compensation separately awarded to Tenant for Tenant's relocation expenses and/or loss of Tenant's trade fixtures, and for the value of the leasehold interest represented by this Lease.

20.4 Landlord's Power to Sell in Lieu of Condemnation. Landlord may, without any obligation or liability to Tenant and without affecting the validity or continuation of this Lease other than as expressly provided in this Article, agree to sell or convey to the condemnor, without first requiring that an action or proceeding for condemnation be instituted or tried, the portion of the Premises sought by the condemnor free from this Lease and the rights of Tenant in the Premises other than as provided in this Article, including without limitation, the rights of Tenant under Section 20.3 above; provided however, Landlord's rights under this Section 20.4 are expressly conditioned upon Landlord providing Tenant with prior written notice of its intent to exercise its rights under this Section 20.4 which notice shall include information regarding the proposed terms affecting Tenant and Tenant shall have a period of thirty (30) days to approve or disapprove of such transfer. In the event Tenant timely disapproves, Landlord shall not have the right to proceed with the sale to the condemnor.

21. Holding Over. Any holding over after the expiration of the Term shall be a tenancy from month to month. The terms, covenants and conditions of such tenancy shall be the same as provided herein, except that the Rent shall be one hundred ten percent (110%) of the Rent in effect immediately prior to the commencement of such holding over. Acceptance by Landlord of Rent after such expiration shall not result in any other tenancy or any renewal of the Term of this Lease, and the provisions of this Section 21 are in addition to and do not affect Landlord's right of reentry or other rights provided under this Lease or by applicable law.

22. Surrender. Upon the expiration or termination of this Lease, Tenant shall surrender the Premises to Landlord in the same condition in which the Premises were at the commencement of the term, except as repaired, rebuilt, restored, altered, replaced or added to as permitted or required by any provision of this Lease, and except for ordinary wear and tear.

Subject to the terms and conditions of Section 8.1, within thirty (30) days following the expiration or termination of this Lease, Tenant shall remove from the Premises all property owned by Tenant and repair any damage caused by such removal. Property not so removed shall become the property of Landlord, and Landlord may thereafter cause such property to be removed from the Premises. Tenant shall pay to Landlord on demand the reasonable cost of removing and disposing of such property (together with interest at the Default Rate from the date of demand). The provisions of this Section 22 shall survive the termination of this Lease.

23. Estoppel Certificates and Financial Statements. Within ten (10) business days following any written request which Landlord and Tenant may make from time to time, Tenant or Landlord, without any charge therefor, shall execute, acknowledge and deliver to the other a statement certifying: (a) the Commencement Date of this Lease; (b) the fact that this Lease is unmodified and in full force and effect (or, if there have been modifications hereto, that this Lease is in full force and effect, as modified, and stating the date and nature of such modifications); (c) the date to which the Rent and other sums payable under this Lease have been paid; (d) the fact that there are no current defaults under this Lease by either Landlord or Tenant except as specified in the statement; and (e) such other reasonable matters requested by Landlord or Tenant. Landlord and Tenant intend that any statement delivered pursuant to this Section 23 may be relied upon by a mortgagee, beneficiary, purchaser or prospective purchaser of the Premises or any interest therein, or any financial institution, investment banker, underwriter or the counsel of each of the foregoing, providing credit or seeking capital for Tenant or Landlord. The failure of Landlord or Tenant to deliver any such statement within said ten (10) business day period shall constitute a material default, and the defaulting party shall indemnify and hold the other party harmless from and against any and all liability, loss, cost, damage and expense which such party may sustain or incur as a result of or in connection with the defaulting party's failure or delay in delivering such statement. In addition Landlord shall execute such commercially reasonable Landlord waiver adding to the lender of tenant right to enter the Premises whose such Lender's collateral.

