UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

PROOF OF CLAIM

Name of Debtor: **Gulf Packaging, Inc.**

Case Number: **15-15249**

NOTE: Do not use this form to make a claim for an administrative expense that arises after the bankruptcy filing. You may file a request for payment of an administrative expense according to 11 U.S.C. § 503.

RECEIVED
JUL 31 2015
BMC GROUP

Name of Creditor (the person or other entity to whom the debtor owes money or property): UNIT 82 JOINT VENTURE

Name and address where notices should be sent:

36759533001137

F-STAR PROPERTY MANAGEMENT INC
P O BOX 674109
DALLAS, TX 75267-4109

If you have already filed a proof of claim with the Bankruptcy Court or BMC, you do not need to file again.

Creditor Telephone Number (480) 657-7827 email: CHRISK@FIVESTARDEVELOPMENT.COM

THIS SPACE IS FOR COURT USE ONLY

Name and address where **payment** should be sent (if different from above):

☐ Check box if you are aware that anyone else has filed a proof of claim relating to your claim. Attach copy of statement giving particulars.

☐ Check this box to indicate that this claim amends a previously filed claim.

Court Claim Number (if known): _____

Filed on: _____

Payment Telephone Number (480) 657-7827 email:

1. AMOUNT OF CLAIM AS OF DATE CASE FILED $ 66,896.10

If all or part of your claim is secured, complete item 4.

If all or part of your claim is entitled to priority, complete item 5.

☑ Check this box if claim includes interest or other charges in addition to the principal amount of claim. Attach itemized statement of interest or charges.

2. BASIS FOR CLAIM: (See instruction #2) RENT PAYMENTS AND EXIT REPAIRS FROM A PROPERTY LEASED BY DEBTOR AT 12160 ROJAS DRIVE, EL PASO, TX

3. LAST FOUR DIGITS OF ANY NUMBER BY WHICH CREDITOR IDENTIFIES DEBTOR: _____

3a. Debtor may have scheduled account as: _____ (See instruction #3a)

3b. Uniform Claim Identifier (optional): _____ (See instruction #3b)

4. SECURED CLAIM: (See instruction #4)

Check the appropriate box if your claim is secured by a lien on property or a right of set off, attach required redacted documents, and provide the requested information.

Nature of property or right of setoff:
Describe:

☐ Real Estate ☐ Motor Vehicle ☐ Other _____

Value of Property: $ _____

Annual Interest Rate: _____ % ☐ Fixed or ☐ Variable
(when case was filed)

Amount of arrearage and other charges, as of time case filed, included in secured claim, if any: $ _____

Basis for Perfection: _____

Amount of Secured Claim: $ _____

Amount Unsecured: $ _____

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5. Amount of Claim Entitled to Priority under 11 U.S.C. § 507(a). If any part of the claim falls into one of the following categories, check the box specifying the priority and state the amount.

Amount entitled to priority: $ 22,273.07

You MUST specify the priority of the claim:

☐ Domestic support obligations under 11 U.S.C. § 507(a)(1)(A) or (a)(1)(B).

☐ Up to $2,775* of deposits toward purchase, lease, or rental of property or services for personal, family, or household use -11 U.S.C. § 507(a)(7).

☐ Wages, salaries, or commissions (up to $12,475*), earned within 180 days before filing of the bankruptcy petition or cessation of the debtor's business, whichever is earlier - 11 U.S.C. § 507(a)(4).

☐ Taxes or penalties owed to governmental units - 11 U.S.C. § 507(a)(8).

☐ Contributions to an employee benefit plan - 11 U.S.C. § 507(a)(5).

☑ Other - Specify applicable paragraph of 11 U.S.C. § 507(a) (2).

** Amounts are subject to adjustment on 4/01/16 and every 3 years thereafter with respect to cases commenced on or after the date of adjustment.*

6. CREDITS: The amount of all payments on this claim has been credited for the purpose of making this proof of claim. (See instruction #6)

Gulf Packaging, Inc. POC
00423

7. DOCUMENTS: *Attached are redacted copies of documents that support the claim,* such as promissory notes, purchase orders, invoices, itemized statements of running accounts, contracts, judgments, mortgages, and security agreements, or, in the case of a claim based on an open-end or revolving consumer credit agreement, a statement providing the information required by FRBP 3001(c)(3)(A). If the claim is secured, box 4 has been completed, and redacted copies of documents providing evidence of perfection of a security interest are attached. If the claim is secured by the debtor's principal residence, the Mortgage Proof of Claim Attachment is being filed with this claim. (See instruction #7, and definition of "redacted").

DO NOT SEND ORIGINAL DOCUMENTS. ATTACHED DOCUMENTS MAY BE DESTROYED AFTER SCANNING.

If the documents are not available, please explain:

DATE-STAMPED COPY: To receive an acknowledgment of the filing of your claim, enclose a stamped, self-addressed envelope and copy of this proof of claim.

The original of this completed proof of claim form must be sent by mail or hand delivered (NEITHER FAXES NOR E-MAILS WILL BE ACCEPTED) so that it is actually received no later than 5:00 pm, prevailing Central Time on July 31, 2015 for all Entities other than Governmental Units OR no later than 5:00 pm, prevailing Central Time on October 26, 2015 for all Governmental Units.

BY MAIL TO:
BMC Group, Inc.
Attn: Gulf Packaging, Inc. Claims Processing
PO Box 90100
Los Angeles, CA 90009

BY MESSENGER OR OVERNIGHT DELIVERY TO:
BMC Group, Inc.
Attn: Gulf Packaging, Inc. Claims Processing
300 N. Continental Blvd., #570
El Segundo, CA 90245

8. SIGNATURE: (See instruction #8)

Check the appropriate box.

☑ I am the creditor. ☐ I am the creditor's authorized agent. ☐ I am the trustee, or the debtor, or their authorized agent. (See Bankruptcy Rule 3004.) ☐ I am a guarantor, surety, indorser, or other codebtor. (See Bankruptcy Rule 3005.)

I declare under penalty of perjury that the information providedin this claim is true and correct to the best of my knowledge, information, and reasonable belief.

Print Name: CHRIS KLECKA
Title: CHIEF FINANCIAL OFFICER
Company: UNIT 82 JOINT VENTURE

Address and telephone number (if different from notice address above):

Telephone number: email:

(Signature) 7/29/2015 (Date)

Penalty for presenting fraudulent claim: Fine of up to $500,000 or imprisonment for up to 5 years, or both. 18 U.S.C. §§ 152 and 3571.

INSTRUCTIONS FOR PROOF OF CLAIM FORM

The instructions and definitions below are general explanations of the law. In certain circumstances, such as bankruptcy cases not filed voluntarily by the debtor, there may be exceptions to these general rules.

ITEMS TO BE COMPLETED IN PROOF OF CLAIM FORM (IF NOT ALREADY PROPERLY FILLED IN)

Court, Name of Debtor, and Case Number:
Fill in the federal judicial district where the bankruptcy case was filed (for example, Central District of California), the bankruptcy debtor's full name, and the case number. If you received a notice of the case from the Claims Agent, BMC Group, some or all of this information may have been already completed.

Creditor's Name and Address:
Fill in the name of the person or entity asserting a claim and the name and address of the person who should receive notices issued during the bankruptcy case. A separate space is provided for the payment address if it differs from the notice address. The creditor has a continuing obligation to keep the court informed of its current address. See Federal Rule of Bankruptcy Procedure (FRBP) 2002(g).

1. Amount of Claim as of Date Case Filed:
State the total amount owed to the creditor on the date of the bankruptcy filing. Follow the instructions concerning whether to complete items 4 and 5. Check the box if interest or other charges are included in the claim.

2. Basis for Claim:
State the type of debt or how it was incurred. Examples include goods sold, money loaned, services performed, personal injury/wrongful death, car loan, mortgage note, and credit card. If the claim is based on delivering health care goods or services, limit the disclosure of the goods or services so as to avoid embarrassment or the disclosure of confidential health care information. You may be required to provide additional disclosure if an interested party objects to the claim.

3. Last Four Digits of Any Number by Which Creditor Identifies Debtor:
State only the last four digits of the debtor's account or other number used by the creditor to identify the debtor.

3a. Debtor May Have Scheduled Account As:
Report a change in the creditor's name, a transferred claim, or any other information that clarifies a difference between this proof of claim and the claim as scheduled by the debtor.

3b. Uniform Claim Identifier:
If you use a uniform claim identifier, you may report it here. A uniform claim identifier is an optional 24-character identifier that certain large creditors use to facilitate electronic payment in chapter 13 cases.

4. Secured Claim:
Check whether the claim is fully or partially secured. Skip this section if the claim is entirely unsecured. (See Definitions) If the claim is secured, check the box for the nature and value of property that secures the claim, attach copies of lien documentation and state, as of the date of the bankruptcy filing the annual interest rate (and whether it is fixed or variable), and the amount past due on the claim.

5. Amount of Claim Entitled to Priority Under 11 U.S.C. §507(a).
If any portion of your claim falls into any category shown, check the appropriate box(es) and state the amount entitled to priority. (See Definitions.) A claim may be partly priority and partly non-priority. For example, in some of the categories, the law limits the amount entitled to priority.

6. Credits:
An authorized signature on this proof of claim serves as an acknowledgment that when calculating the amount of the claim, the creditor gave the debtor credit for any payments received toward the debt.

7. Documents:
Attach redacted copies of any documents that show the debt exists and a lien secures the debt. You must also attach copies of documents that evidence perfection of any security interest and documents required by FRBP 3001(c) for claims based on an open-end or revolving consumer credit agreement or secured by a security interest in the debtor's principal residence. You may also attach a summary in addition to the documents themselves. FRBP 3001(c) and (d). If the claim is based on delivering health care goods or services, limit disclosing confidential health care information. Do not send original documents, as attachments may be destroyed after scanning.

8. Date and Signature:
The individual completing this proof of claim must sign and date it. FRBP 9011. If the claim is filed electronically, FRBP 5005(a)(2), authorizes courts to establish local rules specifying what constitutes a signature. If you sign this form, you declare under penalty of perjury that the information provided is true and correct to the best of your knowledge, information, and reasonable belief. Your signature is also a certification that the claim meets the requirements of FRBP 9011(b). Whether the claim is filed electronically or in person, if your name is on the signature line, you are responsible for the declaration. Print the name and title, if any, of the creditor or other person authorized to file this claim. State the filer's address and telephone number if it differs from the address given on the top of the form for purposes of receiving notices. If the claim is filed by an authorized agent, provide both the name of the individual filing the claim and the name of the agent. If the authorized agent is a servicer, identify the corporate servicer as the company. Criminal penalties apply for making a false statement on a proof of claim.

DEFINITIONS

DEBTOR
A debtor is the person, corporation, or other entity that has filed a bankruptcy case.

CREDITOR
A creditor is a person, corporation, or other entity to whom the debtor owes a debt that was incurred before the date of the bankruptcy filing. See 11 U.S.C. §101(10).

CLAIM
A claim is the creditor's right to receive payment for a debt owed by the debtor on the date of the bankruptcy filing. See 11 U.S.C. §101(5). A claim may be secured or unsecured.

PROOF OF CLAIM
A proof of claim is a form used by the creditor to indicate the amount of the debt owed by the debtor on the date of the bankruptcy filing. This form must be filed with the court-appointed Claims Agent, BMC Group, at the address listed in section #7 above.

SECURED CLAIM Under 11 U.S.C. §506(a)
A secured claim is one backed by a lien on property of the debtor. The claim is secured so long as the creditor has the right to be paid from the property prior to other creditors. The amount of the secured claim cannot exceed the value of the property. Any amount owed to the creditor in excess of the value of the property is an unsecured claim. Examples of liens on property include a mortgage on real estate or a security interest in a car. A lien may be voluntarily granted by a debtor or may be obtained through a court proceeding. In some states, a court judgment is a lien. A claim also may be secured if the creditor owes the debtor money (has a right to setoff).

UNSECURED CLAIM
An unsecured claim is one that does not meet the requirements of a secured claim. A claim may be partly unsecured if the amount of the claim exceeds the value of the property on which the creditor has a lien.

CLAIM ENTITLED TO PRIORITY Under 11 U.S.C. §507(a)
Priority claims are certain categories of unsecured claims that are paid from the available money or property in a bankruptcy case before other unsecured claims.

REDACTED
A document has been redacted when the person filing it has masked, edited out, or otherwise deleted, certain information. A creditor must show only the last four digits of any social-security, individual's tax-identification, or financial-account number, only the initials of a minor's name, and only the year of any person's date of birth. If the claim is based on the delivery of health care goods or services, limit the disclosure of the goods or services so as to avoid embarrassment or the disclosure of confidential health care information.

EVIDENCE OF PERFECTION
Evidence of perfection may include a mortgage, lien, certificate of title, financing statement, or other document showing that the lien has been filed or recorded.

INFORMATION

OFFERS TO PURCHASE A CLAIM
Certain entities are in the business of purchasing claims for an amount less than the face value of the claims. One or more of these entities may contact the creditor and offer to purchase the claim. Some of the written communications from these entities may easily be confused with official court documentation or communications from the debtor. These entities do not represent the bankruptcy court or the debtor. The creditor has no obligation to sell its claim. However, if the creditor decides to sell its claim, any transfer of such claim is subject to FRBP 3001(e), any applicable provisions of the Bankruptcy Code (11 U.S.C. §101 *et seq.*), and any applicable orders of the bankruptcy court.

Date-Stamped Copy
Return claim form and attachments, if any. If you wish to receive an acknowledgement of your claim, please enclose a self-addressed stamped envelope and a second copy of the proof of claim form with any attachments to the Claims Agent, BMC Group, at the address on the second page of this form.

Please read – important information: upon completion of this claim form, you are certifying that the statements herein are true.

Be sure all items are answered on the claim form. If not applicable, insert "Not Applicable."

ONCE YOUR CLAIM IS FILED YOU CAN OBTAIN OR VERIFY YOUR CLAIM NUMBER BY VISITING www.bmcgroup.com/GPI

Unit 82 Joint Venture
East-10 Industrial Comm'l Park
12160 Rojas Drive
El Paso, TX 79936-7705

OPEN ITEM STATEMENT

Gulf Systems Inc
7720 FM 1960 Rd East
Humble, TX 77346

Date: 07/30/2015
Account: GULF01

Amount enclosed: _____

Please enclose this portion with your remittance.

