

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK (MANHATTAN)

PROOF OF CLAIM

In re:
JENNIFER CONVERTIBLES, INC.

Case Number:
10-13779

NOTE: See Reverse for List of Debtors/Case Numbers/ important details. This form should not be used to make a claim for an administrative expense arising after the commencement of the case. A "request" for payment of an administrative expense may be filed pursuant to 11 U.S.C. § 503.

☐ 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 if you are the debtor or trustee in this case.

Name of Creditor and Address: the person or other entity to whom the debtor owes money or property

DUNN LEE & KEARY
(RE: MJD INVESTMENT CO.)
GRANT C KEARY ESQ
26000 TOWNE CENTRE DR
STE 200
FOOTHILL RANCH, CA 92610

25239793002154

Creditor Telephone Number ()

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

MJD INVESTMENT COMPANY
580 WEST LAMBERT, SUITE E
BREA, CA 92821

Payment Telephone Number (714) 529-3453

RECEIVED

OCT 21 2010

BMC GROUP

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

THIS SPACE IS FOR COURT USE ONLY

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

Claim Number (if known):

Filed on:

1. AMOUNT OF CLAIM AS OF DATE CASE FILED \$ 26,584.00

If all or part of your claim is secured, complete item 4 below; however, if all of your claim is unsecured, do not complete item 4.
If all or part of your claim is entitled to priority, complete item 5.
If all or part of your claim qualifies as an administrative expense under 11 U.S.C. § 503(b)(9), complete item 6.

☐ 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:

BREACH OF LEASE

(See instructions #2 and #3a on reverse side.)

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

3a. Debtor may have scheduled account as:

4. SECURED CLAIM

(See instruction #4 on reverse side.)

Check the appropriate box if your claim is secured by a lien on property or a right of set off and provide the requested information

Nature of property or right of setoff:

Describe:

☐ Real Estate ☐ Motor Vehicle ☐ Other

Value of Property: \$

Annual Interest Rate: %

Amount of arrearage and other charges as of time case filed included in secured claim.

Unsecured Claim Amount: \$

DO NOT include the priority portion of your claim here.

Basis for Perfection:

5. PRIORITY CLAIM

☐ Amount of Claim Entitled to Priority under 11 U.S.C. §507(a).

If any portion of your claim falls in one of the following categories, check the box and state the amount:

Unsecured Priority Claim Amount: \$

Include ONLY the priority portion of your unsecured claim here.

You MUST specify the priority of the claim:

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

☐ Wages, salaries, or commissions (up to \$11,725*), 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).

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

☐ Up to \$2,600* of deposits toward purchase, lease, or rental of property or services for personal, family, or household use - 11 U.S.C. § 507(a)(7).

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

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

* Amounts are subject to adjustment on 4/1/13 and every 3 years thereafter with respect to cases commenced on or after the date of adjustment.

6. AMOUNT OF CLAIM THAT QUALIFIES AS AN ADMINISTRATIVE EXPENSE UNDER 11 U.S.C. § 503(b)(9): \$

See instruction #6 on reverse side

7. CREDITS: The amount of all payments on this claim has been credited for the purpose of making this proof of claim.

8. SUPPORTING DOCUMENTS: Attach redacted copies of supporting documents, such as promissory notes, purchase orders, invoices, itemized statements of running accounts, contracts, court judgments, mortgages, and security agreements. You may also attach a summary. Attach redacted copies of evidence of perfection of a security interest. (See instruction 8 and definition of "redacted" on reverse side.) 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.

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

The original of this completed proof of claim form must be sent by mail or hand delivered (FAXES NOT ACCEPTED) so that it is actually received on or before 5:00 pm, prevailing Eastern Time on October 25, 2010 for Non-Governmental Claimants OR on or before 5:00 pm, prevailing Eastern Time on January 18, 2011 for Governmental Units.

BY MAIL TO:
BMC Group, Inc
Attn: Jennifer Convertibles Claims Processing
PO Box 3020
Chanhassen, MN 55317-3020

BY HAND OR OVERNIGHT DELIVERY TO:
BMC Group, Inc
Attn: Jennifer Convertibles Claims Processing
18750 Lake Drive East
Chanhassen, MN 55317

THIS SPACE FOR COURT USE ONLY

Jennifer Convertibles



00251

DATE
10-19-2010

SIGNATURE: The person filing this claim must sign it. Sign and print name and title, if any, of the creditor or other person authorized to file this claim and state address and telephone number if different from the notice address above. Attach copy of power of attorney, if any.

M. Gregory Davies

M. GREGORY DAVIES, MANAGING GENERAL PARTNER

ATTACHMENT 1

Proof of Claim of MJD Investment Company

Amount of Claim represents unpaid rent as of the date of the filing of the bankruptcy petition in the amount of \$26,584.00 pursuant to the attached Lease, as amended.

LEASE AGREEMENT

Landlord hereby leases to Tenant and Tenant hereby hires from Landlord the premises hereinafter described on the terms and conditions set forth in this Lease Agreement, hereinafter called, "this Lease".

BASIC LEASE PROVISIONS

The words and figures set forth in paragraphs A to S, both inclusive, are part of this Lease wherever appropriate reference is made thereto, unless they are expressly modified elsewhere in this Lease.

- A. Date of Execution: As of June, 1993
- B. Landlord: MJD Investment Company, A California General Partnership
- C. Tenant: J.C. Brea CA I V, Inc., a California corporation
- D. Tenant's Trade Name: Jennifer Convertibles
- E. Shopping Center: The property particularly described on the Plot Plan marked Exhibit A, located at:
City: Brea County: Orange State: California
Address of Store Premises (if available) or nearest Streets:
1000 East Imperial Highway, Suite A-3
- F. Premises: The area shown by hatch-marks on Exhibit A containing approximately 2914 square feet of floor area.
Approximate Frontage: 55' 3 1/2" - Approximate Depth: 52' 8"
- G. Purpose: Retail sales of convertible furniture, home furnishings and related accessories.
- H. Term: Ten (10) years, including the first partial lease year.
- I. Minimum Rent: \$5,828.00 per month. Tenant shall pay Landlord \$9,130.42, upon the execution of this Lease as rent for December 15, 1993 to February 1, 1994.
- J. Security Deposit: \$11,650.00
- K. Sign Deposit: n/a
- L. Percentage Rent Rate: n/a%
- M. Promotion Fund Contribution. Subject to the provisions of Paragraph 15.3, not less than n/a cents per square foot of premises floor area per month, plus a one time charge equal to \$ -0- for the grand opening of the shopping center.
- N. Landlord's Address for Notices: 580 W. Lambert Road, Suite E, Brea, California 92621
- O. Tenant's Business Address and Phone Number for Notices:
c/o J.C. Brea CA I V, Inc. Warehouse
245 Roger Avenue, Inwood, New York 11696 with a required copy to:
Bernard Wincig, Esq., 574 Fifth Avenue, New York, 10036
- P. Tenant's Residence Address and Phone Number: n/a
- Q. Tenant's Agent for Notices & Service of Process: Harley J. Greenfield, President / Chairman of the Board
- R. Landlord's Federal Tax I.D. Number 95-3105225
- S. Tenant's Pro-Rata Share: CAM Expense: 7.420%
Bldg. Expense: 58%



LEASE AGREEMENT

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LEASE

1. PREMISES: 1.1 Improvements: Unless expressly so provided in an exhibit entitled Construction and Acceptance of Improvements and attached hereto as Exhibit B, Landlord has not agreed to install any improvements on the premises or do any other work to ready the premises for occupancy by Tenant. Tenant acknowledges that Tenant has inspected the premises and is relying solely on Tenant's inspection and not on any statement made by Landlord or any agent of Landlord with respect to the physical condition of the premises; Tenant accepts the premises in their condition "as is" on the date of this Lease; and Tenant agrees that Landlord shall not be called upon to perform any work of any kind whatsoever in or about the premises. Tenant shall do all work necessary to make the premises ready for its use. If Landlord has agreed to install improvements on the premises, the improvements to be installed by Landlord are those set forth in paragraph 7 of Exhibit B hereto and no others. If no Exhibit B is attached to this Lease, it shall be conclusively presumed that the premises are being leased "as is" to Tenant.

1.2 Location: The parties acknowledge that Exhibit A describes the perimeter of the shopping center before the dedication or grant of easements for highways, streets and public ways. Exhibit A sets forth a proposed general layout of the shopping center and shall not be deemed a representation by Landlord that the shopping center shall be constructed as indicated thereon or that any tenants or occupants designated by name or nature of business thereon shall conduct business in the shopping center during the term of this Lease; Landlord may, in its sole discretion, increase, decrease, or change the number, locations, and dimensions of the buildings, the premises therein, driving lanes, driveways, walkways, parking spaces and other improvements shown on Exhibit A, and Landlord reserves the right to make additions and alterations to all buildings constructed in the shopping center.

2. BUSINESS RIGHTS AND RESTRICTIONS: 2.1 Purpose: The premises shall be used solely for the purpose set forth in paragraph G and for no other purpose whatsoever.

2.2 Restrictions: Tenant shall not, without Landlord's prior written consent, (a) conduct any auction or bankruptcy sale except pursuant to court order, (b) conduct any fire sale except as a result of a fire on the premises, (c) conduct any close-out sale or (d) sell any so-called "surplus", "Army and Navy," or "secondhand" goods, as those terms are generally used at this time and from time to time hereafter, on or from the premises.

2.3 Non-Competition: Neither Tenant nor any person who controls or is controlled by Tenant shall own, operate or become interested in a similar business within a radius of ^{1-1/2} miles in any direction from the closet boundary of the shopping center, measured in a straight line on a map. As used in this Lease, the word "person" means any natural person or persons in individual or representative capacities any entity or entities of any kind whatsoever, including without limitation, corporations, partnerships and associations, or any combination of persons and entities. Without limiting Landlord's remedies, in the event Tenant should violate this covenant, Landlord may, at its option and for so long as Tenant is violating this covenant, include the gross sales of such similar business in the gross sales made from the premises for the purpose of computing percentage rental due hereunder.

3.1 TERM: Duration: The term of this Lease shall be for the period of years set forth in paragraph H commencing on the August 1, 1993, hereinafter called "commencement date". If the commencement date occurs on a day other than the first day of the calendar year the term of this Lease shall commence on said commencement date and shall continue for the period of years set forth in paragraph H. *

3.2 Cancellation: If for any reason whatsoever the term of this Lease has not commenced within 1 year after the date of execution of this Lease, this Lease shall be automatically deemed cancelled and shall have no further force or effect, and neither party shall have any liability to the other hereunder.

3.3 Security Deposit: Upon signing of this Lease, the Tenant shall deposit with Landlord the sum in paragraph J as security for the faithful performance of all Lease obligations hereunder, including but not limited to, obligations relating to rent, common area contributions for maintenance, taxes, insurance, repairs, or cleaning. This security deposit shall not constitute payment of either the first or last month's rent hereunder. If, on the expiration of the term, or any extension thereof, Tenant shall have fully performed all of Tenant's obligations hereunder, then the security deposit, without interest, shall be returned to Tenant less the standard post move out cleaning charge not to exceed \$300. Landlord shall have the right to, but need not, apply the deposit to the payment of sum attributable to Tenant's default hereunder, and if Landlord does so apply the deposit Tenant shall, on demand, immediately deposit with Landlord an amount of cash equal to the amount so applied so that Tenant shall at all times have on deposit with Landlord the amount herein specified as security.

4. RENT. 4.1 Amount: Tenant shall pay Landlord without prior notice, demand, deduction or offset during the lease term the fixed minimum ~~and percentage rent~~ provided in this paragraph 4.1 and as additional rent all other sums to be paid to Landlord pursuant to this Lease, whether or not such sums are expressly stated to be additional rent.

(a). Fixed minimum rent at the monthly rate provided in paragraph 1, shall, except as provided in paragraph 4.2 (a), be due and payable on the first day of each month during the term.