24. Subordination and Attornment.

24.1 Subordination. Upon the written request of Landlord or any Mortgagee, Tenant will in writing subordinate its rights under this Lease to the lien of any mortgage or deed of trust now or hereafter in force against the Premises, and to all advances made or hereafter to be made upon the security thereof, and to all extensions, modifications and renewals thereunder. Tenant shall also, upon Landlord's request, subordinate its rights hereunder to any ground or underlying lease which may now exist or hereafter be executed affecting the Premises and/or the underlying land. Tenant shall have the right to condition its subordination upon the execution and delivery of an attornment and non-disturbance agreement, as described in Section 24.2, between the Mortgagee or the lessor under any such ground or underlying lease and Tenant.

24.2 Attornment and Non-Disturbance. Upon the written request of the Landlord or any Mortgagee or any lessor under a ground or underlying lease, Tenant shall attorn to any such Mortgagee or beneficiary, provided such Mortgagee or lessor agrees that if Tenant is not in material default under this Lease, Tenant's possession of the Premises in accordance with the terms of this Lease shall not be disturbed. Such agreement shall provide, among other things, (a) that this Lease shall remain in full force and effect, (b) that Tenant pay rent to said Mortgagee or lessor from the

date of said attornment, (c) that said Mortgagee or lessor shall not be responsible to Tenant under this Lease except for obligations accruing subsequent to the date of such attornment, and (d) that Tenant, in the event of foreclosure or a deed in lieu thereof or a termination of the ground or underlying lease, will enter into and will have the right to, a new lease with the Mortgagee, lessor or other person having or acquiring title on the same terms and conditions as this Lease and for the balance of the Term including the right to exercise any remaining options for the Extended Term but not the right of first refusal. Within a reasonable time after the Commencement Date, Landlord shall provide Tenant with a commercially reasonable form of Subordination, Nondisturbance and Attornment Agreement executed by Landlord and any Mortgagee providing that Tenant's occupancy of the Premises will not be disturbed as provided above.

24.3 Nonmaterial Amendments. If any lender should require any nonmaterial modification of this Lease as a condition of loans secured by a lien on the Premises, or the land underlying the Premises, or if any such nonmaterial modification is required as a condition to a ground or underlying lease, Tenant will approve and execute any such modifications, promptly after request by Landlord provided no such modification shall relate to the net effective rent payable hereunder, the length of the Term or otherwise materially change the rights or obligations of Landlord or Tenant.

25. Waiver. If either Landlord or Tenant waives the performance of any term, covenant or condition contained in this Lease, such waiver shall not be deemed to be a waiver of the term, covenant or condition itself or a waiver of any subsequent breach of the same or any other term, covenant or condition contained herein. Furthermore, the acceptance of rent by Landlord shall not constitute a waiver of any preceding breach by Tenant of any term, covenant or condition of this Lease, regardless of Landlord's knowledge of such preceding breach at the time Landlord accepts such rent. Failure by either Landlord or Tenant to enforce any of the terms, covenants or conditions of this Lease for any length of time shall not be deemed to waive or to decrease the right to insist thereafter upon strict performance by the nonperforming party. Waiver by either party to this Lease may only be made by a written document signed by the waiving party.

26. Attorneys' Fees. In the event that any action or proceeding (including arbitration) is brought to enforce or interpret any term, covenant or condition of this Lease on the part of Landlord or Tenant, the prevailing party in such action or proceeding (whether after trial or appeal) shall be entitled to recover from the party not prevailing its expenses therein, including reasonable attorneys' fees and all allowable costs.

27. Notices. All notices, requests or demands to a party hereunder shall be in writing and shall be given or served upon the other party by personal service, by certified return receipt requested or registered mail, postage prepaid, or by Federal Express or other nationally recognized commercial courier, charges prepaid, addressed as set forth below. Any such notice, demand, request or other communication shall be deemed to have been given upon the earlier of personal delivery thereof, three (3) business days after having been mailed as provided above, or one (1) business day after delivery to a commercial courier for next business day delivery, as the case may be. Notices may be given electronically by facsimile or email and shall be effective upon the transmission of such notice provided that the notice is transmitted on a business day and a copy of the notice indicating the date and time of transmission is sent no later than the immediately succeeding business day by recognized

overnight carrier for next business day delivery. Each party shall be entitled to modify its address by notice given in accordance with this Section 27.