Make checks payable to:
c/o F-Star Property Management
PO Box 674109
Dallas, TX 75267-4109

Statement for:
Gulf Systems Inc
7720 FM 1960 Rd East
Humble, TX 77346

Statement date
07/30/2015

Unit	Due Date	Description	Amount
D1	04/16/2015	Late Charge-April	833.81
D1	05/16/2015	Gross Receipts-Texas	6.39
D1	05/16/2015	Late Charge - May	1,112.70
D1	06/01/2015	CAM Charge	1,989.53
D1	06/01/2015	Gross Receipts-Texas	63.62
D1	06/01/2015	Insurance Charge	182.73
D1	06/01/2015	Property Tax Charge	1,331.58
D1	06/01/2015	Base Rent Charge	7,529.94
D1	06/01/2015	Storm Water Mgmt Assessment	29.55
D1	06/16/2015	Gross Receipts-Texas, June LC	6.39
D1	06/16/2015	Late Charge & Interest - June	1,200.38
D1	07/01/2015	CAM Charge	1,989.53
D1	07/01/2015	Gross Receipts-Texas	63.62
D1	07/01/2015	Insurance Charge	182.73
D1	07/01/2015	Property Tax Charge	1,331.58
D1	07/01/2015	Base Rent Charge	7,529.94
D1	07/01/2015	Storm Water Mgmt Assessment	29.55
D1	07/16/2015	Gross Receipts-Texas	6.39
D1	07/16/2015	Late Charge, Interest - July	1,277.09
		Balance:	**26,697.05**

Payment due upon receipt.

Please pay by due date to avoid late charges.

F-STAR PROPERTY
MANAGEMENT, INC.

Exit Invoice

Invoice to:
Gulf Packaging
7720 FM 1960 Rd East
Humble, TX 77346

Location:
12160 Rojas Drive
Suite D1
El Paso, TX 79936

Number: **EXIT-1**
Date: 07/02/15

Account: **GULF01**

Contractor	***Description***	***Amount***
Coefficient Mechanical Systems		
	HVAC equipment service, repairs & replacements	$5,331.22
	Per attached Proposal dated 6/22/15 Sales tax:	$439.83
		$5,771.05
Miner El Paso		
	Repairs and replacements for damaged doors and docks	$3,335.80
	Dock doors #10, #11, #12, #13, #14, #15 Sales tax:	$275.20
	Per attached Proposal dated 6/23/15	**$3,611.00**
Longhorn Commercial Construction Company		
	Exit repairs per attached Proposal dated 7/2/15	$23,440.00
	Sales tax:	$1,933.80
		$25,373.80
	SUBTOTAL:	**$34,755.85**
Administrative Fee		**$5,213.38**
Gross Receipts Tax		**$229.82**
	TOTAL DUE:	**$40,199.05**

Due Upon Receipt

REMIT TO:
F-Star Property Management, Inc.
PO Box 674109
Dallas, TX 75267-4109

FIRST AMENDMENT TO STANDARD INDUSTRIAL LEASE

THIS FIRST AMENDMENT TO STANDARD INDUSTRIAL LEASE (this "Amendment") is entered into as of the 9th day of October, 2008, by and between UNIT 82 JOINT VENTURE, a Texas general partnership ("Landlord"), and GULF SYSTEMS, INC., a Texas corporation ("Tenant").

RECITALS

WHEREAS, Landlord and Tenant entered into that certain written Standard Industrial Lease dated effective January 26, 2005 (the "Lease") in connection with Suite D-1 comprising approximately Fifteen Thousand Two Hundred and Twelve (15,212) square feet of space (the "Original Premises") within "East-10 Industrial Commercial Park" located at 12160 Rojas Drive (the "Building"), in El Paso, Texas 79936;

WHEREAS, Tenant has elected to exercise its Right of First Offer to expand the Premises to include a portion of Suite D-2 located adjacent to the Premises, and Landlord is agreeable to such exercise and expansion by Tenant; and

WHEREAS, Landlord and Tenant desire to amend the Lease upon the terms and conditions set forth below.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereby agree as follows:

AGREEMENT

1. Premises and Premises Area. From and after June 1, 2008 (the "Effective Date"), the "Premises" and "Premises Area," as set forth in Section 1 of the Lease, shall be amended to include a portion of Suite D-2 and increased by approximately Seven Thousand Six Hundred and Six (7,606) additional square feet (the "Expansion Space") for a total of approximately Twenty-two Thousand Eight Hundred and Eighteen (22,818) square feet (collectively, the "Expanded Premises").

2. Base Rent. From and after the Effective Date the "Base Rent," as set forth in Section 1 of the Lease, for the Expanded Premises shall be modified and amended as follows:

Base Rent:

Dates	Monthly Amount	Annual Rate
June 1, 2008 through July 31, 2010	$6,845.40	$82,144.80
August 1, 2010 through July 31, 2015	$7,529.94	$90,359.28

3. Prepaid Rent: From and after the Effective Date the "Prepaid Rent," as set forth in Section 1 of the Lease, is hereby modified and amended to include the last months' Base Rent for the Expansion Space as follows:

Prepaid Rent: $12,093.54 (first and last months' Base Rent)

Concurrently with Tenant's execution and delivery of this Amendment to Landlord, Tenant shall provide Landlord with a check in the amount of Two Thousand Five Hundred Nine and 98/100 Dollars ($2,509.98) for the last months' Base Rent for the Expansion Space.

4. Tenant's Share. From and after the Effective Date the provision entitled, "Tenant's Share," as set forth in Section 1 of the Lease, is hereby modified and amended to delete the current percentage of "9.24%" and replace it with "**13.86%**".

5. Annual Operating Expenses. Annual Operating Expenses, as set forth in Section 1 of the Lease, shall continue to accrue and be payable by Tenant to Landlord for the Expanded Premises pursuant to the terms of the Lease.

6. Premises/Site Plan. The "Premises/Site Plan," originally attached to the Lease as Exhibit "A," is hereby deleted and replaced with the new Premises/Site Plan attached as Exhibit "A" hereto.

7. Facility Condition/Improvements. Landlord shall deliver the Expansion Space to Tenant on or before the Effective Date of this Amendment in an "AS IS, WHERE IS" condition. However, as soon as practical, Landlord will construct a cyclone fence along Column 9, at Tenant's sole cost and expense, in the location depicted on Exhibit "A" attached hereto. Tenant agrees to reimburse Landlord for the cost of the construction of the cyclone fence within ten (10) days of Tenant's receipt of Landlord's invoice.

8. Landlord's Termination Right as to Expansion Space. The parties acknowledge and agree that Landlord, in its sole and absolute discretion, shall have the right to terminate Tenant's right to possession of the Expansion Space at any time, upon thirty (30) days' prior written notice to Tenant. Upon the Effective Date of Landlord's termination notice, Tenant will surrender and deliver up the Expansion Space to Landlord in good and broom-clean condition and repair, in like condition as delivered to Tenant. In addition, the increased amounts payable in connection with the Expansion Space shall cease as of the Effective Date of Landlord's termination notice, and Landlord shall provide Tenant with a credit in connection with Tenant's payment of the additional Prepaid Rent for the Expansion Space set forth in Paragraph 3 hereinabove.

9. Right of First Offer/Refusal. The parties acknowledge and agree that Tenant continues to retain its Right of First Refusal, as set forth in Section 30.16 of the Lease.

10. Certificate of Insurance. Concurrently with Tenant's execution and delivery of this Amendment to Landlord, Tenant shall provide Landlord with a revised Certificate of Insurance which includes the Expansion Space.

11. Full Force and Effect. Except as specifically modified herein, all terms and conditions of the Lease remain in full force and effect.

12. Authority. The undersigned represent and warrant that they are authorized to execute this Amendment.

13. Counterparts. This Amendment may be executed in any number of counterparts, each of which shall be deemed to be an original, but all such counterparts shall together constitute one and the same instrument.

14. Successors and Assigns. This Amendment shall be binding upon, and inure to, the benefit of the parties hereto, their respective heirs, successors, legal representatives and assigns.

15. Applicable Law. This Amendment shall be governed by and construed in accordance with the laws of the State of Texas.

IN WITNESS WHEREOF, this Amendment has been executed as of the date first set forth above.

TENANT:

GULF SYSTEMS, INC.,
a Texas corporation

By: _____
Printed Name: RANDAL L. SCOTT
Title: CORP. OPER MGR

LANDLORD:

UNIT 82 JOINT VENTURE,
a Texas general partnership

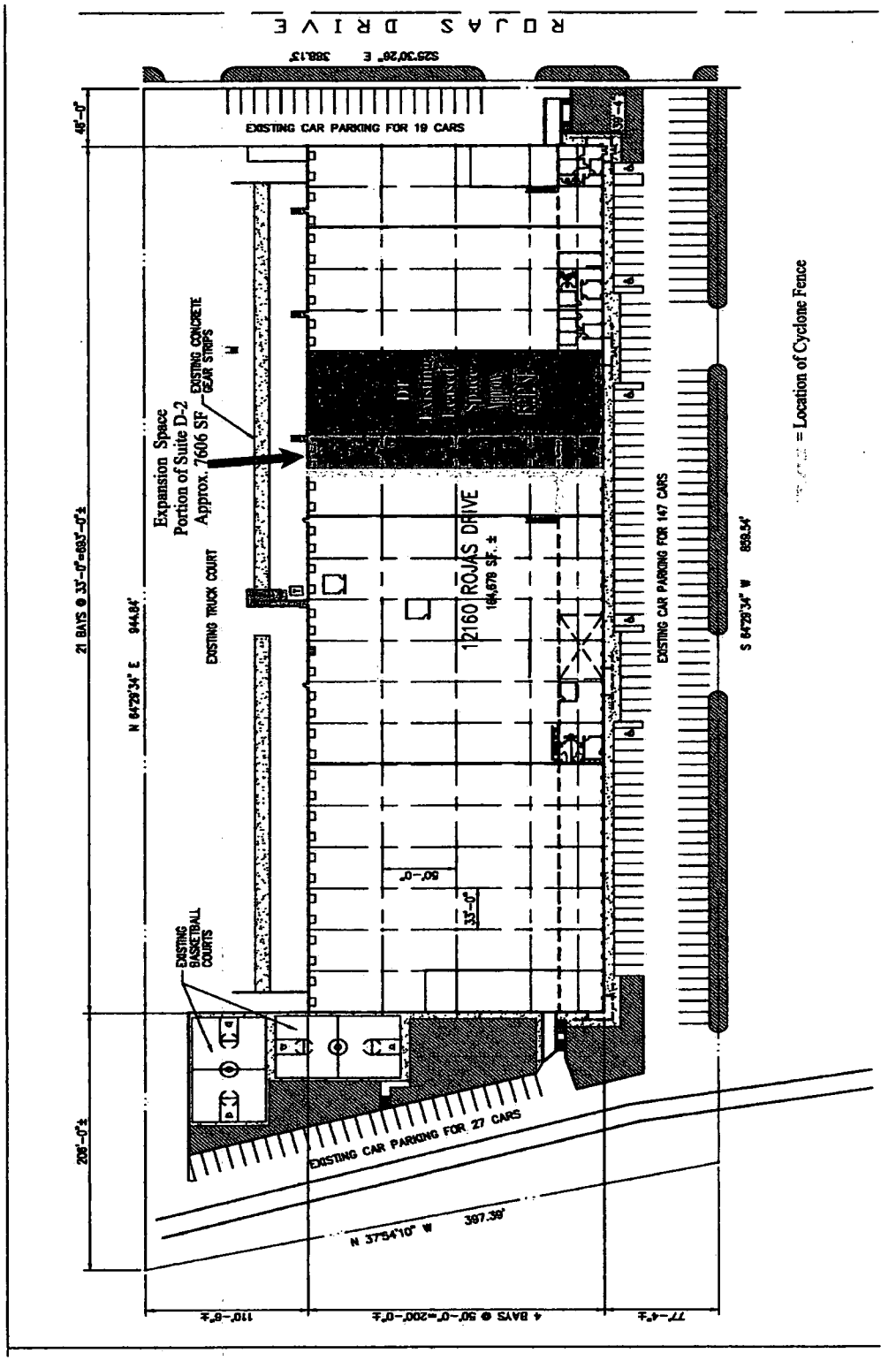
By: Ayoub Investments-Texas, Inc.,
a Delaware corporation
Its General Partner

By: _____
Jerry C. Ayoub
Its President

EXHIBIT "A"

PREMISES / SITE PLAN

Gulf Systems, Inc.
12160 Rojas, Suites D-1 and a portion D-2, 22,818 Sq.Ft.



STANDARD INDUSTRIAL LEASE

UNIT 82 JOINT VENTURE-LANDLORD

and

GULF SYSTEMS, INC. -TENANT

DATED: January 26, 2005

Gulf Industries - Standard Industrial Lease
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STANDARD INDUSTRIAL LEASE

THIS STANDARD INDUSTRIAL LEASE (the "Lease") is made to be effective the 26th day of January, 2005, by and between UNIT 82 JOINT VENTURE ("Landlord"), a Texas Joint Venture, and GULF SYSTEMS, INC. ("Tenant"), a Texas corporation, Charter No. 0041323200; EIN #17419300268.

W I T N E S S E T H:

In consideration of the rents, covenants, and agreements herein set forth, Landlord and Tenant enter into the following agreement:

1. **Definitions and Key Provisions.** The following terms shall be defined in this Lease as follows:

Premises: The 15,212 square foot (more or less) space located within the Building identified on Exhibit "A".

Premises Area: Approximately 15,212 square feet.

Project: The real estate and improvements including the approximately 164,679 square foot building (the "Building") as shown on Exhibit "A" and municipally numbered as 12160 Rojas, Suite D; the legal description of the real estate (the "Land") is attached as Exhibit "B".

Tenant's Share: 9.24%; the fraction, the numerator of which is the Premises Area and the denominator of which is the total number of square feet of rentable space in the Building.