~~(b). Fixed minimum rent shall be adjusted upward but not downward as provided in this paragraph by increases in the Consumer Price Index for all Urban Consumers for the Los Angeles-Anaheim-Riverside, CA Metropolitan Area as published by the Bureau of Labor Statistics of the U.S. Department of Labor (CPI) based on the period 1982-1984 = 100.~~

Rider Page 1-A

The first "lease year" during the term hereof shall be the period commencing on the Commencement Date if it occurs on the first day of a calendar month, or the first day of the next succeeding calendar month if the Commencement Date occurs on any date other than the first day of a calendar month, and shall terminate twelve (12) full calendar months thereafter.

For purposes of this adjustment, the base period shall be the second calendar month before the commencement date, and the adjustment period shall be each anniversary of the base period month. The adjustment shall be calculated by multiplying the rent payable in the adjustment period by a fraction in which the numerator is the CPI for the adjustment period and the denominator is the CPI for the base period, and fixed minimum rent shall be increased to the sum so calculated on each anniversary of the commencement date. If the commencement date falls on the first day of calendar month, or on each anniversary of the first day of the month following the commencement date, if the commencement date does not fall on the first day of a calendar month. (For example, if the commencement date is September 10, 1987, the base period would be July, 1987 (assume the CPI is 100) and the comparison period would be July, 1988 (assume the CPI is 105) and July of each following year. Assuming that fixed minimum rent at the commencement date is \$1,000 per month, it would be increased to \$1,050 on October 1, 1988). If the 1982-1984 base of the CPI is changed, the new base shall be converted to the 1982-84 base, and the base as so converted shall be used. If the CPI is discontinued, Landlord shall substitute an index or computation that in Landlord's good faith opinion measures changes in the prices of goods and services in a manner most comparable to the CPI, and Landlord's determination, if made in good faith, shall be final and binding.

(c) ~~In addition to fixed minimum rent and payment of all other charges which are to be paid by Tenant under this Lease, Tenant shall pay to Landlord as percentage rent based on gross sales, as hereinafter defined, for each lease year, an amount calculated by multiplying the gross sales for each lease year during the lease term by the percentage rent rate in paragraph L and by subtracting the fixed minimum rent actually paid during said lease year. Percentage rent shall be payable quarterly as provided in paragraph 4.5.~~

(d) Late Charges: Tenant acknowledges that late payment by Tenant to Landlord of rent or other sums due hereunder will cause Landlord to incur expenses in an amount that will be impractical or extremely difficult to ascertain. Accordingly, if any installment of rent or any sum due from Tenant is not received by Landlord or Landlord's designee when due, Tenant shall pay to Landlord as liquidated damages, in addition to interest payable under paragraph 25.5, a late charge equal to 5% of such overdue amount. The parties hereby agree that this late charge represents a fair and reasonable estimate of the cost that Landlord will incur, in addition to interest on the money involved, because of the late payment by Tenant. Landlord's failure to demand the payment of late charges on one or more occasions shall not constitute a waiver of Landlord's right to demand payment of past due charges. Acceptance of late charges by Landlord shall in no event constitute a waiver of Tenant's default with respect to such overdue amount, nor shall such acceptance prevent Landlord from exercising any of the other rights and remedies granted hereunder. In addition, because of late payment, Landlord may also incur attorney's fees for services short of litigation, and Tenant shall pay the attorney's fees incurred by Landlord for these services.

4.2 First Partial Month: If the commencement date occurs on a day other than the first day of a calendar month:

(a) Fixed minimum rent for the first partial month shall be pro-rated on the ratio which the number of days of the term of this Lease in such month bears to 30 and as so prorated shall be paid on the commencement date.

~~(b) Tenant's gross sales for the first partial month shall be included as gross sales for the first lease year of this Lease, and the daily minimum rent provided in paragraph 4.2(a) shall be deducted in computing the percentage rent payable for that lease year.~~

4.3 Lease Year:

(a) "Lease Year" shall mean each period of 12 or less consecutive month which ends on December 31st of each year and which falls within the term of this Lease. *

~~(b) Each lease year shall constitute a separate accounting period for the purpose of computing percentage rent, and gross sales for any one lease year shall not be carried forward or carried back into any other.~~

4.4 Gross Sales:

~~(a) "Gross Sales" means (a) the entire amount charged for the full price at the time of the initial transaction for all merchandise sold or delivered or services rendered by Tenant; (b) the gross amount received or charged by Tenant for merchandise sold or services rendered pursuant to orders received by telephone, mail, house-to-house, or by other canvassing, and attributable to the premises whether or not filled elsewhere; and (c) all gross income of Tenant from any operations in, at, from or through the use of the premises. The term "Tenant" as used in this paragraph 4.4 includes the named Tenant and any subtenants, licensees, or concessionaires, or any other person or firm conducting business in, from, or through the use of the premises (all of whom are hereinafter called "permitted occupants").~~

~~(b) There shall be excluded from gross sales or deducted therefrom if previously included:~~

- ~~(1) Cash refunded or credit allowed on merchandise returned by customers.~~
- ~~(2) Sales Tax, excise taxes, or other similar taxes.~~
- ~~(3) Sales of fixtures, equipment, or property which are not stock-in-trade.~~

4.5 Report and Payment of Percentage Rent:

~~(a) Within 20 days after the end of each calendar month which falls within the lease term, Tenant shall deliver to Landlord a written statement certifying gross sales during said calendar month. At the same time Tenant shall pay to Landlord the amount, if any, that the gross sales multiplied by the percentage rent rate in paragraph L exceeds the amount of fixed minimum rent actually paid by Tenant during said period. The statement shall be certified to be correct by Tenant or by an authorized officer or partner or Tenant. Within thirty (30) days after the end of each calendar quarter Tenant shall deliver a copy of the sales tax return pertaining to the premises filed by Tenant during the preceding calendar quarter.~~

* See Rider Page 2-A

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The first "lease year" during the term hereof shall be the period commencing on the Commencement Date if it occurs on the first day of a calendar month, or the first day of the next succeeding calendar month if the Commencement Date occurs on any date other than the first day of a calendar month, and shall terminate twelve (12) full calendar months thereafter.

4.5 ~~(b) Within 90 days after the expiration of each lease year, Landlord shall (1) compute percentage rent so that the total percentage rent to be paid by Tenant for said lease year will be that which is provided in paragraph 4.1 (c) and (2) notify Tenant of the amount so computed. Within 10 days after delivery of such notice, Tenant shall pay to Landlord any percentage rent then due or Landlord shall refund to Tenant the amount of any overpayment, as the case may be.~~

4.6 Records: Tenant shall keep and preserve and shall require its permitted occupants to keep and preserve, in the county in which the premises are located, for a period of not less than 3 years after the delivery to Landlord of Tenant's certified statement for the last calendar quarter of each lease year, complete, accurate, and customary records of all amount received during each lease year in the premises. However, in the case of a controversy concerning the amount of percentage rent payable hereunder, Tenant shall keep and preserve said records until the controversy has ended. Landlord shall be entitled at reasonable times during business hours, personally or through duly authorized agents, at its own expense, to inspect and make copies of such records, together with any other documents bearing on Tenant's gross sales hereunder.

4.7 Audit: Landlord shall be entitled to have an audit made of the amount received by Tenant from business transacted in the premises, whether or not included in "gross sales", for a prior lease year. If the audit discloses that any statements for the period audited are inaccurate, adjustment shall be made upon notice as provided in paragraph 4.5 (b). If the audit further discloses that Tenant has understated percentage rent by 2% or more, for the audited period, Tenant shall immediately pay the cost of the audit. If Tenant willfully misstates its gross sales, Landlord shall have the immediate right to terminate ~~this lease and recover all damages provided by law.~~

5. COMMON AREA. 5.1 Definition: The common area is that area within the shopping center which is neither occupied by buildings nor devoted permanently to the exclusive use of a particular tenant, except that areas containing pylon signs and buildings or structures which are used with respect to the operation of the common area shall be deemed to be part of the common area. Notwithstanding the foregoing, the common area includes roofs, roof overhangs, canopies, and supporting columns, hallways, corridors, stairways, and entries used by multiple occupants, and any area shown as a building area on Exhibit A until such time as it is improved with a building.

~~5.2 Original Construction: The original construction of common area improvements shall be completed by Landlord and shall not be charged to Tenant. Areas designated as building area on Exhibit A need not be improved but shall be kept in clean and level condition. The maintenance of temporary paving or landscaping in the building shall be a common area expense.~~

5.3 Use: During the lease term, Tenant, its permitted occupants, invitees, customers, and employees shall have the nonexclusive right to use the common area in common with Landlord, other owners of portions of the shopping center, other tenants, and their respective permitted occupants, invitees, customers, and employees, subject to the provisions of this Lease.

5.4 Maintenance: Landlord shall, subject to Paragraph 5.6, pay and be responsible for maintaining all improvements on the common area in good repair, including making replacements where necessary, and in compliance with all governmental requirements, including without limitation, (1) managing, (2) cleaning, (3) rubbish removal, (4) labor, payroll taxes, materials, and supplies, (5) all utility services utilized in connection therewith, including, but not limited to, sewer services and fire service fees, (6) maintaining, repairing, replacing, and reserving for replacement, and re-marking paved and unpaved surfaces, curbs, directional and other signs, landscaping, lighting facilities, drainage, and other similar items, (7) all premiums on workers' compensation, casualty, public liability, and other insurance on the common area, (8) rental cost for or straight-line depreciation on tools, machinery and equipment used in connection with the above, (9) all real property and personal property taxes and assessments levied or assessed against the common area, (10) any regulatory fee or surcharge or similar imposition imposed by governmental requirements based upon or measured by the number of parking spaces or the areas devoted to parking in the common area, and (11) the cost of a security service and/or security system if Landlord determines that such security is necessary. Landlord shall be entitled to a management fee equal to 15% of the expense incurred by Landlord pursuant to this paragraph 5.4 and the insurance premiums paid by Landlord pursuant to paragraph 9.4 (a).

5.5 Records: Landlord shall keep records showing in detail all expenses incurred for such maintenance. These records shall upon reasonable request, be made available during business hours at the offices of Landlord.

5.6 Tenant's Contributions: Tenant, at Landlord's option, shall pay to Landlord monthly or quarterly, as additional rent, Tenant's pro rata share of the amount of all expenses described in paragraph 5.4 based either on (a) the amount of such expenses actually incurred during the billing period, payable within 3 days after billing, or (b) equal monthly installments which have been estimated in advance by Landlord for a particular calendar year, payable on the first day of each month, and Landlord shall within 90 days after the end of such year, adjust the estimated expenses to reflect the actual expenses incurred for such year. Tenant's pro rata share shall be equal to the ratio which Tenant's floor area bears to the total completed first floor area in the shopping center, whether or not then occupied.

5.7 Operation and Control: Landlord shall have general possession and control of the entire common area and may from time to time adopt and modify rules and regulations pertaining to the use thereof. Landlord shall, except as otherwise provided herein, operate and maintain the common area during the lease term. The manner in which the common area shall be operated and maintained and the expenditures therefor shall be in Landlord's sole discretion. Landlord reserves the right to appoint a substitute operator, including but not limited to, any tenant in the shopping center, to carry out any or all of Landlord's rights and duties with respect to the common area as provided in this Lease; and Landlord may enter into a contract either by a separate document or in a lease agreement with such operator such terms and for such period as Landlord shall deem proper.

5.8 Employee Parking: Landlord may designate what part of the common area, if any, shall be used for automobile parking by owners, employees of owner's, employees of tenants and permitted occupants. No employee of any such owner,

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tenant or permitted occupant, shall use any part of the common area for parking except such area or areas as may be so designated.

5.9 Obstruction: Except for common area improvements installed by Landlord, no fence, wall, structure, division, rail or obstruction shall be placed, kept, permitted or maintained upon the common area or any part thereof by Tenant; nor shall the sale, display, advertising, promotion, or storage or merchandise or any business activities of any kind whatsoever be conducted therein without Landlord's prior written consent; nor shall Tenant permit any person to use the common area for solicitations, demonstrations or any other activities that would interfere with the conduct of business in the shopping center of which might tend to create civil disorder or commotion.