If to Landlord: Hassen Imports Partnership
100 North Barranca Avenue
Suite 900
West Covina, CA 91791

With a copy to: Theodore B. Stolman, Esq.
Stutman, Treister & Glatt
1901 Avenue of the Stars
12th Floor
Los Angeles, CA 90067

If to Tenant: California Superstores
516 Gibson, #290
Roseville, California 95678
Attn: Chief Financial Officer

With a copy to: W. Bruce Bercovich, Esq.
Kay & Merkle LLP
100 The Embarcadero, Penthouse
San Francisco, CA 94105
Facsimile: (415) 512-9277

28. Merger. Notwithstanding the acquisition (if same should occur) by the same party of the title and interests of both Landlord and Tenant under this Lease, there shall not be a merger of the estates of Landlord and Tenant under this Lease, but instead the separate estates, rights, duties and obligations of Landlord and Tenant, as existing hereunder, shall remain unextinguished and continue, separately, in full force and effect until this Lease expires or otherwise terminates in accordance with the express provisions herein contained.

29. Defined Terms and Headings. The words "Landlord" and "Tenant" as used herein shall include the plural as well as the singular. Words used in neuter gender include the feminine and masculine, where applicable. If there is more than one Tenant, the obligations imposed under this Lease upon Tenant shall be joint and several. The headings and titles to the sections and paragraphs of this Lease are used for convenience only and shall have no effect upon the construction or interpretation of this Lease.

30. Time and Applicable Law. Time is of the essence of this Lease and all of its provisions. This Lease shall in all respects be governed by and interpreted in accordance with the laws of the State of California.

31. Successors and Assigns. Subject to the provisions of Section 12 and the limitation expressed below, the terms, covenants and conditions contained herein shall be binding upon and inure to the benefit of the heirs, successors, executors, administrators and assigns of the parties

hereto. However, the obligations imposed on Landlord under this Lease shall be binding upon Landlord's successors and assigns only with respect to obligations arising during their respective periods of ownership of the Premises.

32. Entire Agreement. This Lease, together with its exhibits, contains all the agreements of the parties hereto and supersedes any previous negotiations. There have been no representations made by the Landlord or Tenant or understandings made between the parties other than those set forth in this Lease and its exhibits.

33. Severability. If any provision of this Lease or the application thereof to any person or circumstance shall be invalid or unenforceable to any extent, the remainder of this Lease and the application of such provision to other persons or circumstances shall not be affected thereby and shall be enforced to the greatest extent permitted by law.

34. Signs. Tenant shall have the exclusive right, at its own cost and expense, to install and affix to the Premises such signs (the "Signs") as Tenant may desire. The location, construction, size and appearance of the Signs shall comply with all applicable laws, ordinances and regulations and the requirements of any governmental agency or authority having jurisdiction thereof. The Signs shall remain the property of Tenant and may be removed by Tenant at any time provided that Tenant, at its expense, shall repair any damage caused by reason of such removal and shall restore the Premises to its original condition. Tenant shall, at its own expense, maintain the Signs in good condition and working order, shall comply with all laws, ordinances and regulations with respect thereto (including the requirements of any governmental agency or authority having jurisdiction thereof), and shall pay for all utility service to the Signs. Upon the expiration of the Term or earlier termination of this Lease, or upon the vacation of the Premises by Tenant, Tenant shall remove the Signs, shall repair any damage caused by reason of such removal and shall restore the Premises to its original condition, all at Tenant's sole cost and expense.

35. Memorandum of Lease and Right of First Refusal. Landlord and Tenant agree that a Memorandum of Lease and Right of First Refusal, in a form reasonably acceptable to both Landlord and Tenant, shall be recorded at the request of either party.