Initial Term: Ten (10) years unless terminated earlier as provided herein, commencing on the Rent Commencement Date.

Estimated Delivery Date: February 1, 2005

Renewal Terms: One (1) additional consecutive term of five (5) years.

Rent Commencement Date: [X] August 1, 2005 or [ ] Substantial Completion of the Tenant Improvements as provided in the Construction Addendum.

Base Rent:	Monthly	Annually	PSF (Annual)
February 1, 2005 to July 31, 2005:	Tenant to pay Operating Expenses only		
August 1, 2005 to July 31, 2010:	$4,563.60	$54,763.20	$3.60
August 1, 2010 to July 31, 2015:	$5,019.96	$60,239.52	$3.96

Security Deposit: Intentionally Waived

Prepaid Rent: $9,583.56 (first and last month's rent)

Initial Estimated Annual Operating Expenses: (estimated on per square foot basis and subject to adjustment to actual costs and expenses as provided herein) which begin the day Tenant is first allowed use of the Premises.

1. Common Area Charges and Insurance: $0.50
2. Taxes: $0.60
3. Total: $1.10 per square foot annually

Brokers: David Dunn, CCIM-Dunn Commercial Real Estate

2. **Granting Clause and Quiet Enjoyment.** In consideration of the obligation of Tenant to pay rent as herein provided and in consideration of the other terms, covenants and conditions hereof, Landlord leases to Tenant, and Tenant takes from Landlord, the Premises for the term hereof. Notwithstanding the fact that the Rent Commencement Date is subsequent to the effective date of this Lease, it is the intention of Landlord and Tenant that each have vested rights hereunder and that this Lease constitutes a binding and valid obligation of each as of the date this Lease is fully executed. Landlord covenants and agrees that upon Tenant's paying rent and performing all of the covenants and conditions set forth in this Lease, Tenant shall peaceably and quietly have, hold and enjoy the Premises, for the purposes specified in **Section 6.1** hereof; subject, however, to all of the terms hereof and to all reservations in favor of Landlord, all zoning ordinances and other laws and regulations governing or regulating the use of the Premises, and all easements, rights-of-way, and presently recorded instruments which affect the Premises. Landlord warrants and represents to Tenant that the Premises and the Building each contain within ten percent (10%), plus or minus, of the useable, rentable square feet set forth in Section 1 hereof.

3. **Renewal Terms.** Provided Tenant is not then in default hereunder, Tenant shall have the right to extend the term of this Lease for the applicable Renewal Terms at a ten percent (10%) increase above the then current base rate, provided Tenant gives Landlord written notice of its election to extend the Lease six (6) months prior to the expiration of the then expiring Term.

4. **Security Deposit.** Intentionally Deleted

5. **Rent.**

5.1 **Base Rent.** Tenant shall pay Base Rent to Landlord for the Premises in the amounts set forth in **Section 1**; and more specifically in equal and successive monthly installments of Base Rent as set forth therein. Said Base Rent shall be paid in advance on the first day of each month of the Term, without charge to Landlord, with proration to occur for any partial month if the Rent Commencement Date is other than on the first day of a calendar month. In addition to the Security Deposit, the Prepaid Rent, and the first monthly installment of estimated Operating Expenses (as herein defined) shall be due and payable on the date this Lease is fully executed. All rentals to be paid by Tenant to Landlord shall be in lawful money of the United States of America and shall be paid without deduction, offset or charge, prior notice or demand, and at such place or places as may be designated from time to time by Landlord. Landlord may, at its option, require Tenant to make any payment(s) of rental by certified check or money order. Tenant's obligation to pay rent under this Lease is an independent covenant and no act or circumstance, regardless of whether such act or circumstance constitutes a breach of this Lease by Landlord, shall release Tenant of its obligation to pay rent as required by this Lease.

5.2 **Operating Expense Payments.** It is the intention of Landlord and Tenant that Landlord receive the Base Rent "net" of all other charges except as expressly provided herein; accordingly, beginning on the earlier of (i) the Commencement Date (as defined in the Construction Addendum) or (ii) Tenant's initial occupancy of the Premises, Tenant shall pay as additional rent Tenant's Share of the "Operating Expenses" for the Project. The term **"Operating Expenses"** shall mean all costs and expenses (including, without limitation, sales tax) incurred by Landlord with respect to the ownership, maintenance and operation of the Project, including but not limited to: Taxes as provided in **Section 11**); Insurance (as provided in **Section 14**); association fees, if any; utilities for the common areas of the Project; maintenance, repair and replacement of all portions of the Project, including, without limitation, signs, fire suppression systems (if any), repair or replacement of exterior surfaces, including, but not limited to painting, cleaning and graffiti removal, paving and parking areas, roads, roof (routine maintenance and repair only), alleys, landscaping, line painting, utility lines, lighting, electrical systems; amounts paid to contractors and subcontractors for work or services performed in connection with the foregoing; property management fees (which, at Landlord's option, may be payable to itself, an affiliate or third party manager); deductibles on insurance loss; security services, if any; trash collection and sweeping; and, compliance with laws, rules, regulations and orders of governmental authorities. Landlord hereby agrees to not increase the property management fees provided herein by more than ten percent (10%) per year based on the previous year's fees. Operating Expenses do not include debt service under mortgages; costs of restoration to the extent of net insurance proceeds received by Landlord with respect thereto; utilities for the Premises; leasing commissions; or the cost of renovating or modifying rentable space for other tenants of the Project or, the cost of renovating or modifying un-rented space; or capital expenditures unless incurred by Landlord with a principal purpose to: (i) effect a reduction in the Operating Expenses; or (ii) keep the Project in compliance with applicable laws, rules, regulations and orders of governmental authorities. The costs of additions or alterations which are required to be capitalized for federal income tax purposes shall be amortized on a straight-line basis over a period equal to the lesser of the useful life thereof for federal income tax purposes, or ten (10) years. Landlord may, at its option, increase Tenant's Share of the Operating Expenses (or any portion thereof) if in Landlord's opinion a disproportionate allocation is necessary because of Tenant's use or operation.

Landlord shall furnish Tenant a written statement estimating Tenant's Share of the Operating Expenses for the current calendar year (herein the "Estimate"). Beginning on the Rent Commencement Date and on the first day of each month during the Term(s) of the Lease, Landlord shall send Tenant a bill for Operating Expenses, and Tenant shall pay Landlord as additional rent one-twelfth (1/12) of the Estimate. In addition, Tenant shall pay with the rental payment for the first month following receipt of the Estimate an amount equal to the number of months elapsed in the calendar year prior to receipt of the Estimate times one-twelfth (1/12) of the Estimate, so as to bring said monthly payments current for the year. As soon as practical after the end of each calendar year, Landlord shall furnish Tenant a written statement showing Tenant's Share of the total Operating Expenses actually due for the calendar year ended (the "Actual Expenses"). If the Actual Expenses exceed the Estimate, then Tenant agrees to pay, within fifteen (15) days of receipt of said statement, the difference between Tenant's Share of the Actual Expenses and the Estimate. If the Estimate exceeds the Actual Expenses, then Landlord agrees to refund the difference at the time that such statement is furnished, provided Tenant is not then in default in the performance of any of its obligations under this Lease. Upon not less than fifteen (15) business days written notice from Tenant to Landlord within three (3) months of receipt of the Actual Expenses statement reflecting such, Tenant shall have the right to review and Landlord shall provide copies of invoices, statements, receipts or similar evidence of said specific CAM category expenses for amounts over twenty-five dollars ($25.00) at Landlord's business office during regular business hours. ~~If Landlord is required to conduct research regarding the expense amounts and the research proves no material discrepancy, being more than ten percent (10%), in the amounts owed by Tenant, Tenant shall pay Landlord $25.00 per hour per personnel for such research; however, if the research does prove a material discrepancy, being more than ten percent (10%), in the amounts owned, Landlord will waive the $25.00 fee.~~ If Landlord and Tenant are unable to agree on the amount to be paid by Tenant, each shall designate a CPA and the two CPA's shall designate a third CPA to serve as arbitrator of the dispute. The arbitrator's decision as to the amount to be paid by Tenant shall be binding upon the parties and each shall bear one-half of the expense incurred thereby. The provisions of this Section shall apply for any partial calendar year during which this Lease is effective, subject to a pro rata adjustment based upon the number of calendar months or portions thereof that this Lease is in effect. Tenant's obligation to pay any such difference in the Operating Expenses shall survive the termination or expiration of this Lease.

For purposes of this Section, a year shall mean a calendar year except for the first year of this Lease, which shall begin on the Rent Commencement Date and the last year which shall end at the expiration of the Lease.

Landlord and Tenant are knowledgeable and experienced in commercial transactions and agree that the provisions of this Lease for determining charges, amounts and additional rental payable by Tenant (including, without limitation, payments under Sections 1, 5, 11 and 13 hereof regarding operating expenses, taxes, and utilities, etc.) are commercially reasonable and valid, and as to each such charge or amount, constitute a "method by which the charge is to be computed" for purposes of Section 93.004 of the Texas Property Code, as enacted by House Bill 2186, 77th Legislature.

5.3. Late Charges. Tenant agrees to pay a late charge of ten percent (10%) as additional rent for each payment due hereunder that remains unpaid, i.e., not received in Landlord's office, for more than five (5) days after the tenth (10th) day of the month, to cover Landlord's administrative costs of processing such late payment. However, during the initial term of this Lease, Landlord agrees to waive the Late Charge one (1) time per calendar year if Tenant is late making its payment. In addition to said late charge, any rental or other amount due from Tenant under this Lease which is more than thirty (30) days delinquent shall bear interest from the date such rental or other amount was due at the lesser of the rate of eighteen percent (18%) per year or the then maximum nonusurious rate under applicable law, (the lesser of said amounts being herein referred to as the "Maximum Rate.") In the event the late charge is ever deemed to be "interest" the amount of interest on past due amounts shall be automatically reduced so that the combination of said late charge and the interest on past due amounts, if any, does not exceed the Maximum Rate. Any amount collected which exceeds the Maximum Rate will be deemed credited to other amounts owed by Tenant to Landlord under this Lease, and any remaining excess after such credit shall be refunded to Tenant. It is the intent of both Landlord and Tenant to at all times comply with the applicable law regarding the maximum nonusurious amount or rate of interest which may be contracted for, charged, taken, reserved or received by Landlord.

6. Conduct of Business of Tenant.

6.1. Use of Premises. The Premises shall be occupied and used by Tenant solely for the purpose of conducting therein the business of distributing, storing and selling (wholesale only) of products, materials and merchandise made or distributed by Tenant and for such lawful purposes as may be incident thereto, and for no other purpose, without Landlord's prior written consent. Any and all forklift or similar vehicles used or placed in or around the Premises must have polyurethane coated wheels. Tenant shall not use the Premises as a place of public accommodation. Tenant's acceptance of

Project of which the Premises are a part and that same are suitable for Tenant's intended use thereof as stated in this Section. Tenant recognizes and agrees that Landlord is making no warranties, expressed or implied, as to the suitability of the Premises or the Project for any particular use.

6.2. **Operation by Tenant.** Tenant covenants and agrees to the following:

(a) Tenant, at Tenant's expense, shall comply with all laws, rules, orders, ordinances, directions, regulations and requirements of federal, state, county and municipal authorities regardless of when they become effective, pertaining to Tenant's use or occupancy of the Premises and with any recorded covenants, conditions and restrictions, including, without limitation, all applicable federal, state and local laws, regulations or ordinances pertaining to air, soil and water quality, Hazardous Materials (as defined in **Section 29.3** hereof), waste disposal, air emissions and other environmental, health and safety, zoning and land use matters, the Americans with Disabilities Act or similar laws and with any directive or order of any public officer or officers, pursuant to law, which impose any duty upon Landlord or Tenant with respect to the use or occupancy of the Premises;

(b) Tenant shall comply with all requirements of any authority or agency having jurisdiction over the insurance rates with respect to the use or occupancy of the Premises;

(c) Landlord shall have the exclusive right to use the roof, side and rear walls of the Premises for any purpose, including, but not limited to erecting signs or other structures on or over all or any part of the same, erecting scaffolds and other aids to the construction and installation of the same, and installing, maintaining, using, repairing, and replacing pipes, ducts, conduits and wires leading through, to or from the Premises and serving other parts of the Project in locations which do not materially interfere with Tenant's use of the Premises. Tenant shall have no right whatsoever to the exterior or exterior walls, or the roof of the Premises or any portion of the Project outside the Premises, except as otherwise provided in this Lease;

(d) Tenant agrees that it shall not use or permit the Premises to be used for an adult bookstore, adult motion picture theater, nude or semi-nude entertainment club, or similar adult entertainment establishment.

7. **Rules and Regulations.** Tenant and Tenant's agents, employees, and invitees shall faithfully observe and comply with all reasonable, uniform rules and regulations promulgated by Landlord from time to time for the safety, care or cleanliness of the Project and for the preservation of good order therein. Landlord shall not be responsible to Tenant for the nonperformance by any other tenant or occupant of the Project of any of the rules and regulations.

8. **Parking and Use of Common Area and Facilities.**

8.1. **Common Area.** All parking areas, access roads and facilities furnished, made available or maintained by Landlord on the Project for the general use in common of tenants of the Project, and their invitees in the Project or on the Land, including employee parking areas, truck ways, driveways, loading docks and areas, delivery areas, pickup stations, pedestrian sidewalks, courts and ramps, landscaped areas, retaining walls, stairways, hallways, common restrooms, lighting facilities, and other similar areas and improvements provided by Landlord for the general use in common of tenants of the Project, and their customers (all within the Project are herein collectively called the "Common Area") shall at all times be subject to the exclusive control and management of Landlord. Tenant acknowledges that it does not have an exclusive interest in the Common Area. Landlord reserves the right to grant such easements and other rights in the Common Area as Landlord may from time to time deem necessary, including without limitation, easements for mutual ingress and egress, truck turning and similar matters for the benefit of adjacent properties. Landlord may, at its sole option, modify the Common Areas or make such changes thereto as Landlord deems reasonably necessary.