6. TAXES. 6.1 Personal Property Taxes: Tenant shall pay before delinquency all license fees, public charges, property taxed and assessments on the furniture, fixtures, equipment and other property of or being used by Tenant at any time situated on or installed in the premises.

6.2 Real Property Taxes:

(a) Tenant shall pay to Landlord as additional rent Tenant's proportionate share of real property taxes during the lease term. At Landlord's election, real property taxes shall be estimated yearly in advance by Landlord, payable monthly by Tenant, and adjusted in the manner provided by paragraph 5.6 or shall be payable as provided in paragraph 6.2 (c). The term "real property taxes" is used in its broadest possible sense and shall include: (1) any form of tax, general or special assessment (ordinary or extraordinary), license fee, business tax, rental tax, excise tax, so-called value added tax, or levy or charge of any kind whatsoever (collectively called "imposition") imposed by any governmental entity of any kind whatsoever having the direct or indirect power to tax the shopping center or any interest of Landlord in the premises or the shopping center, the right to rent or other income therefrom, the business of leasing, or the change in ownership of real property, whether the imposition is existing, a substitution of an existing imposition or new or additional imposition, and whether the imposition is measured by the value of real property or imposed as a charge for any governmental services or improvements such as, but not limited to, fire or police protection, public transportation, street or sidewalk maintenance or refuse removal. Real property taxes shall not include Landlord's federal or state income, franchise, inheritance or estate taxes. Real property taxes for the first and last lease years shall be prorated to coincide with the beginning and end of the lease term.

(b) If the premises are separately assessed, Tenant shall be liable for the taxes and assessments attributable to the premises based upon a segregation of the premises in a separate tax bill, and if the premises are prorated by the County Assessor, Tenant shall be liable for individual assessment valuations (proration) supplied by the County Assessor. If the assessor supplies a proration, it shall be conclusive upon both parties unless the parties otherwise mutually agree in writing. In the absence of a proration supplied by the County Assessor or written agreement by parties, Tenant's share shall be determined by multiplying the amount payable set forth in the tax bill by a fraction in which the numerator is the floor area of the Tenant's premises and the denominator is the floor area of all other premises included in the tax bill, whether occupied or not, which share is currently equal to "Tenant's Pro-rata Share".

(c) Unless Landlord charges taxes and assessments on a monthly prorated basis, Tenant shall pay Landlord Tenant's share of such taxes and assessments within 10 days after delivery of Landlord's written statement therefor.

6.3 Business Taxes: Tenant shall pay all taxes and assessments or license fees levied, assessed or imposed by law or ordinance, because of the use of the premises.

7. UTILITIES: Tenant shall apply to governmental entities and utility companies for the direct billing to Tenant of all utility services furnished to the premises. Commencing with the construction of Tenant improvements, Tenant shall pay as additional rent before delinquency all charges for water, gas, heat, air cooling, electricity, power, telephone, sewer service fees and other utility services used on or serving the premises, together with connection charges, taxes, assessments or surcharges thereon. Nothing contained this Lease shall limit Landlord in any way from granting or using easements on, across, over, and under the shopping center for the purpose of providing utility services.

8. REPAIRS AND ALTERATIONS: 8.1 Landlord's Repairs: Landlord shall, at its own expense, keep in good condition and repair the foundations and exterior and bearing walls (excluding surface maintenance such as painting) of the premises. Landlord shall also, subject to Tenant's reimbursement as herein provided, maintain in good repair the roofs. Tenant shall not go onto the roof of the building in which the premises are located or permit anyone else to do so without the prior written consent of Landlord. Consent will be given only upon Landlord's satisfaction that any repairs necessitated as a result of Tenant's action will be made by Tenant at Tenant's expense and will be made in a manner not to invalidate any guarantee relating to said roof. Landlord shall have had a reasonable period of time thereafter to commence and complete said repairs. Cost of roof maintenance and roof repair shall be included in the common area maintenance charges and shall be prorated pursuant to paragraph 5.6. For purposes of this particular proration, floor areas of freestanding Tenant buildings as well as the floor area of the major tenants such as a market, drug store or department store, shall be excluded the denominator. Landlord may paint the exterior of the premises once every 5 years, and the Tenant shall reimburse Landlord for said cost.

8.2 Tenant's Repairs: Except as expressly provided in paragraph 8.1., Tenant shall be obligated to keep, maintain and repair the building and other improvements on the premises in good and sanitary order and condition, including, without limitation, the maintenance and repair of the store front, doors, window casements, glazing, heating, ventilating and air-conditioning (HVAC) system, plumbing, pipes, and electrical wiring and conduits. Tenant shall also, at its sole cost and expense, be responsible for any alterations or improvements to the premises necessitated as a result of the requirement



any municipal, state, federal authority or insurance carrier. Tenant hereby waives all rights to make repairs provided for by Section 1941 of the Civil Code. By entering the premises, Tenant shall be deemed to have accepted the premises as being in good and sanitary order, condition and repair. Notwithstanding the foregoing, Landlord, at its election, may employ an air conditioning and/or roof service company to provide repair and preventive maintenance for HVAC system and/or roof. Preventive maintenance and repairs to the HVAC system shall be allocated and charged to the particular tenant to whom the work pertains.

8.3 Alterations: Tenant shall not make or permit to be made any alterations, additions or changes (collectively called "alterations") to any part of the premises without first obtaining the written consent of Landlord. Any alterations for which consent is granted shall be compatible with the design criteria of the shopping center and shall be of high quality. Landlord may require as a condition to considering Tenant's request for consent that Tenant pay Landlord the expenses to be incurred by Landlord in evaluating Tenant's proposed alterations. If Landlord consents to the installation of the proposed alterations, Landlord may impose such conditions as Landlord sees fit to protect Landlord's interests, including delivery of a set of plans and specifications, if any, approved by the building department, and delivery of a lien payment and completion bond in favor of Landlord in an amount equal to 150% of the estimated cost of the proposed alterations. Tenant shall give Landlord at least 10 days' notice before commencing any work. The alterations shall be owned by Tenant until the expiration or earlier termination of the lease term. Landlord may, by notice to Tenant at any time before and not 90 days after the termination date, require Tenant to remove any or all of the alterations and to restore at termination or within 60 days thereafter, as the case may be, all or any designated portions of the premises to the condition which they were immediately before the alterations were installed. Any alterations that are not designated for removal, as well as any Tenant improvements installed by Tenant, shall become a part of the premises. Any damage caused to the premises by the removal of alterations designated by Landlord for removal shall be repaired and paid for by Tenant concurrently with removal. Any alterations designated for removal that remain in the premises after the time designated for removal or is no such time is designated, at termination, shall be conclusively deemed abandoned and may be disposed of or retained by Landlord as permitted by law. Regardless of Landlord's consent, any alteration that require the penetration of the roof, walls or floor or that affect the mechanical, electrical or HVAC systems shall be installed at Tenant's sole risk, and Tenant shall be liable for all consequential damages resulting from the installation. Section 33 shall apply to the removal of Tenant's trade fixtures, as distinguished from alterations. *

9. INSURANCE. 9.1 Use; Rate: Tenant shall not carry any stock of goods or do anything in or about the premises which will in any way tend to increase insurance rates on the shopping center in which the premises are located. In no event shall Tenant carry on any activities which would invalidate any insurance coverage thereon. Tenant shall pay on demand any increase in premiums that may be charged because of Tenant's vacating or otherwise failing to occupy the premises, but this provision shall not be deemed to limit in any respect Tenant's obligations under section 14.

9.2 Liability Insurance

(a) Tenant at Tenant's sole expense shall procure and maintain in full force and effect, at Landlord's election, either a policy or policies of comprehensive general liability insurance or a policy or policies of commercial general liability insurance ("tenant's liability insurance") issued by one or more insurance carriers, insuring against liability for bodily injury and property damage occurring in or on the premises and any portion of the common area which is subject to Tenant's exclusive control. Said liability insurance shall include coverage known as personal injury, products liability and contractual liability and shall be in an amount of not less than \$1,000,000 per occurrence combined single limit for bodily and personal injury and property damage.

(b) Landlord, subject to reimbursement from Tenant, may procure and maintain in full force and effect, at Landlord's election, either a policy or policies of comprehensive general liability insurance or a policy or policies of commercial general liability insurance or a policy or policies of Owners, Landlords, Tenants liability insurance ("Landlord's liability policy") issued by one or more insurance carriers, insuring against liability for bodily injury or property damage occurring in the shopping center, except any portion thereof subject to Tenant's exclusive control, in an amount not less than \$1,000,000 per occurrence combined single limit for bodily injury and property damage.

(c) If, in the opinion of Landlord's lender or of the insurance broker or insurance consultant retained by Landlord, the amount of coverage under Tenant's liability policy is not then adequate, Tenant or Landlord as the case may be, shall increase the insurance coverage as required by either Landlord's lender, Landlord's insurance broker or Landlord's insurance consultant. The limit of insurance liability shall not limit either party's liability under this lease.

(d) Tenant shall reimburse Landlord for the premiums incurred by Landlord for the Landlord's liability policy as additional rent on same basis that Tenant pays common area maintenance charges described in paragraph 5.6.

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9.3 Worker's Compensation Insurance: Tenant shall at all times maintain worker's compensation insurance in compliance with California law.

9.4 Fire Insurance:

(a) Casualty Insurance: Landlord, subject to reimbursement from Tenant, shall procure and maintain in full force and effect a standard form policy or policies insuring the improvements constructed by Landlord in the shopping center in an amount equal to full replacement cost (excluding architectural fees, foundations below ground and underground piping, but not the wiring therein) and rental insurance in an amount not less than the sum of minimum rent, real property taxes and casualty insurance for up to one year. The policy or policies shall cover standard form perils of fire, and, at Landlord's election special extended coverage, including earthquake and flood. Said coverage shall be subject to standard form of lenders loss payable endorsement issued to the holder or holders of a deed or deeds of trust secured by the shopping center. The foregoing casualty insurance may be subject to deductible provisions deemed reasonable or proper by Landlord. Tenant shall reimburse Landlord, as additional rent, for Tenant's share of the premiums and the deductible expense incurred by Landlord. If the foregoing casualty insurance covers premises in addition to Tenant's premises, Tenant's share of the premiums shall be based on the premium allocation made by the insurance carrier or agent. If the carrier or agent does not

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Tenant shall have the right, without the consent of Landlord, to make nonstructural repairs and alterations to the interior of the Premises, provided disbursements for such repairs or alternations do not exceed Fifty Thousand Dollars (\$50,000.00) for the first lease year and Fifteen Thousand Dollars (\$15,000.00) per annum for each lease year during the remainder of the Term. Notwithstanding the foregoing, Tenant shall not make any alterations, additions, or changes to the electrical, plumbing, HVAC system, or any other mechanical system in the Premises, without first obtaining the written consent of Landlord.

make the allocation, Tenant's share shall be a proportionate share or any other basis determined by Landlord in good faith because of rate differentials resulting from Tenant's use of the premises.

(b) Tenant shall procure and maintain in full force and effect a standard form policy or policies of fire insurance with standard form of extended coverage, vandalism, malicious mischief, fire sprinkler and water damage endorsements to the extent of the full replacement cost (and if full replacement cost coverage is not available, then to the extent of the full insurable value) of all stock in trade and Tenant's property located in the premises and used by Tenant in connection with its business, together with full coverage plate glass insurance.

~~(c) Tenant shall reimburse Landlord, within ten (10) days of receipt of Landlord's invoice therefor, for the insurance premiums Landlord from time to time incurs to insure any personal property owned by Landlord which is located on the Premises and utilized by Tenant in the operation of its business.~~

9.5 Waiver of Subrogation: Each party ("insured") hereby waives its entire right of recovery against the other party, the other party's partners, officers, directors, agents, representatives, employees, successors and assigns with respect to any loss or damage, including consequential loss or damage, to the insured's property caused or occasioned by any peril or perils (including negligent acts) covered by any policy or policies carried by the "insured" wherein such waiver of subrogation is permitted.