36. Construction. All provisions hereof, whether covenants or conditions, shall be deemed to be both covenants and conditions. The definitions contained in this Lease shall be used to interpret the Lease. All rights and remedies of Landlord and Tenant shall, except as otherwise expressly provided, be cumulative and non-exclusive of any other remedy at law or in equity.

37. Consent. Whenever in this Lease the consent of a party is required to any act by or for the other party, such consent shall not be unreasonably withheld or delayed.

38. Liability to Perform. This Lease and the obligations of Tenant or Landlord hereunder as the case may be, shall not be affected or impaired because the other party is unable to fulfill any of its obligations hereunder, other than the payment of money, or is delayed in doing so, if such inability or delay is caused by reason of force majeure, strike, labor troubles, acts of God, acts of government, unavailability of materials or labor, or any other cause beyond the control of such other party.

39. Corporate Authority. Each individual executing this Lease on behalf of Tenant represents and warrants that Tenant is duly incorporated, in good standing and qualified to do business in California, and that he or she is duly authorized to execute and deliver this Lease on behalf of Tenant and that he or she will deliver appropriate certification to that effect if requested.

40. Quiet Enjoyment. So long as Tenant is not in default under this Lease, Tenant shall have quiet enjoyment of the Premises for the Term, subject to all the terms and conditions of this Lease and all liens and encumbrances prior to this Lease.

41. Amendment. This Lease may be modified only in writing, signed by the parties in interest at the time of the modification.

42. Review. The Landlord and Tenant acknowledge that each has had its counsel review this Lease and hereby agree that the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Lease or in any amendments or exhibits hereto.

43. First Right of Refusal.

43.1 In the event Landlord receives a third party offer acceptable to Landlord, Landlord shall notify Tenant in writing of the terms of the accepted offer and provide Tenant with a copy of same. Tenant shall have thirty (30) days from the date of Landlord's notice in which to accept such offer on terms identical to those set forth in the accepted offer. In the event Tenant elects not to exercise its right of first refusal to accept such offer, Landlord may proceed with the sale of the Premises to such third party on the terms set forth in the accepted offer; provided, however, if the terms of the actual sale are materially different (which shall include a purchase price 5% or more less than that presented to Tenant) from those offered to Tenant, Landlord shall again offer the Premises to Tenant pursuant to this Paragraph. Notwithstanding the above, Landlord shall have the right to transfer by gift, sale or otherwise, the Premises, or any part thereof to another owner of the Premises or to a family member of any owner of the Premises ("Family Transfers") and Tenant shall have no right of first refusal with respect to a Family Transfer.

43.2 The right of first refusal granted to Tenant shall not apply in the event of foreclosure (or a deed in lieu of foreclosure) or to a sale of the leased Premises by a lender who has foreclosed or to a Lender in a sale-lease back transaction.

43.3 If the Premises are sold to any third party during the term of this Lease following Tenant failure to exercise its right of first refusal with respect thereto, then the provisions of this Section 43.3 shall thereafter be of no further force and effect.

43.4 Without limitation, Tenant's right to exercise its right of first refusal and to purchase the Premises shall be conditioned upon Tenant's concurrent exercise of its right of first refusal to purchase and the concurrent purchase of the properties at 1900 East Garvey Avenue South, West Covina, CA and 1932 East Garvey Avenue South, West Covina, CA.

44. Effect of Default on Options to Extend Term and Right of First Refusal.

44.1 Tenant shall have no right to exercise an option for an Extended Term or right of first refusal (i) during the period commencing with the giving of any notice of default and continuing until said Default is cured, (ii) during the period of time any Base Rent is unpaid (without regard to whether written notice thereof is given Tenant), or (iii) any of the occurrences set forth in (i) or (ii) above, shall have occurred with respect to any of the Related Garvey Avenue South Leases.

44.2 The period of time within which an option for an Extended Term or right of first refusal may be exercised shall not be extended or enlarged by reason of Tenant's inability to exercise an option for an Extended Term or right of first refusal because of the provisions of Section 44.1 above.