8.2. **Use of Common Area.** Tenant and Tenant's business invitees, employees and customers shall have the nonexclusive right, in common with Landlord and all others to whom Landlord has granted or may hereafter grant rights, to use the Common Area, subject to such reasonable, uniform rules and regulations as Landlord may from time to time impose and the rights of Landlord set forth above. Landlord may at any time close temporarily all or any part of the Common Area to make repairs or changes, to prevent the acquisition of public rights therein or for any other reasonable purpose. Tenant shall not interfere with the other tenants' right to use any part of the Common Area. Landlord may allocate parking spaces among Tenant and other tenants in the Project if, in Landlord's opinion, such parking facilities are becoming crowded. Landlord shall not be responsible for enforcing Tenant's parking rights against any third parties. Nothing herein shall obligate Landlord to maintain or provide any security services or systems for the Project. Tenant agrees that Landlord shall not be liable to Tenant for, and Tenant waives any claim against Landlord with respect to, any loss by theft or any other

damage suffered or incurred by Tenant in connection with any unauthorized entry into the Premises or Project, or other criminal or willful acts of third parties.

9. Maintenance of Premises.

9.1. Maintenance by Landlord. Landlord shall keep or cause to be kept the foundations, roof and exterior walls of the Premises in good order, repair and condition except for damage thereto due to the acts or omissions of Tenant, Tenant's employees or invitees. Landlord shall commence required repairs as soon as reasonably practicable after receiving written notice from Tenant thereof. Except as provided in this Section, Landlord shall not be obligated to make repairs, replacements or improvements of any kind upon the Premises, or to any equipment, merchandise, stock in trade, facilities or fixtures therein, all of which shall be Tenant's responsibility. Landlord reserves the right to enter into a standard maintenance contract with a third party for the routine and regular maintenance of all heating, ventilation and air-conditioning equipment located on the roof or exterior of the Premises. Landlord shall be responsible for repairs as well as maintenance of said equipment, but Tenant agrees to reimburse Landlord for all expenses incurred by Landlord in connection with such standard maintenance contract and the maintenance and repair of the heating, ventilation, and air-conditioning equipment serving the Premises. Landlord shall warrant that all electrical, plumbing and HVAC systems within the Leased Premises shall be in proper working order upon delivery of the Leased Premises to Tenant and for a period of twelve (12) months thereafter. On a one-time basis only in 2005 Landlord agrees to initiate the HVAC system to verify its working condition.

9.2 Maintenance by Tenant. Tenant shall at all times keep the Premises (including all entrances and vestibules) and all partitions, gutters and downspouts, windows and window frames and moldings, glass, doors, door openers, dock doors, HVAC equipment, fixtures, equipment and appurtenances thereof (including lighting, electrical, and plumbing equipment and appurtenances and all interior heating, ventilation and air-conditioning equipment) and all parts of the Premises not required in **Section 9.1** to be maintained by Landlord in good order, condition and repair and in a clean, orderly, sanitary and safe condition, damage by unavoidable casualty excepted (including, but not limited to, doing such things as necessary to cause the Premises to comply with applicable laws, rules, regulations and orders of governmental and public authorities and agencies). If replacement of equipment, fixtures and appurtenances thereto are necessary, Tenant shall replace the same with equipment, fixtures and appurtenances of the same quality, and shall repair all damages done in or by such replacement.

However, it is specifically understood and agreed that Tenant must maintain at all times throughout the term(s) of this Lease, a preventative maintenance service agreement/contract with a maintenance vendor previously approved by Landlord. A list of preferred vendors for maintenance will be provided to Tenant, and Landlord must be provided with a copy of the executed maintenance agreement/contract within thirty (30) days from the date hereof.

9.3 Fire Equipment. Tenant agrees to supply and maintain at its own expense any fire extinguishers or other portable fire prevention equipment required by law, rules, orders, ordinances and regulations of any city, county, or state in which the Premises are located and/or required by any insurance carrier, underwriters association, bureau, or any other similar body having jurisdiction involving the premises. Additionally, Tenant agrees to comply, at its own expense, with all recommendations of any such authority. Landlord shall be responsible for the monitoring, annual inspection and maintenance of the multi-tenant serving sprinkler system, including, without limitation, the sprinkler or fire suppression system, at Tenant's expense. Tenant shall notify Landlord immediately of any damage to the sprinkler or monitoring systems caused by Tenant's, its invitees or employee's actions, and shall reimburse Landlord for any and all expenses related directly to the repair or replacement of such damage.

10. Alterations, Liens and Signs.

10.1 Alterations. Tenant will not paint, decorate or change the architectural treatment of any part of the exterior of the Premises, or construct any changes to the interior of the Premises, without Landlord's prior written approval thereto, and will promptly remove any paint, decoration, alteration, addition or changes applied or installed without Landlord's approval, or take such other action with respect thereto as Landlord directs. Tenant shall not make any structural alterations, additions or changes to the Premises. Tenant may, at its own cost and expense erect shelves, bins, racks and removable (i.e., not attached to the realty) trade fixtures (collectively **"Trade Fixtures"**) in the ordinary course of its business provided such items do not alter the basic character of the Premises, do not damage the Premises, may be removed without injury to the Premises and the construction, erection and installation thereof complies with all legal requirements and other provisions of this Lease. If Landlord grants consent to any requested alterations, the alterations shall be performed in a good, workmanlike and lien free manner in accordance with all applicable legal requirements and any

restrictions which may be imposed by Landlord as a condition to its consent. All alterations, changes, additions and all leasehold improvements made by Tenant or made by Landlord on Tenant's behalf, and all fixtures installed by Tenant which are not Trade Fixtures, are herein collectively referred to as **"Tenant Additions"** and shall be the property of Landlord. Such Tenant Additions shall not be removed by Tenant on, before or following expiration or termination of the Lease without Landlord's consent, except as may be required pursuant to **Section 27.1.**

10.2 Liens. Tenant shall promptly pay all contractors and materialmen, and not permit or suffer any lien to attach to the Premises or Project or any part thereof, and indemnify and save harmless Landlord against the same. Landlord shall have the right to require Tenant to furnish a bond or other indemnity satisfactory to Landlord prior to the commencement of any work by Tenant on the Premises. If any lien attaches or is claimed, Tenant, within ten (10) days following the imposing of any such lien, shall cause the same to be released of record by payment or posting of a bond as provided in the Texas Property Code. Tenant has no express or implied authority to create or place any lien or encumbrance of any kind upon, or in any manner to bind the interest of Landlord in the Premises or Project, or to charge the rentals payable hereunder for any claim in favor or any person dealing with Tenant, including, without limitation, those who may furnish materials or perform labor for any construction or repairs.

10.3. Signs. Tenant will not place or permit on any exterior door or window or any exterior wall of the Premises any sign, awning, canopy, advertising matter, decoration, lettering or other thing of any kind without the written consent of Landlord, except as provided in the Sign Criteria Addendum attached hereto. Failure by Tenant to erect an approved company name/logo sign on the Building within forty-five (45) days of occupancy shall constitute a default hereunder.

11. Real Estate Taxes. Landlord has the sole right to render the Project, the Land and any improvements thereon to any appropriate taxing authorities. Tenant, as additional rent, agrees to pay Tenant's Share of all taxes (both general and special), assessments, or governmental charges (hereinafter "Taxes") lawfully levied or assessed against the Land, the Project or any portion thereof, including, without limitation, any gross receipts or similar tax. Tenant's Share of the Taxes shall be payable as additional rent in accordance with **Section 5.2.** Additionally, Tenant shall pay to Landlord upon demand, Tenant's Share of all reasonable costs (including tax consultant and/or attorney's fees) incurred by Landlord in connection with any protest or contest of the valuation of taxes imposed on the Project or the Land; provided, however, Landlord shall have no obligation to take any such action. Tenant shall have the right to inspect, at Landlord's business office during regular business hours and upon reasonable notice to Landlord, the tax bills which Landlord receives from the applicable taxing authorities.

12. Personal Property Taxes. During the term of this Lease, Tenant shall pay prior to delinquency all taxes assessed against and levied upon fixtures, furnishings, equipment and all other personal property of Tenant contained in the Premises. When possible, Tenant shall cause its personal property to be assessed and billed separately from the real property of Landlord. If any of Tenant's personal property shall be assessed with Landlord's real property, Tenant shall pay Landlord the taxes attributable to Tenant within ten (10) days after receipt of a written statement therefor or, at Landlord's option as provided in **Section 11.**

13. Utilities. Tenant agrees to convert all utilities to Tenant's name upon move-in and to pay before delinquency all charges for all utilities (including but not limited to gas, water, heat, sewer, electricity, telephone, garbage removal, water meter charges and all hookup or connection fees or charges) which may accrue with respect to the Premises during the term of this Lease. Additionally, Tenant shall pay to Landlord, as additional rent, upon demand, its share of any utilities which are not separately metered based upon usage as determined by Landlord. Landlord shall in no event be liable to Tenant for any interruption in the service of any such utilities to the Premises, howsoever such interruption may be caused, and this Lease shall continue in full force and effect despite any such interruptions. Tenant agrees to limit use of water and sewer to normal restroom use. Tenant acknowledges that it has inspected the utilities available to the Premises and that it has determined that such utilities are sufficient for all anticipated uses of the Premises. Tenant shall not install any equipment or make any use of the Premises which overloads the utilities available to the Premises, and if Landlord deems Tenant's use of equipment to be in violation of this provision, Landlord may, in addition to such other remedies which Landlord has hereunder, require Tenant, at Tenant's expense, to upgrade such utility lines and related equipment including, without limitation, transformers.

14. Insurance; Waiver; Indemnification.

14.1. Landlord's Obligation. During the term of this Lease and any extension or renewal hereof, Landlord shall procure and maintain such "all risk property and general liability" insurance coverage on the Project as Landlord

deems appropriate, including, if Landlord so elects, loss of rental insurance in an amount of one or more year's annual rental.

14.2. **Tenant's Obligations.**

14.2.1. **All Risk Property and General Liability.** Tenant, as additional rent, shall pay to Landlord an amount equal to Tenant's Share of all premiums paid by Landlord for the insurance coverage described in **Section 14.1.** Tenant's Share of such premiums is payable as additional rent in accordance with **Section 5.2.**

14.2.2. **Liability.** Tenant shall procure and maintain a policy or policies of insurance insuring Tenant, with Landlord named as additional insured, against all claims, damages or actions arising out of or in connection with Tenant's use or occupancy of the Premises or by the condition of the Premises, the limits of such policy or policies to be in an amount not less than $1,000,000 per occurrence, and in an amount not less than $2,000,000 in the general aggregate for bodily injury and property damage. Said policy or policies shall additionally include "Fire Legal Liability" insurance coverage in the maximum allowable amount. Tenant shall also maintain workman's compensation insurance in the required statutory amounts and provide Landlord with proof of all insurance.

14.2.3. **Personalty Coverage.** Tenant also agrees to carry insurance against fire and such other risks as are from time to time included in standard extended coverage insurance, for the full insurable value, covering all of Tenant's merchandise, trade fixtures, furnishings, wall covering, floor covering, carpeting, drapes, equipment and all items of personal property of Tenant located on or within the Premises.

14.2.4. **Construction Liability.** Tenant, at its own cost and expense, shall obtain and maintain at all times when demolition, excavation, or construction work is in progress being done by Tenant on the Premises, construction liability insurance with limits of not less than $500,000.00 and $2,000,000.00 in the general aggregate for bodily injury and property damage, protecting Landlord and Tenant as well as such other person or persons as Tenant may designate against any and all liability for injury or damage to any person or property in any way arising out of such demolition, excavation, or construction work.

14.2.5. **Form of Insurance.** All policies required of Tenant hereunder shall: (i) be issued by a reputable insurance company qualified to do business in the State of Texas and with an A.M. Best rating acceptable to Landlord; (ii) name Landlord as an additional insured and Tenant as a named insured; (iii) provide that they cannot be canceled for any reason unless Landlord is given thirty (30) days prior written notice by the insurer; (iv) state that such insurance is primary over any insurance carried by Landlord; (v) contain an endorsement in favor of Landlord, waiving such insurance company's right of subrogation against Landlord; and (vi) contain a statement that the premium for such policy(es) is current. A duly executed certificate of insurance shall be delivered to Landlord on or within five (5) days of the Commencement Date. All renewals shall be delivered to Landlord at least ten (10) days prior to the expiration of the respective policy terms. Landlord shall have the right to review said insurance amounts at least yearly during the term of this Lease and require Tenant to increase said insurance policies to provide coverage in such amounts as Landlord, in its sole discretion, deems necessary. Moreover, should Tenant's use of the Premises (or any vacancy by Tenant) result in an increased insurance rate, Landlord may, in its discretion allocate such amount of the insurance premium to Tenant as Landlord deems reasonable to pass the cost of such increased premium through to Tenant rather than other tenants of the Project. Tenant agrees to procure and maintain said increased insurance coverage. The insurance required of Landlord hereunder may be maintained under a blanket or master policy which includes properties other than the Project.