9.6 General Requirements

(a) All policies of insurance required to be carried hereunder by Tenant shall be written by companies satisfactory to Landlord and license to do business in California.

(b) Each policy of public liability insurance required to be carried under paragraphs 9.2 (a) and (b) shall be primary and shall contain a waiver of the right to contribution with respect to the insurance carried by the other party, except for automobile liability insurance carried by the other party, and shall be excess over such automobile liability insurance.

(c) Each policy required under paragraph 9.2 (a) shall expressly include, severally and not collectively, as additionally named insureds thereunder, the other party and any person or firm designated by the other party and having an insurable interest thereunder, hereinafter called "additional insured," as their respective interests may appear. Each such policy shall carry cross liability endorsements. Each such policy shall not be subject to cancellation or reduction in coverage except upon at least 30 days prior written notice to each additional insured. The policies of insurance or duly executed certificates evidencing them, together with satisfactory evidence of payment of premiums thereon, shall be deposited with each additional insured at the commencement of the term and not less than 30 days prior to the expiration of the term of such coverage. If tenant fails to comply with this requirement, any additional insured may obtain such insurance and keep it in effect, and Tenant shall pay to the additional insured the premium cost thereof upon demand with interest from date of payment by the additional insured to the date of repayment.

(d) At Landlord's election, Tenant's pro rata share of insurance premiums shall be estimated yearly in advance by Landlord, payable monthly by Tenant and adjusted in the manner provided in paragraph 5.6 or shall be payable within 10 days after delivery of Landlord's statement therefor.

9.7 Blanket Insurance: Each party shall be entitled to fulfill its insurance obligations hereunder by maintaining a so-called "blanket" policy or policies of insurance in such form as to provide by specific endorsement coverage not less than that which is required hereunder for the particular property or interest referred to herein.

10. DAMAGE AND RESTORATION. 10.1 Duty to Restore: If the improvements on the premises or the shopping center are partially or totally damaged by fire or other casualty so as to become partially or totally untenable, which damage is insured against under any policy of casualty coverage insurance then covering the damaged improvements, this Lease shall not terminate and said improvements shall be rebuilt by Landlord with due diligence at Landlord's expense unless Landlord elects to terminate this Lease as provided in paragraph 10.2.

unit ("Landlord's Notice").

10.2 Election to Terminate: If the improvements on the premises or the shopping center are damaged, whether or not the premises are damaged, by an insured casualty to the extent of at least 25% of their replacement cost (cost to repair or replace at the time of loss without deduction or physical depreciation) during the term of this Lease other than during the last 3 lease years of said term, or to the extent of at least 10% thereof during the last 3 lease years of said term or to any extent by an uninsured cause at any time during the lease term, or by an insured or uninsured cause during any extension or renewal of the lease term, Landlord shall, within not more than 90 days after such damage, notify Tenant of Landlord's election to terminate this Lease or to restore the improvements of the premises and such portion of the improvements in the balance of the shopping center as in Landlord's sole opinion is necessary to create an economically feasible commercial unit. The fact that an insured loss is subject to a deductible amount shall not make the loss uninsured. If Landlord elects to repair or restore the damaged improvements, then with respect to the premises, Landlord and Tenant each shall restore them in the same manner and to the same extent as work was done by each of them in the original construction and fixturing of the improvements, and the damaged improvements in the balance of the shopping center shall likewise be restored to an economically feasible commercial unit. ~~If Landlord~~ elects not to restore as aforesaid, this Lease shall terminate effective as of the date Tenant vacates the premises pursuant to Landlord's notice of termination. If Landlord elects to restore or fails to give notice of its election as aforesaid, then the Lease shall remain in full force and effect.

10.3 Rent Adjustment: If this Lease is not terminated as provided in this section 10, then during the period of repair and restoration, the fixed minimum rent shall be reduced by that proportion which Tenant's floor area rendered unusable as a result of such damage bears to Tenant's total floor area before such damage; provided that Tenant has paid Landlord Tenant's pro rata share of Landlord's rental insurance.

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In the event Landlord elects to repair or restore the damaged improvements, and Landlord shall not have fully restored the Premises within four (4) months after delivering Landlord's Notice to Tenant, then, at Tenant's election, Tenant may terminate this Lease by delivering written notice to Landlord and in the event of such termination, rent shall be adjusted as of the date of said occurrence.

11. FLOOR AREA DEFINED. "Floor area" means to each building or part thereof within the shopping center, including Tenant's premises, the actual number of square feet of ground floor space measured to the exterior faces or exterior walls and to the center of party walls, including columns, stairs, elevators and escalators, and excluding exterior ramps and loading docks.

12. EMINENT DOMAIN. 12.1 Definition: If there is any taking or damage to all or any part of the shopping center or any interest therein because of the exercise of the power of eminent domain or inverse condemnation, whether by condemnation proceedings or otherwise, or any voluntary sale or transfer by Landlord made in avoidance thereof (all of the foregoing being hereinafter referred to as "taking"), the rights and obligations of the parties with respect to such taking shall be provided in this section 12.

12.2 Total Condemnation: If there is a taking of all of the premises, this Lease shall terminate as of the date of such taking.

12.3 Partial Condemnation: If 25 % or more of the floor area of Tenant's premises shall be taken, either party may elect to terminate this Lease, or if 25 % or more of the floor area of all buildings in the shopping center shall be taken, whether Tenant's premises are taken or not, Landlord may elect to terminate this Lease. The terminating party shall give the other party written notice of such election not later than 30 days after the date Landlord delivers notice to Tenant that possession or title to the portion of the premises taken has vested in the condemnor. If neither party gives such notice or less than 25 % of the floor area of either Tenant's premises or buildings in the shopping center shall be taken, this Lease shall remain in full force and effect, and rent shall be adjusted as provided in paragraph 12.7.

12.4 Common Area: If 25 % or more of the common area shall be taken, either party may elect to terminate this Lease and shall give the other party written notice of such election not later than 30 days after the date Landlord delivers notice to Tenant that possession or title to said portion of the common area taken has vested in the condemnor. If neither party gives such notice or more than 75 % of said portion of the common area will be available after such taking, this Lease shall remain in full force and effect. In no event shall Tenant have the right to terminate this Lease if Landlord provides additional common area which, when combined with the remaining common area, provides a common area which is at least 75 % as large as the common area before the taking.

12.5 Termination Date: If this Lease is terminated in accordance with the provisions of this section 12, such termination shall become effective as of the date physical possession of the condemned portion is taken.

12.6 Repair and Restoration: If this Lease is not terminated as provided in this section 12, Landlord shall at its sole expense restore with due diligence the remainder of the improvements occupied by Tenant as far as practicable to a complete unit of like quality, character and condition as that which existed immediately prior to the taking, provided that Landlord shall not be obligated to expend an amount greater than that which was awarded to the Landlord for the improvements occupied by Tenant.

12.7 Rent Adjustment. If this Lease is not terminated as provided in this section 12, the fixed minimum rent shall be reduced by that proportion which the floor area taken from the premises bears to Tenant's total floor area immediately before the taking.

12.8 Award: The entire award or compensation in such proceedings, whether for a total or partial taking or for the value of the leasehold (bonus value) or for the fee shall belong to and be the property of Landlord, and if this Lease is terminated as provided in this section 12, the holder of any first deed of trust encumbering the shopping center shall have first priority to the extent of the unpaid balance of principal and interest on its loan. Without derogating the rights of Landlord or said holder under the preceding sentence, Tenant shall be entitled to recover from the condemnor such compensation as may be separately awarded by the condemnor to Tenant or recoverable from the condemnor by tenant in its own right for the value of any alterations made by tenant and designated for removal by Landlord, for the taking of trade fixtures and equipment owned by Tenant (meaning personal property, whether or not attached to the real property, which may be removed without injury to the premises) for the expense of removing and relocating them and for the loss of good will; provided that in no event shall the award to Tenant diminish the award to Landlord.

13. INDEMNITY: WAIVER. 13.1 Indemnity: Tenant shall indemnify Landlord against any and all liens, claims, demands, actions, causes of action, obligations, penalties, charges, liability, damages, loss, cost or expense, including reasonable attorney's fees for the defense thereof, arising from or connected with the conduct or management of the business conducted by Tenant on the premises or any portion of the common area which is under exclusive control of Tenant (the premises and such portion of the common area which is under the exclusive control of Tenant being referred to as "Tenant's premises" in paragraphs 13.1 and 13.2), or the use or occupancy of Tenant's premises, or from any breach or default on the part of Tenant in the performance of any covenant or agreement on the part of Tenant to be performed pursuant to the terms on this Lease, or from violations of or noncompliance with any governmental requirements or insurance requirements, or from any acts or omissions of Tenant or any person upon Tenant's premises by license or invitation of Tenant or occupying Tenant's premises or any part thereof under Tenant.

13.2 Waiver: All property kept, stored or maintained on Tenant's premises shall be so kept, stored or maintained at the sole risk of Tenant; and except in the case of willful misconduct, Landlord shall not be liable, and Tenant waives all claims against Landlord, for damages to persons or property sustained by Tenant or by any other person or firm resulting from the building in which the premises are located or because of Tenant's premises or any equipment located therein becoming out of repair, or through the acts or omissions of any persons present in the shopping center or renting or occupying any part of the shopping center, or for loss or damage resulting to Tenant or its property from burst, stopped or leaked sewers, pipes, conduits, or plumbing fixtures, for interruption of any utility services, or from any failure of or defect in any electric line, circuit, or facility, or any type of improvement or service on or furnished to Tenant's premises or resulting from any accident

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in, out, or about Tenant's premises or the building in which the premises are located.

14. OPERATION OF BUSINESS. Tenant shall continuously and uninterruptedly, subject only to section 18, during the entire lease term; (a) remain open for business at least 6 days a week and at least 8 hours a day from 10:00 a.m. to 6:00 p.m.; (b) adequately staff its store with sufficient employees and carry sufficient stock of merchandise of such amount, character and quality to maximize sales volume in accordance with sound business practices; (c) keep the display windows and signs, if any, well lighted during the hours from sundown to 12 midnight; (d) keep the premises and exterior and interior portions of windows, doors and all other glass fixtures in a neat, clean, sanitary and safe condition; (e) warehouse, store or stock only such merchandise as Tenant intends to offer for sale at retail; (f) use for office or other non-selling purposes only such space as is reasonably required for Tenant's business; (g) refrain from burning any papers or refuse of any kind in the shopping center; (h) store in the area designated by Landlord all trash and garbage in neat and clean containers so as not to be visible to members of the public shopping in the shopping center and arrange for the regular pick up and cartage of such trash or garbage at Tenant's expense or cooperate in the employment of a trash removal service; (i) not install or permit the installation in the premises of any video electronic amusement games, machines or devices without Landlord's prior written consent; (j) observe and promptly comply with all governmental requirements and insurance requirements affecting the premises or any part thereof in any manner that will constitute a nuisance or unreasonable annoyance to the public, to other occupants of the shopping center or to Landlord, or that will injure the reputation of the shopping center, or for any extra hazardous purpose, or in any manner that will impair the structural strength of the building of which the premises are a part; and (l) not affix or maintain upon the glass panes and supports of the windows (and within 24 inches of any windows), doors and the exterior walls of the premises, any signs, advertising placards, names, insignia, trademarks, descriptive materials, or any other such items except those that have first received the written approval of Landlord as to size, type, material, color, location, wording, nature and display qualities. Anything to the contrary in the lease notwithstanding, Tenant shall not affix any sign to the roof of the premises. Tenant shall not display, paint or place or permit to be displayed, painted or placed, any handbills, bumper stickers or other advertising devices on any vehicle parked in the parking area of the shopping center, whether belonging to Tenant, or to Tenant's agents or any other person. Nor shall Tenant distribute, or cause to be distributed in the shopping center any handbills or other advertising devices.