44.3 If the Lease is deemed terminated under California law, any unexercised option for an Extended Term or right of first refusal shall terminate and be of no further force and effect.

45. Guaranty. The obligations of Tenant hereunder and each of the Related Garvey Avenue South Leases during the Initial Term shall be personally thereof guaranteed by Ytransport, LLC, a Delaware Limited Liability Company which shall execute and deliver to Landlord a Guaranty of Lease attached hereto as Exhibit B concurrently with the execution of the Lease by Tenant.

46. Non-Discrimination. The Tenant herein covenants by and for itself, or its successors, executors, administrators and assigns, and all persons claiming under or through it and this Lease is made and accepted upon and subject to the following conditions:

"There shall be no discrimination against or segregation of any person or group of persons on account of race, color, creed, religion, sex, marital status, handicap, ancestry or national origin in the leasing, subleasing, transferring, use, occupancy, tenure or enjoyment of the Premises herein leased nor shall the Tenant himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number use or occupancy of tenants, lessees, sublessees, subtenants or vendees in the Premises herein leased."

Wherefore, Landlord and Tenant execute and deliver this Lease as of the day and year first above written.

Landlord:
Hassen Imports Partners, a California limited partnership

Tenant:
West Covina __, LLC, a California limited liability company

By: _____
Name: Ziad Alhassen
Title: President, General Partner

By: _____
Name: _____
Title: _____

Exhibit A

Description of Premises

F:\California Supcrstores\West Covina\Ford-Chev Lease Final Form.doc

Exhibit B
Form of Guaranty

F:\California Superstores\West Covina\Ford-Chev Lease Final Form.doc

SCHEDULE 12(b)
FORM OF GUARANTY

GUARANTY OF LEASE

THIS GUARANTY OF LEASE (this "Guaranty") made as of _____, 2012, by and among Ytransport LLC, a Delaware limited liability company ("Guarantor"), in favor of Hassen Imports Partners, a California limited partnership ("Landlord"), with respect to certain obligations of West Covina __, LLC, a California limited liability company ("Tenant").

WITNESSETH:

WHEREAS, Landlord and Tenant entered into that certain lease agreement ("Lease") dated _____, 2012 pursuant to which Landlord leased to Tenant certain real property located in the City of West Covina, County of Los Angeles, State of California (the "Property"); and

WHEREAS, Guarantor has agreed to guarantee certain obligations of Tenant under the Lease.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Guarantor hereby unconditionally and irrevocably guarantees the full, faithful and timely performance and observance of each and all of the terms, covenants and conditions of the Lease to be kept including but not limited to attorneys fees and costs required to be paid by Tenant in accordance with the provisions of Section 26 of the Lease and performed by Tenant under the Lease arising during the first ten (10) years of the Lease term ("Guaranteed Obligations") as follows:

1. Guaranty. Guarantor unconditionally guarantees the full, prompt, complete and faithful performance, payment, observance and fulfillment by Tenant of the Guaranteed Obligations. The Guaranteed Obligations include any and all amendments, modifications or supplements to the Lease that may be agreed to by Tenant and Landlord during the first ten (10) years of the Lease term, including the payment of all sums that may become due to Landlord from Tenant thereunder during such time period; and in the event that Tenant should fail to perform or discharge any of its Guaranteed Obligations, Guarantor agrees, upon Landlord's request, to perform said Guaranteed Obligations immediately cause the same to be promptly performed.
2. Limited Guaranty. This Guaranty is expressly limited to obligations of the Tenant under the Lease arising during the first ten (10) years of the Lease term, but shall continue and be irrevocable until all such Guaranteed Obligations have been fully and completely performed by Tenant, or otherwise discharged and/or released by Landlord. Guarantor shall not be released from any duty, obligation or liability under this Guaranty so long as there is any claim of Landlord against Tenant arising out of any Guaranteed Obligations which has not been performed, settled or discharged in full. Further, Guarantor shall not be released, nor shall Guarantor's Guaranteed Obligations hereunder in any way be diminished, by (i) any extension of time for payment granted Tenant by Landlord; (ii) any action taken under the Lease by Landlord in the exercise of any right thereby conferred; (iii) any delay, failure or omission on the part of Landlord to enforce any such right or which results in or aids in the discharge or release of Tenant or any security; (iv) any delay or failure of Landlord to marshal assets; (v) any failure of Landlord to comply with applicable laws in connection with the sale or other disposition of any