14.3. **Mutual Waiver of Subrogation Rights.** Landlord and Tenant and all parties claiming under them mutually release and discharge each other and their respective officers, directors, partners, employees and agents from all claims and liabilities arising from or caused by any casualty or hazard to the extent covered by valid and collectible insurance on the Project; and waive any right of subrogation which might otherwise exist in or accrue to any person on account thereof; provided that such release shall not operate in any case where the effect is to invalidate such insurance coverage. **THIS RELEASE SHALL APPLY EVEN IF THE LOSS OR DAMAGE SHALL BE CAUSED BY THE FAULT OR NEGLIGENCE OF A PARTY HERETO OR BY ANY PERSON FOR WHICH SUCH PARTY IS RESPONSIBLE.**

14.4. **Waiver. LANDLORD, ITS AGENTS AND EMPLOYEES, SHALL NOT BE LIABLE FOR, AND TENANT WAIVES ALL CLAIMS FOR DAMAGE (EXCEPT CLAIMS CAUSED BY OR RESULTING FROM THE NEGLIGENCE OR WILLFUL MISCONDUCT OF LANDLORD, ITS AGENTS OR EMPLOYEES), INCLUDING, BUT NOT LIMITED TO, CONSEQUENTIAL DAMAGES TO PERSON, PROPERTY OR**

OTHERWISE, SUSTAINED BY TENANT OR ANY PERSON CLAIMING THROUGH TENANT RESULTING FROM ANY ACCIDENT OR OCCURRENCE IN OR UPON ANY PART OF THE PREMISES OR THE PROJECT, INCLUDING, BUT NOT LIMITED TO, CLAIMS FOR DAMAGE RESULTING FROM: (A) ANY EQUIPMENT OR APPURTENANCES BECOMING OUT OF REPAIR; (B) INJURY DONE OR CAUSED BY WIND, WATER, OR OTHER NATURAL ELEMENTS; (C) ANY DEFECT IN OR FAILURE OF PLUMBING, HEATING OR AIR-CONDITIONING EQUIPMENT, ELECTRIC WIRING OR INSTALLATION THEREOF, GAS, WATER, AND STEAM PIPES, STAIRS, PORCHES, RAILINGS OR WALKS; (D) BROKEN GLASS; (E) THE BACKING UP OF ANY SEWER PIPE OR DOWNSPOUT; (F) THE BURSTING, LEAKING OR RUNNING OF ANY TANK, TUB, WASHSTAND, WATER, SNOW OR ICE UPON THE PREMISES OR THE PROJECT; (G) THE FALLING OF ANY FIXTURE, PLASTER OR STUCCO; (H) DAMAGE TO OR LOSS BY THEFT OR OTHERWISE OF PROPERTY OF TENANT OR OTHERS; (I) ACTS OR OMISSIONS OF OTHER PERSONS IN THE PREMISES, OTHER TENANTS IN THE PROJECT, OCCUPANTS OF NEARBY PROPERTIES, OR ANY OTHER PERSONS; AND (J) ANY ACT OR OMISSION OF OWNERS OF ADJACENT OR CONTIGUOUS PROPERTY. ALL PROPERTY OF TENANT KEPT IN THE PREMISES SHALL BE SO KEPT AT TENANT'S RISK ONLY, AND TENANT SHALL INDEMNIFY, DEFEND AND SAVE LANDLORD HARMLESS FROM CLAIMS ARISING OUT OF DAMAGE TO THE SAME, INCLUDING SUBROGATION CLAIMS BY TENANT'S INSURANCE CARRIER.

14.5. **Indemnification.** Tenant shall indemnify, defend and save harmless Landlord from and against any and all liability, liens, claims, demands, damages, expenses, fees, costs, fines, penalties, suits, proceedings, actions and causes of action of any and every kind and nature arising or growing out of or in any way connected with the use, occupancy, management or control of the Premises by Tenant, its agents, employees, contractors or invitees or the operations, conduct or activities in the Premises or the Project by Tenant, its agents, employees, contractors or invitees, including, without limitation: (i) liability for damage resulting from the personal injury or death of an employee of Tenant, regardless of whether the Tenant has paid such employee under the Workman's Compensation law of any state or other similar federal or state program for the protection of employees, (ii) liability arising from any entrance upon the Land, the Project, or the Premises by any person through any means for the purpose of selling or solicitation, including, but not limited to, the marketing of edible or potable products, and (iii) damage to any real or personal property of Tenant, Landlord or any third parties. Tenant authorizes Landlord (although expressly recognizing that Landlord is under no obligation to do so) to defend, settle or compromise any claims, demands, suits, proceedings or the like which may represent an indemnifiable obligation of Tenant hereunder. Such action or inaction by Landlord shall in no way affect Tenant's indemnity obligations as provided herein. Tenant's indemnity obligations under this Section and elsewhere in this Lease shall survive the expiration or earlier termination of this Lease.

15. **Right of Entry.** Landlord, its agents and employees, shall have the right to enter the Premises from time to time at reasonable times to examine, to show them to prospective purchasers and other persons, and to make such repairs, alterations, improvements or additions as Landlord deems desirable. Rent shall not abate during any such entry by Landlord, including, without limitation, during the period of any such repairs, alterations, improvements, or addition. During the last six (6) months of the term of this Lease, Landlord may exhibit the Premises to prospective tenants and maintain upon the Premises notices deemed advisable by Landlord. In addition, during any apparent emergency, Landlord, its agents and employees, may enter the Premises forcibly without liability therefor and without in any manner affecting Tenant's obligations under this Lease. Nothing herein contained, however, shall be deemed to impose upon Landlord any obligation, responsibility or liability whatsoever, for any care, maintenance or repair except as otherwise herein expressly provided.

16. **Subordination and Attornment.** Tenant accepts this Lease subject and subordinate to any mortgage, deed of trust, or other lien presently existing on the Project or the Land or subsequently created on the Project, and to any renewals and extensions thereof, but Tenant agrees that any such mortgagee shall have the right at any time to subordinate such mortgage, deed of trust, or other lien to this Lease. Landlord is hereby irrevocably vested with full power and authority to subordinate this Lease to any mortgage, deed of trust, or other lien hereafter placed on the Project or the Land, and Tenant agrees on demand, and without charge to Landlord or any mortgagee, to execute such further instruments subordinating this Lease as Landlord may request, provided such subordination shall be on the express condition that this Lease shall be recognized by the mortgagee, and that the rights of Tenant shall remain in full force and effect during the term of this Lease so long as Tenant shall continue to perform all of the covenants and conditions of this Lease. No such mortgagee shall be required to assume any liabilities for defaults occurring prior to its ownership of the Project. Tenant covenants and agrees that upon foreclosure of any deed of trust, mortgage or other instrument of security and the sale of the Project or the Land pursuant to any such document, to attorn to any purchaser at such a sale and to recognize such purchaser as the Landlord

under this Lease. The agreement of Tenant to attorn to any purchaser pursuant to such a foreclosure sale or trustee's sale in the immediately preceding sentence shall survive any such sale.

17. **Estoppel Certificate** Tenant shall at any time, upon the request of Landlord and without charge to Landlord or any third party requesting same of Landlord, execute, acknowledge and deliver to Landlord a statement in writing certifying to Landlord, or any prospective purchaser or encumbrancer of all or any portion of the Premises that: (a) Tenant is the Lessee under the Lease, and that the terms and conditions of the Lease are unmodified and are in full force and effect (or if modified stating the nature of such modification and certifying that the Lease as modified is in full force and effect); (b) the current fixed monthly rent and other charges being paid by Tenant, that rent and other charges have not been paid more than one (1) month in advance, and, that Tenant has made no agreement(s) with Landlord or its agents concerning free rent, partial rent, rebate of rental payments, or any other type of rental concession except as specifically set forth herein; (c) there are no uncured defaults on the part of Landlord hereunder, or specifying such defaults if any are claimed; (d) the Lease contains the entire agreement between the parties; (e) the Lease has not been assigned or sublet, or specifying such assignment or sublease; (f) there has been no damage to the Premises from casualty or condemnation, or specifying same; (g) Tenant has accepted and is occupying the Premises, and all obligations on the part of Landlord to construct and deliver the Premises under the terms of the original Lease have been carried out; (h) Tenant has not received notice of violation of any Federal, state, county or municipal laws, regulations ordinances, orders or directives relating to the Premises; and (i) no Event of Default as defined herein has occurred.

The parties hereto agree that any such statement may be relied upon by any prospective purchaser or encumbrancer of all or any portion of the Premises. **It is expressly understood and agreed by the parties hereto, that Tenant's obligation to furnish each Tenant Estoppel Certificate requested by Landlord within the time period provided herein is a material inducement for Landlord's execution of this Lease.** No cure or grace period provided in this Lease shall apply to Tenant's obligation to execute and deliver the Tenant Estoppel Certificate. Tenant's failure to deliver said Tenant Estoppel Certificate within fifteen (15) days after Landlord's request for same shall be conclusive upon Tenant that all items as stated in the Tenant Estoppel Certificate are true and correct; however, it is hereby agreed by Tenant that Tenant will perform due diligence in providing an original, executed Tenant Estoppel Certificate to Landlord in the form requested and in a timely manner.

18. **Damage and Destruction.** If the Premises are hereafter damaged or destroyed or rendered partially untenantable for their accustomed use by fire or other casualty and such fire or other casualty is not caused directly or indirectly by the fault or negligence of Tenant, its agents, employees, contractors or invitees, Landlord shall, unless the Lease is terminated as provided below, promptly repair the same to substantially the condition which they were in immediately prior to the happening of such casualty (excluding stock in trade, fixtures, furniture, furnishings, carpeting, floor covering, wall covering, drapes and equipment), and from the date of such casualty until the Premises are so repaired and restored, the monthly rent payments hereunder shall abate in such proportion as the part of said Premises thus destroyed or rendered untenantable bears to the total Premises; provided, however, Landlord shall not be obligated to expend for such repair or restoration an amount in excess of the insurance proceeds received by Landlord as a result of such damage. Landlord's obligation to rebuild is contingent upon its receipt of insurance proceeds sufficient to make such repairs. In the event any mortgagee or lender requires such sums to be applied to any debt, Landlord will not be deemed to have received the proceeds. Notwithstanding the above, if the Premises or any material portion of the Project is wholly or partially damaged, destroyed or rendered untenantable for their accustomed use by fire or other casualty then Landlord shall have the right to terminate this Lease effective as of the date of such casualty by giving to Tenant, within ninety (90) days after the happening of such casualty, written notice of such termination. If such notice is given, this Lease shall terminate, and provided Tenant is not in default hereunder, Landlord shall promptly repay to Tenant any rent theretofore paid in advance which was not earned at the date of such casualty. If said notice is not given and Landlord is required or elects to repair or restore the Premises as herein provided, then Tenant shall promptly repair or replace its stock in trade fixtures, furnishings, furniture, carpeting, wall covering, floor covering, drapes and equipment to the same condition as they were in immediately prior to the casualty. If the Premises or any portion of the Project are damaged by fire or other casualty caused directly or indirectly by the fault or negligence of Tenant or its agents, employees, contractors, or invitees, the rent under this Lease will not abate and Tenant shall be liable to Landlord for the cost and expense of the repair and restoration of the Premises or the Project caused thereby to the extent that such cost and expense is equal to or less than the deductible amount covered by the insurance proceeds described in **Section 14.1**.

19. **Eminent Domain.**

19.1 **Eminent Domain.** If any portion of the Premises or the Project shall be acquired, condemned or damaged as a result of the exercise of any power of eminent domain, condemnation or sale under threat thereof or in lieu

thereof, then Landlord at its election may terminate this Lease by giving notice to the Tenant of its election, within 180 days of the date the condemning authority shall have the right to possession of the Premises or portion of the Project condemned. Moreover, if any portion of the Project is taken and in Landlord's judgment such taking would materially interfere with or impair its ownership or operation of the Project, Landlord may terminate this Lease. If the Lease shall not be terminated as aforesaid, then it shall continue in full force and effect, and Landlord shall, within a reasonable time after possession is physically taken by the condemning authority (subject to delays due to shortage of labor, materials or equipment, labor difficulties, breakdown of equipment, governmental restrictions, fires, other casualties or other causes beyond the reasonable control of Landlord), restore the remaining portion of the Premises to the extent reasonably possible, to render it reasonably suitable for the use permitted by **Section 6.1**; provided, however, Landlord shall not be obligated to expend an amount greater than the proceeds received from the condemning authority less all expenses incurred in connection therewith (including attorney's fees) for the restoration. Base rent as provided in **Section 5.1**, shall be reduced in the proportion that the area of the Premises so taken bears to the total Premises. No taking of the Common Area shall entitle Tenant to an abatement.

19.2. Damages. Landlord reserves and Tenant assigns to Landlord, all rights to damages on account of any taking or condemnation or sale under threat or in lieu thereof or any act of any public or quasi-public authority for which damages are payable. Tenant shall execute such instruments of assignments as Landlord requires, join with Landlord in any action for the recovery of damages, if requested by Landlord, and turn over to Landlord any damages recovered in any proceeding. If Tenant fails to execute instruments required by Landlord or to undertake such other steps as requested, Landlord shall be deemed the duly authorized irrevocable agent and attorney-in-fact of Tenant to execute such instruments and undertake such steps on behalf of Tenant. However, Landlord does not reserve any damages payable for trade fixtures installed by Tenant at its own cost which are not part of the realty.

20. Assignment and Subletting. Tenant shall not assign this Lease or any interest therein, whether voluntarily, by operation of law, or otherwise, and shall not sublet the Premises or any part thereof, including, but not limited to all concession vending, except by written permission and consent of Landlord being first had and obtained. Consent of Landlord to any such assignment or subletting shall not be unreasonably withheld if: (i) at the time of such assignment or subletting Tenant is not in default in the performance and observance of any of the covenants and conditions of this Lease; (ii) the assignee or subtenant of Tenant shall expressly assume in writing all of Tenant's obligations hereunder; (iii) Tenant shall provide proof to Landlord that the assignee or subtenant has a financial condition which is satisfactory to Landlord and Landlord's lender; (iv) the Premises continue to be used solely for the purpose set forth in **Section 6.1**, and (v) Landlord is furnished with and approves the form of the proposed sublease. In connection with any such assignment or sublease, Tenant or the assignee or subtenant of Tenant shall pay to Landlord any reasonable legal and administrative costs incurred by Landlord in approving such assignment or subletting. Any such assignment or sublease, even with the approval of Landlord, shall not relieve Tenant from liability for payment of all forms of rental and other charges herein provided or from the obligations to keep and be bound by the terms, conditions and covenants of this Lease. 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 a consent to the assignment or subletting of the Premises. Consent to any assignment or subletting shall not be deemed a consent to any future assignment or subletting. Any merger, consolidation or transfer of corporate shares of Tenant, if Tenant is a corporation, so as to result in a change in the present voting control of the Tenant by the person or persons owning a majority of said corporate shares on the date of this Lease, shall constitute an assignment and be subject to the conditions of this Section. If Tenant is a general partnership having one or more corporations as partners or if Tenant is a limited partnership having one or more corporations as general partners, the provisions of the preceding sentence shall apply to each of such corporations as if such corporation alone had been the Tenant hereunder. If Tenant is a partnership, the withdrawal of a general partner shall be an assignment subject to the provisions hereof. Landlord may assign this Lease at will and shall provide Tenant with a copy of such assignment.