15. SIGNS, ADVERTISING AND PROMOTIONS. 15.1 Interior: Tenant may at its own expense erect and maintain upon the interior sales areas of the premises all signs and advertising matter customary and appropriate in the conduct of Tenant's business, subject to Landlord's right to remove any signs or advertising matter that violate paragraph 14(l).

15.2 Exterior: Tenant shall, at its own expense, install an exterior sign(s) on its store facia, subject to the conditions stated in this paragraph and the sign criteria, attached hereto as Exhibit "C". Except for those signs and advertising devices which are (a) provided for in approved plans and specifications, or a scale sign drawing submitted by Tenant and approved in writing by Landlord and (b) which comply with governmental requirements, Tenant shall not erect, place, paint, or maintain in or on the premises, any signs or advertising medium such as, without limitation, searchlights, radios, televisions, loudspeakers, or any other object of any kind whatsoever, whether an advertising device or not, visible or audible outside the premises. Nor shall Tenant change the color, size, location, composition, material, wording, or design of any sign or advertisement on the premises that may have been theretofore approved by Landlord and governmental authorities without the prior written approval of Landlord and said authorities. Tenant shall at its own expense maintain and keep in good repair all installations, signs and advertising devices which it is permitted by Landlord to maintain and shall pay all charges required to keep them in good repair. Tenant shall secure a sign contract with a sign contractor selected by Landlord within 30 days after the date of this lease. Failure to do so is a breach of this lease. Tenant's signs must be installed and operating concurrently with Tenant's opening for business. Failure to do so is a breach of this lease. Tenant's sign box shall be deemed real property once installed, but Tenant shall remove Tenant's sign lettering in accordance with section 33.

~~15.3 Promotions:~~

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~~(a) Landlord may at Landlord's election establish an advertising and promotion service designed to furnish and maintain advertising and sales promotions for the benefit of all tenants in the shopping center. In conjunction therewith, Landlord will establish a promotion fund, the proceeds of which are to be expended solely for centerwide advertising, promotion, public relations and administrative expenses, at such times and in such manner as shall be determined by Landlord in its sole discretion. If Landlord so elects, Tenant shall pay Landlord, as additional rent, the amount provided in Basic Lease Provision "M" as Tenant's contribution to the promotion fund. The amount of Tenant's payment shall be adjusted each January 1st during the Lease Term by an annual increase of 8% of the total contribution payable by the Tenant during the prior lease year. If the first lease year is less than 12 full calendar month, Tenant's gross monthly contribution during the first partial lease year shall be annualized for the purpose of computing said 8% annual increase.~~

~~(b) Should Landlord elect to have a grand opening promotion, Tenant shall pay Landlord the amount provided in Basic Lease Provision "M" within 10 days after Landlord's billing therefor.~~

~~(c) Any balance remaining in the advertising fund at the end of any calendar year including any amounts designated for a grand opening promotion shall be carried forward to the next calendar year to be used as provided in subparagraph "a" above.~~

16. LIENS. Tenant shall keep the premises and the shopping center free of any liens or claims of lien arising from any work performed, material furnished or obligations incurred by Tenant in connection with the premises. If Tenant disputes the correctness or validity of any claim of lien, Tenant shall, within 10 days after written request of Landlord, record such bond as will release said property from the lien claimed.

17. RIGHT OF ACCESS AND ENTRY BY LANDLORD: Landlord and its authorizing agents and representatives shall be entitled to enter the premises at all reasonable times for any reasonable purpose, including, with limitation: showing or inspecting the premises, making any repairs which Landlord is obligated to make under this Lease, serving notices, curing

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on the Shopping Center, but not in or on the Premises,

a default of Tenant, and posting any notice provided by law that relieves Landlord from responsibility for the acts of a tenant. Nothing in the preceding sentence shall be construed to impose a duty on Landlord to make repairs which Tenant has agreed to make. During the last 180 days of the lease terms or any extended term thereof, Landlord may post ordinary signs, ~~in or about the premises,~~ advertising the premises for sale or for lease. During the repair of the premises, Landlord, without abatement of rent, may erect scaffolding and other necessary structures where reasonably required by the character of the work to be performed, provided that the entrance to the premises shall not be unreasonably blocked. Tenant hereby waives any claim for reduction of rent, for damages or for any injury or inconvenience to or interference with Tenant's business, any loss of occupancy or quiet enjoyment of the premises, and any other loss occasioned thereby. For each of the aforesaid purposes, Landlord shall, without liability to Tenant, have the right to use any and all means which Landlord may deem proper to obtain entry to the premises. Any entry to the premises obtained by Landlord by any reasonable means shall not be deemed to be a forcible or unlawful entry into the premises or an eviction of Tenant from the premises, or any portion thereof.

18. DELAYING CAUSES. If either party is delayed in the performance of any covenant of this Lease because of acts of the other party, action of the elements, war, riot, labor disputes, inability to procure or general shortage of labor or materials in the normal channels of trade, delay in transportation, delay in inspections, or any other cause beyond the reasonable control of the party so obligated, whether similar or dissimilar to the foregoing, financial inability excepted (any such event being referred to elsewhere in the Lease as a "delaying cause"), then such performance shall be excused for the period of the delay and the period for such performance shall be extended for a period equivalent to the period of such delay, except that the foregoing shall in no way affect Tenant's obligation to pay rent or the length of the term of this Lease.

19. ASSIGNMENT AND SUBLETTING: 19.1 Any attempted or purported transfer, assignment, subletting of Tenant's leasehold interest, license, concession or other agreement affecting the premises or right to use or occupy the premises or operate the business being conducted thereon, any change of ownership of Tenant or its parent, any mortgage or hypothecation of any portion of Tenant's leasehold interest, without Landlord's prior written consent shall be void and shall confer no rights upon any third person. Landlord shall not unreasonably withhold consent if the proposed assignee is a bona fide purchaser for value of Tenant's business who will conduct business in the premises for the purpose stated in paragraph G. In all other instances, Landlord shall grant or withhold consent in Landlord's sole discretion. Without in any way limiting Landlord's right to refuse to give such consent for any other reason, Landlord reserves the right to refuse to give such consent if in Landlord's reasonable business judgment the proposed use of the premises is not in the best interests of the shopping center, or the quality of merchandising may be in any way adversely affected, or the financial worth of the proposed new tenant is less than the financial worth, as of the date hereof, of Tenant, or of Tenant and Tenant's Guarantor, as the case may be. Nothing herein contained shall relieve Tenant or any Guarantor from its covenants and obligations for the term of this lease. Tenant agrees to pay Landlord an administrative fee of \$500 and an additional amount for reasonable attorney's fees incurred in conjunction with the processing and document review of any such requested transfer, assignment, subletting, license, or concession agreement, change of ownership, mortgage or hypothecation of this lease or Tenant's interest in and to the premises.

In the event Tenant sublets the Premises for a rental payment which is in excess of the monthly Minimum Rent for which Tenant is liable to Landlord hereunder, Tenant shall deliver to Landlord on the same date on which the monthly Minimum Rent is to be paid to Landlord, an amount equal to the excess rent charged by Tenant to the sublessee under such sublease over the monthly Minimum Rent for which Tenant is liable to Landlord hereunder.

19.2 Each transfer, assignment, subletting, license, concession or other agreement, mortgage or hypothecation to which there has been consent shall be by an instrument in writing in form and content satisfactory to Landlord, and shall be duly executed by the parties thereto. Each such transferee, assignee, sublessee, licensee, concessionaire or mortgagee shall agree in writing for the benefit of the Landlord to assume, to be bound by, and to perform the terms, covenants and conditions of this Lease to be performed by Tenant. One executed copy of such written instrument shall be delivered to Landlord. Failure to first obtain in writing Landlord's consent or failure to comply with the foregoing provisions shall operate to prevent any such transfer, assignment, subletting, license, concession agreement or hypothecation from becoming effective.

of 50%

19.3 If tenant hereunder is a corporation, an unincorporated association or partnership, the transfer, assignment or hypothecation of any stock or interest in such corporation, association or partnership or its parent, in the aggregate in excess of 25% shall be deemed an assignment within the meaning and provisions of this section 19 unless Tenant's stock is publicly traded on a recognized stock exchange or over the counter.

19.4 General Conditions: In the event of any assignment of this Lease, Tenant shall remain primarily liable on its covenants hereunder unless released in writing by Landlord. In the event of any assignment or sublease, the assignee or sublessee shall agree in writing to perform and to be bound by all of the covenants of this Lease required to be performed by Tenant. After any one assignment or subletting by Tenant of its interest in this Lease pursuant to paragraphs 19.1, 19.2 and 19.3, no further assignment or subletting shall be made without Landlord's prior written consent.

See Addendum

20 NOTICES. ~~Whenever under this Lease provision is made for notice or demand, it shall be in writing and signed by or on behalf of the party giving the notice or making the demand and served by personal delivery or by registered or certified mail or by telegraph. If served by personal delivery only or by registered or certified mail, it shall be deposited in the United States mail, postage prepaid, with return receipt requested, addressed to the party to whom such notice or demand is to be given at the address stated in paragraphs N, O, or Q, as the case may be, and shall be conclusively deemed served on the date indicated on the return receipt, and if the notice or demand is not delivered, then 48 hours after mailing. If served by telegraph, service to the addressee shall be conclusively deemed made as confirmed by the telegraphic agency making delivery. If Tenant consists of more than one person, Tenant hereby appoints the person named in paragraph Q as Tenant's authorized agent for receipt of notices and demands and for service of process. The address of either party or the name and address of Tenant's said agent, may be changed for the purpose of this paragraph by notice to the other party.~~

TENANT
LANDLORD

21. HOLDING OVER. 21.1 Terms: If Tenant holds the premises after the expiration of the term hereof with the consent of Landlord, express or implied, such hold over shall, in the absence of a written agreement on the subject, be deemed to have created a tenancy from month to month, terminable on 7 days' notice by either party to the other, at a fixed minimum monthly rent equal to 125% of the fixed minimum rent in effect in the month immediately preceding the holdover period, at the same percentage rent payable monthly on the tenth day of each month, together with all other charges payable by Tenant hereunder, and otherwise subject to all terms of this Lease that are applicable to a month to month tenancy. Nothing contained in this paragraph shall be construed as consent to such holding over.

21.2 Indemnity. If Tenant fails to surrender the premises upon the termination of this Lease, Tenant shall indemnify Landlord against any claims, demands, liability, damages or expenses resulting from such failure, including any claims made by any succeeding tenant arising out of such failure.

22. PEACEFUL ENJOYMENT. Subject to the provision of this Lease and any encumbrance secured by the shopping center, and conditions upon performance of all of the provisions to be performed by Tenant hereunder, Tenant shall have during the lease term the peaceful possession of the premises.

23. SUBORDINATION. Tenant agrees that the Lease, at Landlord's option, shall be subordinated to the interest of any lessor in a saleleaseback transaction (hereinafter deemed a mortgage) or to any first or second mortgages or first or second trust deeds that may hereafter be placed upon the premises and to any advances to be made thereunder, any interest thereon, and all renewals, replacements and extensions thereof, provided that such mortgagees or beneficiaries first request such subordination, and Tenant further agrees to attorn to such mortgagees or beneficiaries in the event of foreclosure should they so request. Tenant agrees to execute and deliver to Landlord without cost, any further document or documents required for the purposes stated herein. If Tenant does not execute same within 10 days after presentation by Landlord, Tenant hereby appoints Landlord as Tenant's attorney-in-fact to execute such document on behalf of Tenant.