security, including, but not limited to, the failure to give notice of sale or other disposition of security or any other defect in any notice in connection with any sale or disposition thereof or to conduct a commercially reasonable sale thereof; (vi) any failure of Landlord to file or enforce or compromise a claim in any bankruptcy proceeding; (vii) the election by Landlord in any bankruptcy proceeding of the application or nonapplication of Section 1111(b)(2) of the Bankruptcy Code or any subsequent or equivalent provision; (viii) any extension of credit or the grant of any lien under Section 364 of the Bankruptcy Code, any use of cash collateral under Section 363 of the Bankruptcy Code or any agreement or stipulation with respect to the provision of adequate protection in any bankruptcy proceeding; (ix) the avoidance of any lien in favor of Landlord for any reason; and (x) any exercise or failure to exercise any right or remedy against any other person. Landlord shall have the full power and authority, without notice to Guarantor, to grant any extension of time for payment of any indebtedness or the performance of any obligations by Tenant under the Lease. Landlord may, without notice, assign this Guaranty in whole or in part, and no assignment or transfer of the Lease shall operate to extinguish or diminish the liability of the Guarantor hereunder. Landlord and Tenant acknowledge that in the event the term of the Lease is extended for any reason, including, without limitation, by the exercise of any option to extend the term, this Guaranty shall not apply to any of the Tenant's obligations during such extended term.

3. Waivers. Guarantor hereby waives (i) notice of acceptance and reliance upon this Guaranty by Landlord, and (ii) notice of any and all extensions, modifications and/or waivers of the obligations of Tenant to Landlord under the Lease. Guarantor waives any defenses based on the voluntary discharge or release by Landlord of Tenant's obligations under the Lease; provided that if, at the time of any discharge or release of Tenant's obligations, any of the ownership interests of Landlord and Guarantor are commonly held, such discharge or release shall be deemed voluntary. Guarantor waives all rights under Section 2845 of the California Civil Code. Guarantor waives the right to require Landlord to proceed against Tenant, to proceed against or exhaust any security now or hereafter held by Landlord, or to pursue any other remedy in Landlord's power. Landlord may, at their election, exercise any right or remedy they may have against Tenant or any security now or hereafter held by Landlord, including, without limitation, the right to foreclose on any security by judicial or nonjudicial sale, without affecting or impairing in any way the liability of Guarantor hereunder except to the extent the obligations of Tenant under the Lease may thereby be paid or satisfied. Guarantor waives any and all defenses at any time arising out of or asserted by reason of the absence, impairment or loss of any right of reimbursement or subrogation or other right to or remedy of Guarantor against Tenant or any such security, whether resulting from any such election by Landlord or otherwise. Guarantor waives any defense arising by reason of any disability or other defense of Tenant or by reason of the cessation from any cause whatsoever of the liability of Tenant. Guarantor waives any and all defenses at any time arising out of or asserted by reason of the unenforceability of or invalidity of or the lack of perfection, continuing perfection or failure of priority of any security. Guarantor waives all rights and defenses that Guarantor may have because Tenant's debt may now or in the future be secured by real property. This means, among other things: (i) Landlord may collect from Guarantor without first foreclosing on any real or personal property collateral pledged by Tenant; (ii) if Landlord forecloses on any real property collateral pledged by the Tenant: (A) the amount of the debt may be reduced only by the price for which that collateral is sold at the foreclosure sale, even if the collateral is worth more than the sale price; (B) Landlord may collect from Guarantor even if Landlord, by foreclosing on the real property collateral, has