21. Default by Tenant.

21.1. Events of Default. The following shall be considered for all purposes to be events of default under and a breach of this Lease: (a) any failure of Tenant to pay when due any rent or other amount due hereunder for more than fifteen (15) days; (b) failure of Tenant to maintain insurance in the amounts and in a form called for under this Lease; (c) any failure by Tenant to perform or observe any of the other terms, provisions, conditions and covenants of this Lease for more than thirty (30) days after written notice of such failure; (d) Tenant shall become bankrupt or insolvent, or file or have filed against it a petition in bankruptcy or for reorganization or arrangement or for the appointment of a receiver or trustee of all or a portion of Tenant's property, or Tenant makes an assignment for the benefit of creditors; (e) if Tenant abandons or vacates the Premises for a period exceeding sixty (60) days; (f) this Lease, Tenant's interest herein or in the Premises, any

improvements thereon, or any property of Tenant is executed upon or attached; or (g) the Premises come into the hands of any person other than expressly permitted under this Lease.

21.2. Landlord's Remedies. Upon the occurrence of any event of default specified in this Lease, Landlord, without grace period, demand or notice (the same being hereby waived by Tenant), and in addition to all other rights or remedies Landlord may have for such default, shall have the right to pursue any one or more of the following remedies:

(a) Terminate this Lease in which event Tenant shall immediately surrender the Premises to Landlord, and if Tenant fails to do so, Landlord may, without prejudice to any other remedy which it may have for possession or arrearages in rent, enter upon and take possession of the Premises and expel or remove Tenant and any other person who may be occupying said Premises or any part thereof, by force if necessary, without notice or the need to resort to legal process and without being deemed guilty of trespass or becoming liable for any loss or damage occasioned thereby; and Landlord may recover from Tenant the amount of all loss and damage which Landlord may suffer by reason of such termination, including, without limitation, all costs of retaking the Premises and the total rent and charges reserved in this Lease for the remainder of the term of this Lease (i.e., the duration of this Lease had it not been terminated) all of which shall be immediately due and payable by Tenant to Landlord; and/or

(b) Without terminating this Lease, enter upon and take possession of the Premises, and expel or remove Tenant and any other person who may be occupying said Premises, or any part thereof, by force if necessary, without notice or the need to resort to legal process and without being deemed guilty of trespass or becoming liable for any loss or damage occasioned thereby. Landlord may make such alterations and repairs as it deems advisable to relet the Premises, and relet the Premises or any part thereof for such term or terms (which may extend beyond the term of this Lease) and at such rentals and upon such other terms and conditions as Landlord, in its sole discretion, deems advisable. Upon each such reletting all rentals received by Landlord therefrom shall be applied: first, to any indebtedness other than rent due hereunder from Tenant to Landlord; second, to pay any costs and expenses of reletting, including brokers' and attorneys' fees and costs of alterations and repairs; third, to rent due hereunder; and fourth, the residue, if any, shall be held by Landlord and applied in payment of future rent as it becomes due hereunder. No such reletting shall relieve Tenant or any guarantors from their obligations hereunder. If rentals received from such reletting during any month are less than that to be paid during that month by Tenant hereunder, Tenant shall immediately pay any such deficiency to Landlord. In no event shall Tenant be entitled to any excess rent obtained by reletting the Premises over and above the rent reserved herein.

No re-entry or taking possession of the Premises by Landlord shall be construed as an election to terminate this Lease unless a written notice of such termination is given by Landlord to Tenant. Notwithstanding any such reletting or re-entry or taking possession, without termination, Landlord may at any time thereafter terminate this Lease for any prior breach or default. Pursuit of any of the foregoing remedies shall not preclude pursuit of any of the other remedies herein provided or any other remedies provided by law or in equity, nor shall pursuit of any remedy herein provided constitute a forfeiture or waiver of any rent due to Landlord hereunder, or of any damages accruing to Landlord. Notwithstanding anything herein to the contrary, Landlord shall have no obligation to relet or attempt to relet the Premises or any portion thereof following termination of this Lease, re-entry or repossession of the Premises; provided, however, in the event Landlord is ever held to have such a duty, Tenant agrees that Landlord shall, in connection with such efforts, not be required to do anything more than list the Premises for lease with a licensed real estate broker of Landlord's choosing (which may be an affiliate of Landlord) for a period of three (3) months. If no party acceptable to Landlord executes a lease with Landlord on terms reasonably acceptable to Landlord within this three (3) month period, Tenant agrees that Landlord shall conclusively have satisfied any such duty to release or mitigate. In no event will Landlord have any duty to lease the Premises before Landlord leases other vacant space which it has in the Project or other buildings owned by Landlord nor shall Landlord have any duty to lease to and Landlord will not be considered to be acting unreasonably in refusing to lease to any party if: (i) the prospective lessee has a financial condition which is unacceptable to Landlord or Landlord's lenders; (ii) the prospective lessee requires any alterations which are unacceptable to the Landlord or Landlord's lenders; (iii) the prospective lessee requires tenant improvements to be paid by Landlord; or (iv) the prospective lessee requires terms different from this Lease or which are otherwise unacceptable to Landlord or Landlord's lender.

21.3. Landlord's Performance for Account of Tenant. If the Tenant shall continue in default in the performance of any of the covenants or agreements herein contained after the time limit for the curing thereof then Landlord may perform the same for the account of Tenant. Any amount paid or expense or liability (together with interest thereon at the Maximum Rate from the date upon which any such expense shall have been incurred) incurred by Landlord in the performance of any such matter for the account of Tenant shall be deemed to be additional rent and the same (together with interest thereon at the Maximum Rate from the date upon which any such expense shall have been incurred) may, at the

option of Landlord, be added to any rent then due or thereafter falling due hereunder or shall be payable by Tenant to Landlord on demand.

21.5. **Waiver of Rights of Redemption.** To the extent permitted by law, Tenant waives any and all rights of redemption granted by or under any present or future laws if Tenant is evicted or dispossessed for any cause, or if Landlord obtains possession of the Premises due to Tenant's default hereunder or otherwise.

21.6. **No Waiver.** No delay or omission in the exercise of any right or remedy of Landlord on any default by Tenant shall impair such a right or remedy or be construed as a waiver. The receipt and acceptance by Landlord of delinquent rent shall not constitute a waiver of any other default; it shall constitute only a waiver of timely payment for the particular rent payment involved. No act or conduct of Landlord, including, without limitation, the acceptance of the keys to the Premises, shall constitute an acceptance of the surrender of the Premises by Tenant before the expiration of the term. Only a notice from Landlord to Tenant shall constitute acceptance of the surrender of the Premises and accomplish a termination of the Lease. Landlord's consent to or approval of any act by Tenant requiring Landlord's consent or approval shall not be deemed to waive or render unnecessary Landlord's consent to or approval of any subsequent act by Tenant. Any waiver by Landlord or any default must be in writing and shall not be a waiver of any other default concerning the same or any other provision of the Lease.

22. **Landlord's Lien.** To secure the performance of Tenant's obligations under this Lease, Tenant, as Debtor, and referred to in this Section as "Debtor", hereby grants to Landlord, as "Secured Party", a security interest in and an express contractual lien upon all of Debtor's equipment, furniture, furnishings, appliances, goods, trade fixtures, inventory, chattels, and other personal property of Debtor which is now on the Premises or which is placed on the Premises at some later date, and all proceeds from such items. This property shall not be removed from the Premises without the consent of Secured Party until all arrearages in rent and all other sums of money being due to Secured Party under this Lease have been paid and discharged, and all the covenants, agreements, and conditions of this Lease have been fully complied with and performed by Debtor. Secured Party is authorized and Debtor hereby irrevocably and throughout the term of this Lease (and any extensions or renewals thereof) appoints Secured Party as its attorney-in-fact to prepare and file financing statements signed only by Secured Party as attorney-in-fact on behalf of Debtor covering the security described above; moreover, Debtor agrees to sign the same upon request. Notwithstanding the foregoing, Secured Party is hereby authorized to file a Memorandum of Lease as a financing statement with the Office of the Secretary of State and with the appropriate county clerk's office for the county where the Premises are located, as appropriate. Upon default under this Lease by Debtor, any or all of Debtor's obligations to Secured Party secured hereby shall, at Secured Party's option, be immediately due and payable without notice or demand. In addition to all rights or remedies of Secured Party under this Lease and the law, including the right to a judicial or nonjudicial foreclosure, Secured Party shall have all the rights and remedies of a secured party under the Uniform Commercial Code as enacted in the State of Texas. This security agreement and the security interest hereby created shall survive the termination of this Lease if such termination results from Debtor's default. The above-described security interest and lien are in addition to and cumulative of the Landlord's lien provided by the laws of the State of Texas. In the event Landlord sells Tenant's property at a judicial or nonjudicial foreclosure sale, Tenant hereby expressly consents to and gives Landlord the authority to bid on and purchase all or a portion of Tenant's property at such sale. Landlord agrees to execute a Waiver of Lien in favor of any federally regulated financial institution that extends credit to Tenant and requests such a waiver, subject to Landlord's review and approval of the content of such Waiver.

23. **Default by Landlord.** Landlord shall in no event be charged with default in any of its obligations hereunder unless and until Landlord shall have failed to perform such obligations within thirty (30) days (or such additional time as is reasonably required to correct any such default) after written notice to Landlord by Tenant, specifically describing such failure. All obligations of Landlord hereunder shall be construed as covenants, not conditions; and, except as may be otherwise expressly provided in this Lease, Tenant may not terminate this Lease for breach of Landlord's obligations hereunder. All obligations of Landlord under this Lease will be deemed binding upon Landlord only during the period of its ownership of the Project and not thereafter. The term "Landlord" in this Lease shall mean only the owner, for the time being of the Project, and in the event of the transfer by such owner of its interest in the Project, such owner shall thereupon be released and discharged from all obligations of Landlord thereafter accruing, but such obligations shall be binding during the Lease term upon each new owner for the duration of such owner's ownership. Any liability of Landlord under this Lease shall be limited solely to its interest in the Project, and in no event shall any personal liability be asserted against Landlord in connection with this Lease nor shall any recourse be had to any other property or assets of Landlord.

24. **Application of Payments Received From Tenant.** Landlord shall have the right at any time to apply any payments made by Tenant to the satisfaction of any debt or obligation of Tenant to Landlord according to Landlord's sole discretion and regardless of the instructions of Tenant as to application of any such sum, whether such instructions be

endorsed upon Tenant's check or otherwise, unless otherwise agreed upon by both parties in writing. The acceptance by Landlord of a check or checks drawn by a party other than Tenant shall not affect Tenant's liability hereunder nor shall it be deemed an approval of any assignment or sublease of this Lease by Tenant.

25. **Notices.** All notices required to be given hereunder shall be in writing and shall (i) be served in person upon the party to be notified or upon its agent, or (ii) be mailed by prepaid certified or registered mail, or (iii) be deposited with a nationally recognized overnight courier, charges prepaid, designated for next business day delivery, or (iv) be sent via facsimile transmission to the appropriate number shown on the signature page of this Lease, and shall be deemed given (i) upon hand delivery to a competent agent, employee or officer of the party, or (ii) three (3) days after deposit with the US Postal Service, or (iii) on the next business day after deposit with an overnight courier, or (iv) upon verifiable confirmation of transmission of the facsimile to the proper number. Either party shall have the right to change its address for notice by notifying the other party of such change in accordance with this Section.

26. **Sale of Project or Land by Landlord.** In the event of any sale of the Project or Land by Landlord, or any part thereof, Landlord shall be and is hereby entirely freed and relieved of all liability under any and all of its covenants and obligations contained in or derived from this Lease arising out of any act, occurrence or omission occurring after the consummation of such sale; and the purchaser, at such sale or any subsequent sale of the Project or Land shall be deemed, without any further agreement between the parties or their successors in interest or between the parties and any such purchaser, to have assumed and agreed to carry out any and all of the covenants and obligations of the Landlord under this Lease. Furthermore, in the event of a sale or conveyance by Landlord of the Project or Land, this Lease shall not be affected by any such sale, and Tenant agrees to attorn to the purchaser thereof.

27. **Surrender, Holding Over and Successors.**

27.1. **Surrender.** Upon the expiration or earlier termination of this Lease, whether by forfeiture, lapse of time, or otherwise, or upon the termination of Tenant's right to possession of the Premises, Tenant will at once surrender and deliver up the Premises to Landlord in good and broom-clean condition and repair, reasonable wear and tear and loss by fire or other casualty excepted. All Tenant Additions will, following the expiration or termination of this Lease, remain in the Premises as Landlord's property unless Landlord directs Tenant to remove all or any portion of same, whereupon Tenant agrees that it shall, at its expense, remove such Tenant Additions (or portion thereof directed by Landlord). Provided Tenant is not in default, it will remove its Trade Fixtures, inventory, and other personal property upon the expiration of the Term. If Tenant is in default, it shall remove its Trade Fixtures only if specifically directed to do so in writing by Landlord. Tenant shall repair any damage to the Premises caused by the removal of such Tenant Additions, Trade Fixtures, or other items. In no event will any fire sprinklers, fire suppression equipment, HVAC System components, floor tiles, carpeting, ceiling tiles, plumbing fixtures, or similar building system items or any equipment or fixtures attached to the realty be considered "Trade Fixtures" or be removed unless directed by Landlord to do so. Tenant agrees that following an Event of Default, Landlord may, at its option, allow any party claiming to be a lessor of Tenant to remove equipment, Trade Fixtures, and similar items leased from such lessor. Landlord shall have no liability to Tenant therefor. Landlord may condition its consent upon such lessor agreeing to repair any damage to the Premises caused by such removal and providing adequate financial assurances of its ability to pay for any such damages; provided, however, no such agreement by any such lessor, or Landlord's failure to obtain such an agreement, shall relieve Tenant of its obligations hereunder including, without limitation, Tenant's obligation to repair said damage even if the damage is caused by said lessor or its contractors or agents. Tenant shall remove all Hazardous Materials. Any Trade Fixtures or Tenant Additions not removed by Tenant as required herein shall be deemed abandoned and may be stored, removed and disposed of by Landlord at Tenant's expense, and Tenant waives all claims against Landlord for any damages resulting from Landlord's retention or disposal of same. Moreover, any period following the termination or expiration of this Lease during which there is Hazardous Material, Tenant Alterations or Trade Fixtures which are not removed as herein required shall be considered a holdover by Tenant and, in addition to all other remedies available to Landlord hereunder, shall obligate Tenant to the increased rental payments pursuant to **Section 27.2**. Tenant shall be entitled to no payment or offset for the value of any such property (even if sold by Landlord) and shall pay on demand all costs incurred by Landlord in connection with such removal or disposal. No retention, disposal or sale or such items shall limit remedies otherwise available to Landlord hereunder for a breach by Tenant. All obligations of Tenant hereunder not fully performed as of the termination or expiration of the Lease shall survive such termination or expiration.