24. OFFSET STATEMENT. Tenant shall, at any time and from time to time within 10 days after written request therefor by Landlord, deliver a certificate to Landlord or to any proposed mortgagee, trust deed beneficiary, purchaser or successor in interest, certifying the commencement and expiration date of the lease term, that Tenant is in possession of and has accepted the premises, and that this Lease is then in full force and effect, setting for the amount and current status of rent and any security deposit, identifying this Lease and any modifications thereof and stating the nature of lease modifications of defenses or offsets, if any, claimed by Tenant, and any other matter that Landlord may reasonably request. If the Tenant fails to deliver such certificate within said 10-day period, Tenant hereby appoints Landlord as Tenant's attorney in fact for the purpose of completing, executing and delivering the certificate to the person or firm requesting it.

25. DEFAULT. 25.1 Notice and Remedies: In the case of Tenant's failure to pay rent or to perform any of Tenant's other obligations under this Lease, or any part thereof, when due or called for hereunder, Tenant shall have a period of 3^{*} days after service of written notice by Landlord specifying the nature of Tenant's default within which to cure such defaults, provided that if the nature of a nonmonetary default is such that it cannot be fully cured within said 3-day period, Tenant shall have such additional time as may be reasonably necessary to cure such default so long as Tenant proceeds promptly after service of Landlord's notice and proceeds diligently at all times to complete said cure. Landlord's notice to Tenant may be in the alternative to cure the default (unless the default is noncurable under California law) or to quit the premises. If Tenant fails to comply with the foregoing provisions, Tenant shall be deemed to be in breach of this Lease, and Landlord with or without further notice or demand of any kind may at its option:

15 days,

(a) Terminate Tenant's right to possession of the premises because of such breach and recover from Tenant all damages allowed under Section 1951.2 of the California Civil Code, including, without limitation, the worth at the time of the award of the amount by which the unpaid rent for the balance of the term after the time of award exceeds the amount of such rental loss for the same period that Tenant proves could be reasonably avoided, and in computing interest under paragraphs (1) and (2) of said section or any successor statute, interest shall be allowed at the then maximum lawful rate permitted by California law, or:

(b) Not terminate Tenant's right to possession because of such breach, but continue this Lease in full force and effect, and in that event Landlord may enforce all rights and remedies under this Lease, including the right to recover the rent and all other charges due hereunder as such rent and other charges become due hereunder, and Tenant may assign Tenant's leasehold interest of sublet the premises, and Landlord shall not unreasonably withhold Landlord's consent thereto.

~~25.2 Tenant's Property: In the event of default, all of Tenant's property shall remain on the premises and in that event, and continuing during the length of said default, Landlord shall have the right to take the exclusive possession of Tenant's property and to use it rent or charge free, until all defaults are cured, or, at Landlord's option, to require Tenant forthwith to remove any or all of Tenant's property; and if Tenant fails to do so, Landlord may sell or otherwise dispose of such property in any manner then permitted by law.~~

25.3 Notice of Termination: No reentry on the premises shall be construed as an election of Landlord to terminate Tenant's right to possession and this Lease unless a written notice of such intention is given by Landlord to Tenant; and notwithstanding any such reentry without such termination, Landlord may at any time thereafter elect to terminate Tenant's right to possession and this Lease.

25.4 Waiver of Notice; Performance by Landlord: Notwithstanding any provision of this section 25, (a) if Tenant is required to comply with any governmental or insurance requirement, tenant shall not be entitled to notice of default from Landlord and right to cure beyond the period within such compliance may be required by such requirement; or (b) if in Landlord's judgment the continuance of any default by Tenant for the full period of notice provided for herein will jeopardize the premises or the rights of the Landlord, Landlord may, with or without notice, elect to perform those acts in respect to which Tenant is in default for the account and at the expense of Tenant. If because of such default by Tenant, Landlord is

* 10 days with respect to a monetary default and 15 days with respect to a nonmonetary default - 10 -

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interest at a rate equal to the prime rate published by Chase Manhattan Bank plus two percent (2%)

compelled to pay or elects to pay any sum of money, including, without limitation, reasonable attorney's fees, such sum or sums so paid by Landlord, with interest thereon from the date of such payment at the rate provided in this Lease, shall be immediately due as additional rent from Tenant to Landlord.

25.5 Interest: Any sum accruing to Landlord under the terms of this Lease which shall not be paid when due shall bear ~~interest at the highest lawful rate~~ from date the same becomes due and payable by the terms of this Lease until paid, unless otherwise specifically provided in this Lease.

25.6 Other Remedies: Nothing contained in this Lease shall limit Landlord to the remedies set forth in this section 25, and particularly those which are set forth in paragraph 25.1; and upon Tenant's default, Landlord shall be entitled to exercise any right or remedy then provided by law, including, but without limitation, the right to obtain injunctive relief and the right to recover all damages caused by Tenant's default in the performance of any of its obligations under this Lease.

26. INSOLVENCY. To the extent, if any, permitted under the Bankruptcy Code, the appointment of a custodian for Tenant, as custodian is defined in said Code, shall constitute a default by Tenant, and section 25 shall apply.

27. REMEDIES CUMULATIVE. The various rights, elections and remedies of Landlord contained in this Lease shall be cumulative, and no one of them shall be construed as exclusive of any of the others, or of any right, priority or remedy allowed by law.

28. ATTORNEY'S FEES. In the event that legal proceedings are necessary to enforce the terms of this Lease, Landlord shall be entitled to recover from Tenant all costs and expenses of such proceedings, including ~~actual~~ attorney's fees, whether or not any proceedings are prosecuted to judgment. reasonable

29. WAIVER OF DEFAULT. The waiver by either party of any default in the performance by the other of any covenant contained herein shall not be construed to be a waiver of any preceding or subsequent default of the same or any other covenant contained herein. The subsequent acceptance of rent or other sums hereunder by Landlord shall not be deemed a waiver of any preceding default other than the failure of Tenant to pay the particular rental or other sum or portion thereof so accepted, regardless of Landlord's knowledge of such preceding default at the time of acceptance of such rent or other sum.

30. NO PARTNERSHIP. Landlord shall not in any way or for any purpose be deemed a partner, joint venturer or member of any joint enterprise with Tenant.

31. SUBTENANCIES. The voluntary or other surrender of this Lease by Tenant or a mutual cancellation of this Lease shall not effect a merger and shall, at Landlord's option, terminate all existing subtenancies or operate as an assignment to Landlord of any or all of such subtenancies.

32. SUCCESSORS. Subject to the provisions of section 19, this Lease shall be binding upon and shall inure to the benefit of the parties hereto and their successors. The term "successors" is used herein in its broadest possible meaning and includes, but is not limited to, every person succeeding to any interest of Landlord or Tenant in this Lease or the premises, whether such succession results from the act or omission of such party, occurs by operation of law or is the effect of the operation of law together with the act or omission of such party.

33. TENANT'S DUTIES ON TERMINATION, REMOVAL OF TENANT'S PROPERTY. Upon the expiration of the term of this Lease or upon any earlier termination thereof, Tenant shall surrender the premises to Landlord in a good condition and repair, broom clean, except for ordinary wear and tear and damage by casualty or condemnation, and tenant shall remove at its own expense all trade fixtures, equipment, merchandise and personal property (collectively called "Tenant's property") which were installed in the premises by Tenant or any permitted occupant of the premises. Floor coverings, wall coverings, special ceilings, lighting fixtures, electrical panels, HVAC systems and parts thereof, and in the case of restaurant occupants, stoves, ranges, hoods, fans, built-in refrigerators and other built-in appliances shall not be considered Tenant's property which is subject to removal unless Landlord first consents in writing to such removal. If Tenant is in default, Tenant shall not remove Tenant's property unless notified by Landlord to do so. In case of any injury or damage to any portion of the premises or the shopping center resulting from the removal of Tenant's property, Tenant shall promptly pay to Landlord the cost of repairing such injury or damage. Tenant shall complete such removal by the time provided in the first sentence of this section 33, or Landlord may at Landlord's option, retain any or all of Tenant's property and title thereto shall thereupon vest in Landlord without the execution of documents of sale by Tenant, or Landlord may remove any or all items of Tenant's property from the premises and dispose of them in any manner Landlord sees fit, and Tenant shall pay upon demand to Landlord the actual expense of such removal and disposition together with interest from the date of payment by Landlord until repayment, and any consequential damages suffered by Landlord as a result of Tenant's breach of the foregoing provisions.

34. EFFECT OF CONVEYANCE. If during the term of this Lease, Landlord conveys its interest in the premises, or this Lease, then from and after the effective date of such conveyance, Landlord shall be released and discharged from any and all further obligations and responsibilities under this Lease.

35. LANDLORD'S DEFAULT; NOTICE TO LENDER. 35.1 Landlord's Default: In the case of a monetary default, Landlord shall have a period of 10 days after notice thereof from Tenant to cure such monetary default. In the case of a nonmonetary default, Landlord shall commence to cure such default after receipt of written notice from Tenant specifying the nature of such default and shall complete such cure within 30 days thereafter, provided that if the nature of the non-monetary default is such that it cannot be cured within said 30-day period, Landlord shall have such additional time as may be reasonably necessary to complete its performance.

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35.2 Notice to Lender. Whenever Tenant is required to serve notice of Landlord of Landlord's default, written notice shall also be served at the same time upon the mortgagee under any first or second mortgage or beneficiary under any first or second deed of trust. Such mortgagee or beneficiary shall have the periods of time within which to cure Landlord's defaults as are provided in paragraph 35.1, together with such further period of time as may be necessary to obtain possession of the premises if such possession is necessary to cure the default, which periods shall commence to run 10 days after the commencement of the periods within which Landlord must cure its defaults under paragraph 35.1. In this connection any representative of the mortgagee or beneficiary shall have the right to enter upon the premises for the purpose of curing the Landlord's default. Such mortgagee or beneficiary shall notify Landlord and Tenant in the manner provided by section 20 of the address of such mortgagee or beneficiary to which such notice shall be sent.

36. CONSENT. In consideration of each covenant made elsewhere under this Lease wherein one of the parties agrees not to unreasonably withhold its consent or approval, the requesting party hereby releases the other and waives all claims for any damages arising out of or connected with any alleged or claimed unreasonable withholding of consent or approval.

37. INTERPRETATION. The captions by which the sections and paragraphs of this Lease are identified, and the placement of certain subject matter in particular sections paragraphs and subparagraphs are for convenience only and shall not affect the interpretation of this Lease. All exhibits attached hereto are made a part of this Lease. Wherever the context so requires, the singular number shall include the plural, the plural shall refer to the singular, and the neuter gender shall include the masculine and feminine genders. If there is more than one signatory hereto as Tenant, the liability of such signatories shall be joint and several. If any provision of this Lease shall be held to be invalid by a court, the remaining provisions shall remain in effect and shall in no way be impaired thereby.

~~38. CONTINGENT EXECUTION: This Lease shall be effective only on condition that Landlord's escrow for the acquisition of the shopping center is consummated and financing acceptable to Landlord is obtained. Neither party shall have any liability, either for damages or otherwise, to the other arising out of or based upon this Lease by reason of any cancellation provided for in this section 38.~~

39. ENTIRE INSTRUMENT. All of the agreements heretofore and contemporaneously made by the parties are contained in this Lease, and this Lease cannot be modified in any respect except by a writing executed by Landlord and Tenant, whether or not supported by new consideration.

40. WAIVER OF JURY TRIAL. Tenant hereby waives a trial by jury in any action, proceeding or counter claim brought by Landlord or any matter whatsoever arising out of or in any way connected with the Lease, the relationship of Landlord and Tenant, Tenant's use or occupancy of the leased premises, or any claim of injury or damage.

See Addendum

LANDLORD:

**MJD INVESTMENT COMPANY
A California General Partnership**

By:

M. Gregory Davies
M. Gregory Davies
Managing General Partner

TENANT:

**J.C. Brea CA I.V., Inc., a
California corporation**

By:

Harley J. Greenfield (Prr)
Harley J. Greenfield - President

AREA CONTRIBUTION:

TENANT	LAND-CONTR.

100,117 sq. ft. 381 AC.