destroyed any right Guarantor may have to collect from the Tenant. Guarantor waives any setoff, defense or counterclaim which the Tenant or Guarantor may have or claim to have against Landlord, including, but not limited to, Sections 726, 580a and 580b of the California Code of Civil Procedure. Guarantor waives all rights under Section 2849 of the California Civil Code, any other benefit of or right to participate in any security now or hereafter held by Landlord and all other suretyship defenses which otherwise might or would be available under California law, whether or not expressly waived herein. Guarantor waives any and all defenses at any time arising out of or asserted by reason of any law which provides that the obligation of the Guarantor must neither be larger in amount nor in other respects more burdensome than that of the principal or which reduces a guarantor's obligations in proportion to that for the principal's obligation. Guarantor waives all presentments, demands for performance, notices of nonperformance, protests, notices of protest, notices of dishonor, notices of default, notices of acceptance of this Guaranty and diligence. Guarantor hereby acknowledges and agrees that any failure on the part of Landlord to give notice to Guarantor of any default by or on behalf of Tenant under the Lease shall not in any way jeopardize or impair the rights of Landlord to proceed against Guarantor for recovery of any and all sums properly due under the Lease and this Guaranty, it being specifically agreed and understood that this Guaranty of the undersigned is a continuing guarantee under which Landlord may proceed forthwith and immediately against Tenant or against Guarantor following any default by Tenant. The provisions of the Lease may be changed by agreement between Landlord and Tenant without the consent of or notice to Guarantor. Without limiting the generality of the foregoing, Guarantor waives the rights and benefits of California Civil Code Sections 2810, 2819, 2820, 2850, and 3433 with respect to any change to the Lease between Landlord and Tenant, and agrees that by doing so Guarantor's liability shall continue even if (a) Landlord and Tenant alter any Lease obligations, or (b) Guarantor's remedies or rights against Tenant are impaired or suspended without Guarantor's consent by such alteration of Lease obligations.

4. Subrogation. Until the indebtedness is irrevocably paid in full, the undersigned hereby waives any and all rights to be subrogated to the position of the Landlord or to have the benefit of any lien, security interest or other guaranty now or hereafter held by the Landlord for the Indebtedness or to enforce any remedy which the Landlord now has or hereafter may have against the Tenant or any other person. Upon the irrevocable payment in full of all Indebtedness, Guarantor shall thereby be subrogated and entitled to all rights and remedies which Landlord would have had against Tenant, and upon request, the Landlord shall transfer to Guarantor all such rights and remedies to perfect such right of subrogation. The Landlord shall have no duty to enforce or protect any rights which the undersigned may have against the Tenant, and the undersigned assume full responsibility for enforcing and protecting any such rights.

5. Estoppel Certificates. The obligations of Tenant under the Lease to execute and deliver estoppel statements, as therein provided, shall be deemed to also require the Guarantor hereunder to do and provide the same relative to Guarantor upon request by Landlord

6. Primary Liability. Guarantor's liability hereunder shall be primary, direct and immediate, and shall not be conditioned or contingent upon Landlord's exhaustion or pursuit of whatever remedies it may have against Tenant, including a resort to the Property or other security, for the performance of any obligation of Tenant under the Lease, and suit may be brought, instituted or

maintained against Guarantor in the first instance and without the necessity of the joinder of Tenant or any other party or parties. The obligations of Guarantor under this Guaranty are independent of the obligations of Tenant and a separate action or actions may be brought and prosecuted against Guarantor whether or not an action is brought against Tenant or Tenant is joined in any such action or actions.

7. Representations and Warranties. Guarantor hereby represents and warrants to Landlord that:

(a) Guarantor is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Delaware, and is duly qualified to do business and in good standing as a foreign corporation in every jurisdiction in which the nature of its business requires such qualification

(b) The execution and delivery of this Guaranty and the performance by Guarantor of its obligations hereunder will not conflict with or violate any provisions of, or result in a default or acceleration of any obligation under, any mortgage, lease, contract, agreement, indenture, other instrument or undertaking, order, decree or judgment to which Guarantor is a party or by which it is bound.