27.2. **Holding Over.** If Tenant holds over or occupies the Premises beyond the term of this Lease (it being agreed there shall be no such holding over or occupancy without Landlord's written consent), Tenant shall pay Landlord for each day of such holding over a sum equal to one and one-half the monthly rent applicable hereunder at the expiration of the term (including Operating Expenses), prorated for the number of days of such holding over. In such event, Tenant shall

occupy the Premises as a Tenant at sufferance, and all of the terms and provisions of this Lease shall be applicable, with the exception of the rent applicable during such holding over period, which shall be increased as aforesaid. Tenant agrees that Landlord may institute a forcible detainer or similar action against Tenant or any other party in possession of the Premises without serving any demand for possession, demand to vacate, notice of termination or similar demand or notice upon Tenant or such party in possession. In the event that there are continuing bilateral negotiations regarding renewal or relocation within Landlord's project(s) at the end of the Lease Term, not to exceed sixty (60) days, there will be no holdover penalty applicable.

27.3. **Successors.** All rights and liabilities herein given or imposed upon the respective parties hereto shall bind and inure to the several respective heirs, successors, administrators, executors and assigns of the parties and if Tenant is more than one person, they shall be bound jointly and severally by this Lease. No rights, however, shall inure to the benefit of any assignee of Tenant unless the assignment is approved by Landlord as required herein.

28. **Brokers or Finders.** Other than the Broker named in **Section 1**, Tenant represents and warrants to Landlord, that it has engaged no broker or finder and that no claims for brokerage commissions or finders' fees will arise in connection with the execution of this Lease and agrees to indemnify, defend and hold Landlord harmless from any liability or expense (including attorney's fees) arising from any such claim.

29. **Environmental Issues.**

29.1. **Tenants Compliance with Environmental Laws.** Tenant shall not cause or permit any Hazardous Material to be brought upon, kept or used in or about the Premises by Tenant, its agents, employees, contractors or invitees without the prior written consent of Landlord, which Landlord shall not unreasonably withhold provided Tenant demonstrates to Landlord's satisfaction that such Hazardous Material is necessary or useful to Tenant's business. All Hazardous Materials will be used, kept and stored in a manner that complies with all laws regulating any such Hazardous Material so brought upon or used or kept in or about the Premises.

29.2. **Indemnification.** In addition to, and without limitation on the general indemnity obligations of Tenant under this Lease, Tenant specifically agrees that it shall indemnify, defend and hold Landlord harmless from any and all claims, judgments, damages, penalties, fines, costs, injuries, liabilities or losses (including, without limitation, diminution in value of the Premises or the Project, damages for the loss or restriction on use of rentable or usable space or of any amenity of the Premises or the Project, and sums paid in settlement of claims, attorneys' fees, consultant fees and expert fees arising from related claims or suits) which arise during or after the Lease term, or prior to the Lease Term if Tenant had access to and use of the Premises or the Project during that time, as a result of any breach by Tenant of its obligations under this Section, or any contamination of the Premises or the Project resulting from the presence of Hazardous Materials on or about the Premises or the Project caused or permitted by Tenant. This indemnification of Landlord by Tenant includes, without limitation, costs incurred in connection with any investigation of site conditions or any clean-up, detoxification, remediation, removal or restoration work required by any federal, state or local governmental agency or political subdivision because of Hazardous Material present in the soil or air or ground water on, over or under the Premises or the Project. Without limiting the foregoing, if the presence of any Hazardous Material on the Premises or the Project caused or permitted by Tenant results in any contamination of the Premises or the Project, Tenant shall promptly take all actions, at its sole expense, as are necessary to return the Premises or the Project to the condition existing prior to the introduction of any such Hazardous Material to the Premises or the Project, provided that Landlord's approval of such actions shall first be obtained. Tenant further agrees to defend Landlord, its agents, employees, and assigns in any administrative or judicial proceeding commenced by private individuals or governmental entities seeking recovery of damages for personal or bodily injury or property damage, or recovery of civil penalties or fines arising out of, connected with, or relating to any breach by Tenant of its obligations under this Section or any contamination of the Premises or the Project resulting from the presence of Hazardous Materials on or about the Premises or the Project caused or permitted by Tenant. The foregoing indemnity shall survive the expiration or earlier termination of this Lease.

29.3. **Hazardous Material.** As used herein, the term "Hazardous Material" means any pollutant, toxic substance, hazardous waste, hazardous material, hazardous substance, oil hydrocarbon, asbestos or similar item as defined in or pursuant to the Resource Conservation and Recovery Act, as amended, the Comprehensive Environmental Response, Compensation, and Liability Act, as amended, the Federal Clean Water Act, as amended, the Safe Drinking Water Act, as amended, the Federal Water Pollution Control Act, as amended, the Texas Water Code, as amended, the Texas Solid Waste Disposal Act, as amended, or any other federal, state or local environmental or health and/or safety related law, regulation, ordinance, rule, or bylaw, whether existing as of the date hereof, previously enforced or subsequently enacted (collectively the "Environmental Laws").

29.4. **Notice of Certain Events.** Tenant shall immediately advise Landlord in writing of (a) any governmental or regulatory actions instituted or threatened under any Environmental Law affecting the Tenant or the Premises, (b) all claims made or threatened by any third party against Tenant or the Premises relating to damage, contribution, cost recovery, compensation, loss or injury resulting from any Hazardous Materials, (c) the discovery of any occurrence or condition on any real property adjoining or in the vicinity of the Premises that could cause the Premises or the Project or Land to be classified in a manner which may support a claim under any Environmental Law, and (d) the discovery of any occurrence or condition on the Premises, the Project or Land or any real property adjoining or in the vicinity of the Premises, the Project or Land which could subject Tenant, the Premises, the Project or Land to any restrictions in ownership, occupancy, transferability or use of the Premises, the Project or the Land under any Environmental Law. Landlord may elect to join and participate in any settlements, remedial actions, legal proceedings or other actions initiated in connection with any claims under any Environmental Law caused or alleged to have been caused by Tenant, it agents, employees, contractors or invitees and to have its reasonable attorney's fees paid by Tenant. At its sole cost and expense, Tenant agrees, when applicable or upon request of Landlord, to promptly and completely cure and remedy every violation of an Environmental Law caused by Tenant, its agents, employees, contractors or invitees.

29.5 **Environmental Review.** In the event reasonable evidence exists of the occurrence or existence of the violation of any Environmental Law or the presence of any Hazardous Material on the Premises, the Project or the Land, caused by Tenant, its agents, employees, contractors, or invitees, Landlord (by its officers, employees and agents) at any time and from time to time may contract for the services of persons (the "Site Reviewers") to perform environmental site assessments ("Site Assessments") on the Premises, the Project, Land or neighboring properties for the purpose of determining whether there exists on the Premises, the Project, Land or neighboring properties any environmental condition which could reasonably be expected to result in any liability, cost or expense to Landlord. The Site Reviewers are hereby authorized to enter upon the Premises for purposes of conducting Site Assessments. The Site Reviewers are further authorized to perform both above and below the ground testing for environmental damage or the presence of Hazardous Materials and such other tests on the Premises, the Project, Land or neighboring properties as may be necessary to conduct the Site Assessments in the reasonable opinion of the Site Reviewers. Tenant agrees to supply to the Site Reviewers such historical and operational information regarding the Premises as may be reasonably requested by the Site Reviewers to facilitate the Site Assessments and will make available for meetings with the Site Reviewers appropriate personnel having knowledge of such matters. The results of Site Assessments shall be furnished to Tenant upon request. The cost of performing such Site Assessments shall be paid by Tenant.

30. **Miscellaneous.**

30.1. **Partial Invalidity.** If any term, covenant, condition or provision of this Lease is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions hereof shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby.

30.2. **Captions.** The various headings and numbers herein and the grouping of the provisions of this Lease into Sections are for the purpose of convenience only and shall not be considered a part hereof unless expressly stated to the contrary.

30.3. **Gender; Number.** Words of any gender used in this Lease shall be held and construed to include any other gender, and words in the singular number shall be held to include the plural, and vice versa, unless the context otherwise requires.

30.4. **Corporation as Tenant.** If a corporation executes this Lease as Tenant, it shall promptly furnish Landlord with copies of certified corporate resolutions attesting to the authority of the officers executing this Lease on behalf of such corporation.

30.5. **Applicable Law.** This Lease shall be governed by the laws of the State of Texas.

30.6 **Time.** Time is of the essence of this Lease.

30.7. **Joint and Several Liability.** If Tenant is a partnership or other business organization the members of which are subject to personal liability, the liability of each such member shall be deemed to be joint and several.

30.8 Accord and Satisfaction. Landlord is entitled to accept, receive and cash or deposit any payment made by Tenant for any reason or purpose or in any amount whatsoever, and apply the same at Landlord's option to any obligation of Tenant, and the same shall not constitute payment of any amount owed except that to which Landlord has applied the same. No endorsement or statement on any check or letter of Tenant shall be deemed an accord and satisfaction or otherwise recognized for any purpose whatsoever. The acceptance of any such check or payment shall be without prejudice to Landlord's right to recover any and all amounts owed by Tenant hereunder and the Landlord's right to pursue any other available remedy.

30.9 Entire Agreement. There are no representations, covenants, warranties, promises, agreements, conditions or undertaking, oral or written, between Landlord and Tenant other than herein set forth. Except as otherwise provided herein, no subsequent alteration, amendment, change or addition to this Lease shall be binding upon Landlord or Tenant unless in writing and signed by them. 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 the Lease or any exhibits or addendums hereto. The person(s) executing this Lease represent that they are duly authorized to execute it in the capacity indicated.

30.10. No Partnership. Landlord does not, in any way or for any purpose, become a partner, employer, principal, master, agent or joint venturer of or with Tenant.

30.11. Force Majeure. If either party hereto shall be delayed or hindered in or prevented from the performance of any act required hereunder by reason of acts of God, unavoidable casualties, the elements, inclement weather preventing work, strikes, lockouts, labor troubles, inability to procure material, failure of power, restrictive governmental laws or regulations, riots, insurrection, war or other reason of a like nature, not the fault of the party delayed in performing work or doing acts required under this Lease, the period for the performance of any such act shall be extended for a period equivalent to the period of such delay. Tenant shall not be excused from any obligations for payment of rent, percentage rent, additional rent or any other payments required by the terms of this Lease when same are due, and all such amounts shall be paid when due.

30.12. Financial Statements. Tenant shall, one (1) time per calendar year, within ten (10) days of request of Landlord or Landlord's lender, furnish Tenant's financial statements in reasonable detail and certified as complete and correct by an authorized officer or a principal of Tenant.

30.13. Determining Charges. Landlord and Tenant are knowledgeable and experienced in commercial transactions and agree that the provisions of this Lease for determining charges, amounts and additional rental payable by Tenant (including, without limitation, payments under Sections 1, 3 and 5 hereof regarding operating expenses, taxes, and utilities, etc.) are commercially reasonable and valid, and as to each such charge or amount, constitute a "method by which the charge is to be computed" for purposes of Section 93.004 of the Texas Property Code, as enacted by House Bill 2186, 77th Legislature.

30.14. Attorney's Fees and Waiver of Jury Trial. In the event the Landlord finds it necessary to retain an attorney in connection with the default by Tenant in any of the agreements or covenants contained in this Lease, Tenant shall pay reasonable attorney's fees to said attorney. In the event of any litigation regarding this Lease, the losing party shall pay to the prevailing party reasonable attorney's fees. Without limitation on the foregoing, Tenant agrees that should Landlord ever file a forcible detainer action or a forcible entry and detainer action, Landlord shall be entitled to its reasonable attorney's fees and costs in such action, and Landlord shall not be required to give Tenant written notice to vacate or any other notice in order to recover such attorney's fees and costs as provided in Section 24.006 of the Texas Property Code, as amended, or similar statutes. **Landlord and Tenant, acknowledging the delay, expense and uncertainty associated with a jury trial involving a complex commercial lease of this nature, and in recognition of these inherent problems, hereby waive their rights to a jury trial and agree that any litigation regarding this Lease will be tried without a jury.**

30.15. Exhibits. The following Exhibits are attached to this Lease and are incorporated herein by reference:

Exhibit "A" = Premises/Site Plan
Exhibit "B" = Legal Description of Project
Exhibit "C" = Sign Criteria

30.16 **Additional Provisions.**

Facility Condition. Tenant's acceptance of occupancy from Landlord shall constitute acknowledgment by Tenant that Tenant has inspected the Premises and the Facility of which the Premises are a part and that same are suitable for Tenant's intended use thereof as stated in this Lease. Tenant recognizes and agrees that Landlord is making no warranties, expressed or implied, as to the suitability of the Premises or the Facility for any particular use. Tenant accepts the space "AS IS" with all faults. At the time of final execution of this Lease, Landlord represents that the Leased Premises are in compliance generally with the El Paso County Building Code for vacant warehouse use only.