SITE AREA:

BUILDING AREAS:

SHOP 1A 3,014 sq. ft.
SHOP 1B 3,073 sq. ft.
SHOP 1C 4,050 sq. ft.
RESTAURANT 1D 3,000 sq. ft.
SHOP 1E 4,273 sq. ft.
MID-RISE STORE 1F 16,700 sq. ft.
TOTAL BUILDING AREA: 37,112 sq. ft.

SITE/BUILDING RATIO: 3.22 to 1

PARKING PROVIDED 34: CARS

PARKING REQUIRED:

RESTAURANT 3,000 ÷ 50 = 72 CARS
SHOP/CONTRIBUTOR 35,712 ÷ 50 = 114 CARS
TOTAL 186 CARS

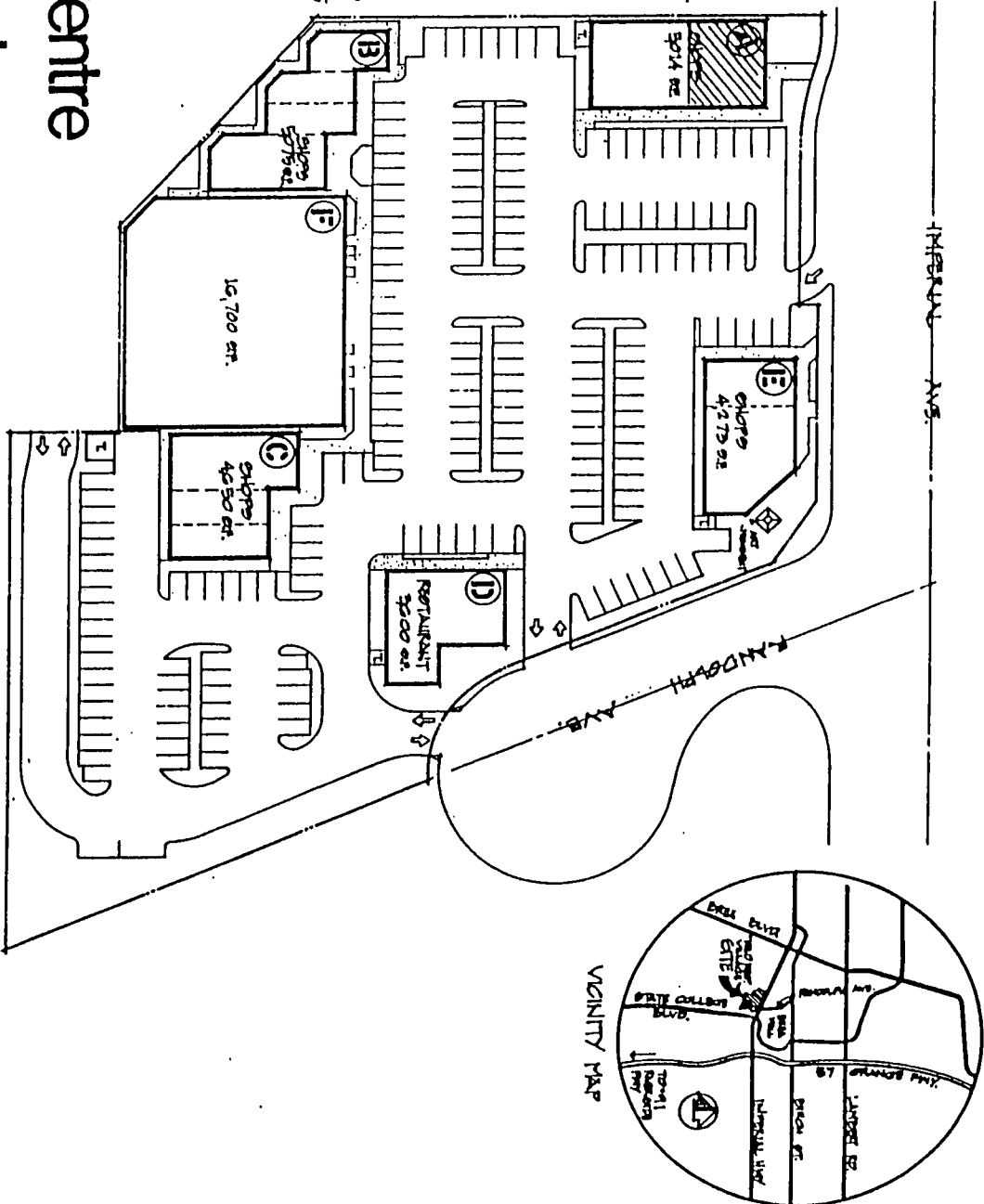
ZONE: CG/PD

FIRE ZONE: 2

Brea Towne Centre

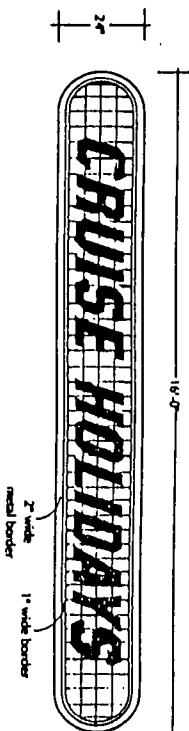
Brea, California

MJD Investment
Company

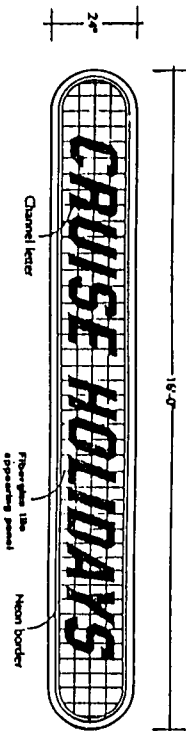


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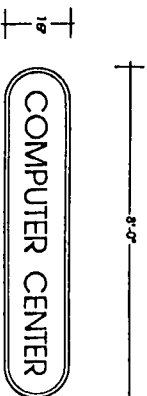
Existing sheet metal exhaust painted to match building color with fiberglas like appearing face with trim cap copy. The color to match like aeroront. Cap heavy with gold trim cap. Minimized "r" border detail. Type style open. Sign is single faced with illumination via 4 M.O. Thermostatic tubes per sign.



1 1/2" deep labeled fibertips appearing opaque green with applied fluorescent channel markers with transparent script labels. Fibertips appearing green to be painted in match Channel before then color and typestyle to be identical system with standard approval. Channel letter system and this cap color to match panel color. Letters fluorescent via green script. Accent barbed to be exposed resin. Green color to be identical system from approved color palette.



16. **Height:** 8" or wide fabricated aluminum signs painted to match building color with translucent acrylic sign face and translucent vinyl die cut letters. Sign face letter color: sign shape or configuration with Sign Type D shall be reverse option with handpainted approval. Sign is single faced with illumination via 1-H.O. fluorescent tubes per sign. This sign shall be used in conjunction with Sign Type D only and shall not be used as primary identification.



This sign type has been omitted from this sign criteria.

Bldg. Color Ameritone 2H54G "Summer Beige"
Cornice Color Ameritone M60 Beige 2H54F
Window Frames/Stops Ameritone 1025C "Greenville"

John Howenstine INCORPORATED
3188-J Airway Avenue, Costa Mesa, CA 92626 (714) 557-4064

No removed portions will be allowed.
18" high maximum and a maximum of 1.0 square foot of sign area per linear foot of frontage. Letter thickness is 5"

fabrication Option A
 fabricated aluminum channel beams with return and trim cap painted to match building color and transparent acrylic base.
 Letter base color to be remains option with handford approval.

Letter back color to be tenants option with landlord approval

Perforation Option 2

acrylic faces and clear acrylic backer to provide halo illumination effect. Typestyle and letter face color to be reviewed option with landlord approval.

50" high maximum and a maximum of 1.0 square foot of sign area per linear foot of frontage. This size sign will be allowed for Major Venues only. Letter thickness is 5". No exposed raceways will be allowed.

to major tunnels only. Lateral thickness is 5". No exposed raceways will be allowed.

Fabrication Options

Fabricated aluminum channel letters with return and trim cap painted to match building color and transparent acrylic

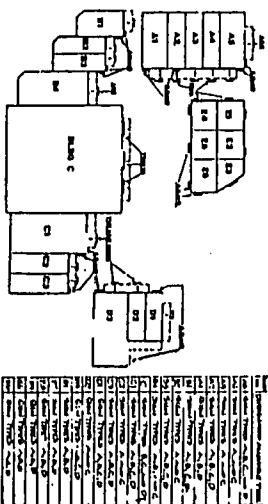
back. Letter back color to be reviewed option with landford approval

Fabrication Options

Fabricated aluminum channel letters with return and trim cap painted to match building color and transomwork or

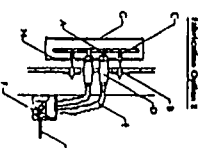
translucent acrylic faces and clear acrylic backs to provide halo illumination effect. Typestyle and letter face color to be tenants option with landlord approval.

LENS GRATERS



General specifications

- A. 15 mm steel
- B. 3 UTR deep Thru-hole aluminum plate
- C. Nylon table support
- D. 3 UTR TC-50 Pulveris headrig
- E. UTR Plate
- F. 30 mAa irradiometer
- G. Acrylic linear track
- H. 1200 web circuit



General Specifications

- A. 15 mm deep
- B. Polyurethane-egg laminate
- C. Neoprene support
- D. P.E. housing
- E. UPE film
- F. 30 mm transparency
- G. Acrylic laminar film
- H. Clear acrylic backplate
- I. 120 volt circuit

Each tenant is allowed a minimum of 25.0 square feet of signage.

ALL DRAWINGS ARE SUBJECT TO LAND ORO
APPROVAL PRIOR TO ANY PRECAST, CONTRACT, OR INSTALLATION

NO.	REVISION	DATE	TITLE
1	PLATE SHEET A 4 A 47	11/2/72	EPSCA TOWNE CENTER CRATER A
		LOCATION	PASA, CA
			ISSUED NO. 10-1
			REMARKS: 1/2
			DATE: 7/2/72

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ADDENDUM TO LEASE AGREEMENT

This Addendum to Lease Agreement is attached to and incorporated into the Lease Agreement dated as of June __, 1993 between (i) MJD Investment Company, a California general partnership (hereinafter referred to as the "Landlord"); and (ii) J.C. Brea CA IV, Inc., a California corporation (hereinafter referred to as the "Tenant").

In the event of any conflict between the terms of this Addendum and the terms of the Lease, the terms of this Addendum shall control.

41. Early Entry. Landlord consents to the entry of Tenant into and upon the Premises prior to the Commencement Date (as defined below) of this Lease for the purpose of Tenant construction, cleaning, repairing, furnishing, and decorating. Such occupancy of the Premises prior to the Commencement Date shall be subject to all of the terms and conditions of this Lease, except for the provisions regarding payment of rent or additional rent which provisions shall become effective on the Commencement Date. Prior to the Commencement Date of this Lease and during the period Landlord has consented to Tenant's entry into and upon the Premises, Tenant shall indemnify and hold harmless Landlord from and against any and all claims arising from Tenant's use of the Premises, or from the conduct from Tenant's business or from any activity, work or things done, permitted or suffered by Tenant in or about the Premises or elsewhere and shall further indemnify and hold harmless Landlord from and against any and all claims arising from any negligence of Tenant, or any of Tenant's agents, contractors, or employees, and from and against all costs, attorneys' fees, expenses, and liabilities incurred in defense of any such claim or any action or proceeding brought thereon; and in case any action or proceeding brought against Landlord by reason of any such claim, Tenant upon notice from Landlord, shall defend the same at Tenant's expense by counsel satisfactory to Landlord. Tenant, as a material part of the consideration to Landlord, hereby assumes all risk of damage to property or injury to persons, in or upon, or against the Premises arising from any cause and Tenant hereby waives all claims in respect hereof against Landlord. Early entry date is June 15, 1993 and shall continue until the Commencement Date on August 1, 1993.