(c) Guarantor will assume the responsibility for being and keeping itself informed of the financial condition of Tenant and of all other circumstances bearing upon the risk of Tenant's nonperformance of the Lease which diligent inquiry would reveal, and agrees that Landlord has no duty to advise Guarantor of information known to Landlord regarding such condition or any such circumstance.

(d) There is no litigation pending or threatened against Guarantor or Tenant before any court or administrative agency which may have a material adverse effect on the assets, business, financial condition or operations of Guarantor, or which would prevent or hinder the performance by Guarantor of its obligations under this Guaranty.

(e) This Guaranty is the valid obligation of Guarantor, binding and enforceable against it in accordance with the terms hereof, subject, however, to the laws of general application relating to bankruptcy, insolvency and the relief of debtors as they may apply to the Guarantor.

8. Insolvency. In the event that Tenant becomes insolvent or is adjudicated to be bankrupt or files a petition for insolvency, reorganization, liquidation, dissolution, arrangement, composition or similar relief under any present or future provision of the Federal Bankruptcy Code or any other federal or state debtor relief statute, or if such a petition is filed against Tenant, and in any such proceeding any or all of the obligations of Tenant to Landlord under the Lease is terminated or rejected or any such obligation of Tenant is barred, stayed, discharged, modified or abrogated, Guarantor agrees that Guarantor's liability under this Guaranty shall not thereby be affected or modified, and such liability of Guarantor shall continue in full force and effect as if no such action, proceeding or ruling had occurred. This Guaranty shall continue to be effective or be reinstated, as the case may be, if any payment by Tenant or Guarantor must be

returned by Landlord upon the insolvency, bankruptcy, liquidation, dissolution, reorganization or discharge of Tenant or Guarantor, or otherwise, as through such payment had not been made.

9. No Reporting Duty. Guarantor assumes full responsibility for keeping fully informed of the financial condition of Tenant and all other circumstances affecting Tenant's ability to perform Tenant's obligations to make the payment and agrees that Landlord will not have any duty to report to Guarantor any information that Landlord receives about Tenant's financial condition or any circumstances bearing on Tenant's ability to perform such obligations.

10. Governing Law. This Guaranty shall be construed under and be governed by the laws of the State of California.

11. Successors and Assigns. This Guaranty shall inure to the benefit of Landlord, its successors and assigns, and shall be binding upon Guarantor, its heirs, successors and assigns. Landlord shall have the right, without any consent from Guarantor, to assign this Guaranty in whole or in part, but only in connection with the assignment of Landlord's interest in the Lease.

12. Attorneys' Fees. Guarantor shall pay to Landlord all reasonable sums as and for attorneys' fees and such other costs and expenses as may be incurred by Landlord in the enforcement of this Guaranty. Guarantor consents to jurisdiction and service of process within Los Angeles County, California, for any action arising under this Guaranty.

13. Enforceability. If any provision of this Guaranty is held to be invalid or unenforceable, the validity and enforceability of the other provisions of this Guaranty shall not be affected.

14. Address. Guarantor's present address is 516 Gibson Drive #290, Roseville, CA 95758. Guarantor shall promptly notify Landlord in writing of any change in Guarantor's address.

15. Rules of Interpretation. Guarantor has reviewed this Guaranty with its legal counsel, and the rule of construction providing that ambiguities are to be resolved against the drafting party or in favor of the party receiving a particular benefit under an agreement may not be employed in the interpretation of this Guaranty or any amendment thereto.

IN WITNESS WHEREOF, the parties hereto have set forth hands and seals as of the day and year first above written.

GUARANTOR:

Ytransport LLC, a Delaware limited liability company

By: _____

Name: _____

Title: _____