Right of First Offer. So long as the Lease is in full force and effect and no Event of Default has occurred and is then continuing and no facts or circumstances then exist which, with the giving of notice or the passage of time, or both, would constitute an Event of Default, Landlord hereby grants to Tenant a one time right of first refusal (the "Right of First Refusal") to expand the Premises to include the approximately 15,212 square feet of space that is adjacent to the Premises as shown on Exhibit "A" attached hereto (the "Refusal Space"), subject to the terms and conditions set forth herein. The term of this Right of First Refusal shall commence on the Commencement Date and continue only throughout the Initial Term of the Lease. If Tenant exercises the Right of First Refusal, the terms and conditions shall be for the remainder of the Initial Term at the then current Base Rental Rate. After any part of the Refusal Space has or will "become available" (as defined herein) for leasing by Landlord, Landlord shall not lease to another tenant that available portion of the Refusal Space without first offering Tenant the right to lease such Refusal Space. Space shall be deemed to "become available" in the event Landlord either (1) receives a bona fide proposal for the lease of some or all of the Refusal Space from a third party that Landlord desires to secure, or (2) makes a bona fide proposal for the lease of some or all of the Refusal Space to a third party that Landlord desires to secure. Consistent with this subsection, Landlord shall not lease any such Refusal Space to another tenant unless and until Landlord has first offered the Refusal Space to Tenant in writing (the "Offer"). The Offer shall contain the following terms that have been offered by Landlord to the third party, or by the third party to Landlord and such terms are acceptable to Landlord: (i) a description of the Refusal Space (which description shall include the square footage amount and location of such Refusal Space) and an attached floor plan that shows the Refusal Space; (ii) the date on which the Landlord expects the Refusal Space to be leased; (iii) the increase in Tenant's Share; and (iv) the term of the lease for the Refusal Space. Upon receipt of the Offer, Tenant shall have the right, for a period of ten (10) calendar days after receipt of the Offer, to exercise the Right of First Refusal by giving Landlord written notice that Tenant desires to lease the Refusal Space upon the terms and conditions as are contained in the Offer and at the same Base Rent as the Premises (on a per square foot basis). If Tenant exercises the Right of First Refusal and the term of the Refusal Space expires after the Term of the Lease, the Term of the Lease shall be extended to be coterminous with the term of the Refusal Space. If the Term of this Lease is deemed extended to be coterminus with the expiration date set forth in the Refusal, then Tenant's extension option under this Lease shall be deemed exercised for the period of time required to make the Term of this Lease coterminus with the expiration date set forth in the Offer and Tenant shall thereafter have the option to extend the term of this Lease for the balance of the Renewal Term pursuant to the provisions hereof, which option, if exercised, shall include the Premises and the Refusal Space. If, within such ten (10) day period, Tenant exercises the Right of First Refusal, then Landlord and Tenant shall amend the Lease to include the Refusal Space subject to the same terms and conditions as the Lease, as modified by the terms and conditions of the Offer. If, within such ten (10) day period, Tenant declines or fails to exercise the Right of First Refusal, Landlord shall then have the right to lease the Refusal Space in portions or in its entirety as long as Landlord enters into a lease with a third party under similar or the actual basic terms and conditions contained in the Offer. If Landlord does lease all or any portion of the Refusal Space to a third party after complying with the terms and conditions of this Right of First Refusal, then the Right of First Refusal shall terminate, and Tenant shall have no further Right of First Refusal on the Refusal Space, or any portion thereof. If Landlord proposes to lease the Refusal Space to a third party on terms more favorable, or substantially different to those presented to Tenant in the Offer (including Base Rent), Landlord shall again offer the Refusal Space to Tenant pursuant to the terms of this Section (except that Tenant shall have the right to pay the Base Rent Landlord plans to accept from a third party, if less than the Base Rent provided herein) prior to entering into any binding agreement for the Refusal Space with any third party.

Early Termination. Provided that Tenant is not in default hereunder, Tenant shall have a one (1) time option to terminate this Lease at the end of the fifth (5th) year of the initial term hereof, provided that Tenant gives Landlord one hundred eight (180) days prior written notice and, along with the written notice, provide to Landlord an Early Termination penalty in the amount of (1) the unamortized real estate commission due for years six (6) through (10) pursuant to a separate Commission Agreement, and two (2) months rent then owing.

30.17. **Addenda.** The following addendums are attached hereto and incorporated herein for all purposes (check as applicable):

[ ] Construction Addendum
[ ] Guaranty
[X] Existing Rules and Regulations

IN WITNESS WHEREOF, Landlord and Tenant have signed this Lease as of the day and year first above written.

LANDLORD:

UNIT 82 JOINT VENTURE

By: _____
Jerry C. Ayoub, Managing Venturer

Address: 12190 Rojas Drive, El Paso, Texas 79936
Phone: 915-860-4500 Fax: 915-860-1164

TENANT:

GULF SYSTEMS, INC.

By: _____
RANDAL L. SCOTT, ~~President~~ Corp Operations Mgr.

Address: 7720 FM 1960 Rd. East, Humble, Texas 77346
Phone & Fax: 281 852-6700 281-852-1590

Tenant: GULF SYSTEMS, INC.

Building: EAST 10 INDUSTRIAL PARK, 12160 Rojas, Suite D

Landlord acknowledges receipt of:

First and last month's Base Rent:	$9,583.56
Security Deposit:	waived
TOTAL RECEIVED:	$9,583.56

_____

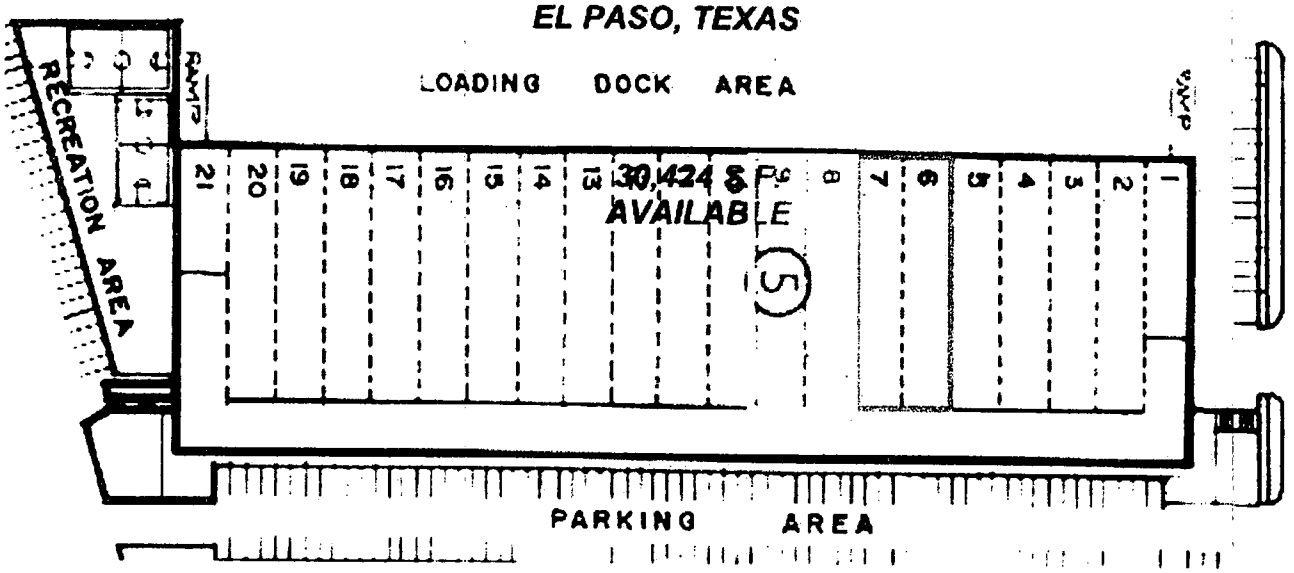
_____, Landlord's Agent

_____ Date

PREMISES/SITE PLAN

EXHIBIT "A"

12160 ROJAS DRIVE
EL PASO, TEXAS



LEASE PREMISES: APPROX. 15,212 S.F.

RIGHT OF FIRST REFUSAL: APPROX. 15,212 S.F.

EXHIBIT "B"

LEGAL DESCRIPTION OF PROJECT

A portion of Lot 1, Block 379, Vista Del Sol Unit Eighty-Two, as recorded in Volume 57, Pages 25 & 25A, Plat Records of the City of El Paso, El Paso County, Texas.

EXHIBIT "C"
SIGN CRITERIA/ INDUSTRIAL PARK

The necessity for establishing certain basic guidelines which must be followed by both tenants and sign companies serves a twofold purpose. First, it protects the tenants from unscrupulous vendors by providing for a sign which meets standards of good design and workmanship. Second, it helps to assure an eye-pleasing and attractive industrial park unmarred by poor design or badly proportioned signs. The most attractive and economically successful industrial parks are those which have established sign control. These sign criteria should be given to the sign company to serve as a guide in preparing the design and cost estimates for approval by Tenant and Landlord.

Criteria governing signs:

1. No flashing action or other mechanical animation is allowed on Tenant's sign.
2. Tenant's sign must be kept clean and in good condition. It is recommended that Tenant develop a maintenance program to assure that the sign appears inviting to customers and enhances the overall appearance of the Industrial Park.
3. Sign permit copy will be limited to the name under which Tenant is doing business.
4. Signs and/or graphics, their color, style, type, and quality are subject to final approval by Landlord. All signs and/or graphics must be mounted on raceway.

(a) Illuminated Neon Channel Letters: Neon channel letters shall be constructed of .065 gauge aluminum for background and .040 for the filler and all computer cut letters, painted optional and installed on self supporting raceway attached to the wall. Raceways shall not exceed more than the height of the tallest letter and shall be 7" in depth. All writing and connections shall be made within the raceway. The junction box is to be provided by Landlord. Illumination is to be neon tubing. Faces are to be acrylic plastic with 3/4" trim cap. The height of the letters shall conform to a standard of thirty-six inches (36"). Signs are to be installed in accordance with local codes and standards.

(b) Drawings: The Landlord shall be furnished with three (3) scale drawings showing the sign in relation to the Building and the Premises, and including all sign connections and shop drawings. Fabrication shall not be started until the Landlord and architect have approved in writing the drawings. These three (3) sets of drawings showing sign dimensions, specifications, and installation details must be submitted for approval via fax or mailed to:

Five Star Development Group, Attn: Michelle Hajjar
12190 Rojas, El Paso, Texas 79936
Fax: (915) 860-1164, Phone: (915) 860-4500.

5. Logos and Trademarks: When Tenant has a logo or trademark which is used in conjunction with Tenant's name, Tenant may seek Landlord's approval for the use of the logo in conjunction with the name, which must also meet illumination specifications. Logos or Trademarks must be integrated with the design of the sign and may vary in color. Landlord must approve all colors in writing before fabrication of signs. Overall length of the name and logo together must not be more than 75% of the Premises frontage of the Building.
6. Permits: All required City of El Paso permits and approvals from Landlord are required prior to sign fabrication.
7. Window and Door Signs and Decals: No window-painted signs are permitted. Decal signs are permitted as follows:
   (a) Size-proportioned with door.
   (b) White in color.
   (c) Helvetica in style.
8. Service Door Decal Signs: Copy shall be limited to Tenant name and address only. Letters shall be white and Helvetica style. The top letters spelling Tenant's name shall be placed 5'6" from the bottom of the door and be positioned in the center of the door.
9. Tenant responsibilities:
   (a) The removal of signs and necessary repairs caused by the mounting of signs are the responsibility of Tenant.
   (b) Tenant is responsible for damage to metal frame, drywall, doors, or any areas of the Building damaged as a result of faulty or secondary wiring in signs. Tenant should have an understanding with the sign company with regard to responsibility for damage done as a result of sign defects.

RULES AND REGULATIONS

1. The sidewalk, entries, and driveways of the Project shall not be obstructed by Tenant, its agents, employees, or invitees, or used by them for any purpose other than ingress and egress to and from the Premises.

2. Tenant shall not place any signs or banners on the outside walls of the Premises or the Project, or any objects, including by way of example and not limitation, any antennas, outdoor furniture, stand-alone signs, etc., in the parking areas, landscaped areas or other areas outside the Premises, or any of the same on the roof of the Project, except those items approved by Landlord as part of the Tenant Improvements or approved in writing by Landlord on a case-by-case temporary basis.

3. Except for handicap-assistance dogs, no animals shall be allowed in the offices, halls, or corridors of the Project.

4. Tenant shall not disturb the occupants of the Project or adjoining buildings by the use of any radio or musical instrument or by the making of loud or improper noises, and shall conduct its operations in such a manner, and maintain its mechanical and other equipment in good working order, to minimize vibration and noise so as not to interfere with the operation of other tenants in the Project.

5. Tenant shall not permit storage outside the Premises and/or the Project (except as approved by Landlord as part of the Tenant Improvements or as approved in writing by Landlord on a case-by-case temporary basis), including, without limitation, outside storage of trucks and other vehicles, or dumping of trash, waste or refuse, or permitting any harmful materials to be placed in any drainage system or sanitary system in or about the Premises.

6. All moveable trash receptacles must be kept in the trash enclosure areas, if any, provided for that purpose, and all trash shall be placed inside said trash receptacles.

7. No auction, public or private, will be permitted on the Premises or the Project except as may be provided in a lease agreement and approved by Landlord.

8. The Premises shall not be used for lodging, sleeping or cooking, or for any immoral or illegal purposes or for any purpose other than that specified in the Lease. No gaming devices shall be operated in or on the Premises.

9. Tenant assumes full responsibility for protecting the Premises from theft, robbery and pilferage.

10. Tenant will instruct its employees to park in the areas on the land where the Project is located and in spaces designated, if any, by Landlord for employee parking.

11. Tenant shall not commit or permit waste or a nuisance on the Premises or the Project, including, without limitation, improper trash/debris disposal, any noxious, toxic or corrosive emissions from the Premises, or the placing of any load on any floor in the Premises which exceeds the floor load per square foot which such floor was designed to carry.

12. Any placement of name and/or logo on the Building shall conform to the standard letter height size of thirty-six inches (36").

13. Tenant assumes sole responsibility for transferring into Tenant's name all utility services, and the placement of deposits therefor, if any, and, in the case of natural gas service and meters, ordering and paying for same, in order to ensure that said services are available to Tenant upon move-in.

14. Any entrance upon the Project or the Premises by any person through any means for the purpose of selling or solicitation is prohibited by Landlord. Should any such entry occur, Tenant assumes sole responsibility for any and all actions, reactions, results, damages, claims, and liability occurring or to occur as a result of such entry.