In the event Landlord does not tender possession of the Premises in the manner set forth herein to Tenant on or before June 15, 1993, the Commencement Date, expiration date, and the dates set forth in paragraph 43 hereof regarding conditional rent, shall be extended by one day for each day following June 15, 1993 that Landlord has not so tendered possession of the Premises to Tenant.

42. Term and Commencement Date. The term of this Lease shall be for ten (10) years ("Term") commencing on August 1, 1993 ("Commencement Date") and expiring on July 31, 2003.

43. Free Rent. As consideration for Tenant's entering into this Lease, Landlord hereby excuses Tenant from the payment of monthly installments of Minimum Rent during the period from August 1, 1993 through December 14, 1993.

44. Rental Adjustment. Notwithstanding anything in Section 4.1(b) of the Lease to the contrary, Minimum Rent shall be adjusted upward at the rate of seven percent (7%) every two (2) years during the Term of this Lease. The rent schedule is as follows:

for
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August 1, 1993 - July 31, 1994:	\$5,828.00 per month plus NNN
August 1, 1994 - July 31, 1995:	\$5,828.00 per month plus NNN
August 1, 1995 - July 31, 1996:	\$6,235.96 per month plus NNN
August 1, 1996 - July 31, 1997:	\$6,235.96 per month plus NNN
August 1, 1997 - July 31, 1998:	\$6,672.48 per month plus NNN
August 1, 1998 - July 31, 1999:	\$6,672.48 per month plus NNN
August 1, 1999 - July 31, 2000:	\$7,139.55 per month plus NNN
August 1, 2000 - July 31, 2001:	\$7,139.55 per month plus NNN
August 1, 2001 - July 31, 2002:	\$7,639.32 per month plus NNN
August 1, 2002 - July 31, 2003:	\$7,639.32 per month plus NNN

45. Options to Extend Term. Landlord hereby grants to Tenant two (2) five (5) year options to extend the Term of this Lease. The first option to extend (hereinafter "Option A") will commence August 1, 2003 and expire on July 31, 2008. The second option to extend (hereinafter "Option B") will commence on August 1, 2008 and will expire on July 13, 2013. Option A and Option B shall be collectively referred to herein as the "Options."

A. The Options shall be exercised, if at all, by written notice to Landlord on or before the date that is no later than six (6) months prior to the end of the initial Lease Term with respect to the exercise of Option A and no later than six (6) months prior to the expiration of the term of Option A with respect to the exercise of Option B and, in either case, not more than nine (9) months prior to the end of the then current term of the Lease. Tenant shall execute any document reasonably required by Landlord providing for the exercise of the Options upon the terms and conditions of this Lease.

B. Anything contained herein to the contrary notwithstanding, if Tenant is in material default under any of the terms, covenants, or conditions of this Lease either at the time Tenant exercises an Option, or at any time thereafter prior to the commencement date of the term of the applicable Option, and such default is not cured within the applicable cure period, Landlord shall have, in addition to all of Landlord's other rights and remedies provided in the Lease, the right to terminate the Option already exercised by Tenant, upon notice to Tenant, in which event the expiration date of this Lease shall be and remain (a) the expiration date of the initial Term with respect to Tenant's exercise of Option A; and (b) the date for expiration of Option A with respect to Tenant's exercise of Option B. The Options are personal to the original Tenant executing this Lease and may not be assigned or exercised after any assignment or sublet of Tenant's interest under this Lease.

C. "Option A". The terms and conditions applicable to the original Lease Term shall also apply to the term of Option A, except that the Minimum Rent for the first year of Option A shall be determined as follows: A comparison shall be made between the Consumer Price Index for All Urban Consumers for the Los Angeles - Anaheim - Riverside, California Metropolitan Area as published by the Bureau of Labor Statistics of the U.S. Department of Labor based on the period 1982-1984 = 100 (the "CPI"), for the first month of the original Lease Term (hereinafter "Lease Index Base"), with the CPI for the last month of the original Lease Term. The Minimum Rent for each month of the first year of the term of Option A shall be equal to the amount of the Minimum Rent for the last month of the original Term increased by the proportion which the increase, if any, in the CPI for the last month of the original Term bears to the Lease Index Base. In the event that the CPI ceases to be published, then another comparable index shall be used. In no event shall the Minimum Rent payable each month with respect to Option A be less than the Minimum Rent payable for the last month under the original Term. Minimum Rent payable by Tenant during the remainder of the term of Option A shall be adjusted upward, but not downward, as provided in this paragraph by increases in

the CPI. For purposes of this adjustment, the base period month shall be the second calendar month before the commencement date of Option A, and the adjustment period shall be each anniversary of the base period month. The adjustment shall be calculated by multiplying the Minimum Rent payable in the adjustment period by a fraction of which the numerator is the CPI for the base period month, and Minimum Rent shall be increased to the sum so calculated on each anniversary of the commencement date of Option A.

D. "Option B". The terms and conditions applicable to the original Lease Term shall also apply to Option B except that the Minimum Rent for Option B shall be determined as follows: Minimum Rent shall be adjusted upward but not downward as provided in this paragraph by increases in the CPI. For purposes of this adjustment, the base period month shall be the second calendar month before the commencement date of Option B and the adjustment period shall be each anniversary of the base period month. The adjustment shall be calculated by multiplying the Minimum Rent payable in the adjustment period by a fraction in which the numerator is the CPI for the base period month, and Minimum Rent shall be increased to the sum so calculated on each anniversary of the commencement date of Option B.

46. Signage. Notwithstanding anything in Paragraph 15.2 of the Lease to the contrary, Landlord, at Tenant's expense, shall identify Tenant on a sign panel to be displayed on the Tenant Director Monument Sign facing Imperial Highway. Tenant shall provide "Copy" to Landlord within ten (10) days after execution of this Lease. All signage must be approved by Landlord and shall be constructed by John Howenstine, Inc., Costa Mesa, California. Tenant may place and maintain appropriate signage on the interior of the window area of the Premises visible to the public so long as such signage is permitted by law, and is in good taste. Landlord reserves the right to require Tenant to remove inappropriate signage in Landlord's reasonable discretion.

47. Hazardous Substance. Tenant agrees to comply, at Tenant's expense, with all laws and regulations (Federal, State, and Local) relating to Tenant's storage or use of hazardous substances, materials, waste, and toxic substances (as such are described, defined, and identified in the laws and regulations regarding such substances now or in the future in force during any portion of the Lease Term) (collectively, "Hazardous Substances"). "Compliance" includes obtaining and maintaining all required permits from the appropriate authorities.

Upon termination of this Lease, Tenant agrees at Tenant's expense to remove and, if necessary, transport all Hazardous Substances from the Premises, conforming in such removal to the requirements of the applicable laws and regulations.

Tenant shall not take any remedial action in connection with Hazardous Substances (including consent decrees, settlement agreements, or compromises) without giving reasonable written notice to Landlord to afford Landlord the opportunity to protect Landlord's interests.

Tenant shall give Landlord prompt written notice of any enforcement activity (threatened or otherwise) by any agency; and claim for damages made against Tenant; and any report to any governmental agency regarding Tenant's activities or use of Hazardous Substances.

Tenant shall indemnify, defend (by counsel reasonably acceptable to Landlord), and hold Landlord and Landlord's partners, employees, agents, attorneys, and successors and

assignees, free and harmless from any and all claims for damages, penalties, and forfeitures for Tenant's violation or alleged violation of any such law or regulation. This indemnification shall include the cost of any requirements or necessary repair, cleanup, removal, detoxification, or decontamination of the Premises to completion. The acts or omissions of Tenant's employees, agents, assignees, contractors, or subcontractors (of Tenant), whether negligent, intentional, or unlawful, shall nevertheless be strictly attributable to Tenant.

The provisions of this paragraph shall survive the termination of the Lease. Landlord shall have the right to require Tenant to provide reasonable security for the performance of Tenant's obligations under the paragraph.

48. Character of Shopping Center. Tenant has entered into this Lease in reliance upon the representation by Landlord that the Shopping Center is, and will remain, retail in character, and further, that no part of same shall be used as a theater, auditorium, meeting hall, school (other than a karate studio or similar athletic training facility), or other place of public assembly, gymnasium, dance hall (other than a ballet studio or other dance instruction facility), billiard or pool hall, massage parlor, video game arcade, bowling alley, skating rink, car wash, night club or adult book or adult videotape store.

49. Access to Building. Landlord covenants and agrees, and this Lease is conditioned upon there being at all times during the Lease Term (i) direct and unencumbered access between the public ways and the sidewalk on either side thereof on the one hand and the Premises on the other hand; and (ii) no additional buildings, structures, obstructions, barriers, and the like constructed upon, attached, or placed adjacent to the Building and/or the Premises, which in any event shall not adversely affect the access to or visibility of the Building and/or the Premises and/or Tenant's sign(s). In addition, Landlord covenants and agrees that it will not reduce the space nor the dimensions of the Demised Premises.

50. Delivery of Possession. Delivery of possession of the Building and the Premises to Tenant shall in no event be deemed to have occurred until actual and exclusive physical possession of the Building and the Premises shall have been delivered to Tenant in a broom-clean condition, free and clear of all violations (to Landlord's actual knowledge), prior leases, tenants and/or occupants and free and clear of all fixtures and other property of all prior tenants and/or occupants, and with any warranties and representations contained in this Lease being true and fulfilled as of such date. Notwithstanding anything contained herein to the contrary, in no event shall Tenant's acceptance or occupancy of the Premises constitute an opinion, agreement, or acknowledgment by Tenant that the structural condition of the Building and the Premises is in compliance with law, including all municipal and other regulations, fire insurance, and other codes, and the like, nor shall any such acceptance or occupancy waive or reduce any of Tenant's or Landlord's rights, duties, or obligations under this Lease.

51. Failure to Give Possession. Notwithstanding anything in this Lease to the contrary, including any Force Majeure clause, if Landlord is unable to give Tenant possession of the Premises as required hereunder by October 1, 1993, Tenant shall have the option of terminating this Lease within thirty (30) days thereof by providing written notice to Landlord.

52. Payment of Rent and Other Amounts. After two (2) years from the issuance by Landlord of any bill or statement of charges to be paid by Tenant, whether rent, additional rent, or otherwise, Landlord shall not modify, revise, amend, challenge,

or otherwise increase the amount covered by such bill or statement. Except with respect to the amounts which Tenant may be obligated to pay under Section 43 hereof, in the event that Landlord has not billed for any charge that may be payable by Tenant, in whole or in part, within two (2) years of incurring such charge, Tenant shall not be obligated to pay such charge.

53. Use of the Premises. Tenant shall use the Premises for the purpose of conducting the business of the sale of sofas, furniture, home furnishings, and related and ancillary items. The use of the Premises shall include the exclusive right to sell sofas and convertible sofas. Provided, and only provided, that Tenant uses the Premises for the purposes set forth in this Lease, Landlord represents that Tenant shall be able to obtain a Certificate of Occupancy for the Premises for such purposes from the appropriate governmental agency.

54. Yield Up. Tenant agrees, at no later than the expiration date of the Term of this Lease (the "Expiration Date"), to remove all trade fixtures and personal property, to repair any damage caused by such removal, to remove all Tenant's signs wherever located and to surrender to Landlord all keys to the Premises and yield up the Premises, in the same good order and repair in which Tenant is obliged to keep and maintain the Premises by the provisions of this Lease, reasonable wear and tear excepted. Any property not so removed shall be deemed abandoned and may be removed and disposed of by Landlord in such manner as Landlord shall determine under Section 33 of the Lease, without any obligation on the part of Landlord to account to Tenant for any proceeds therefrom, all of which shall become the property of Landlord.

55. Rules and Regulations. All rules and regulations that Landlord may make shall be uniform, reasonable, and applied equally on a nondiscriminatory basis to all of the tenants, and shall not conflict with any provisions of this Lease.

56. Maintenance. Except with respect to damages caused by Tenant, Landlord covenants and agrees that it will, at all times, during the Term of this Lease, maintain and keep in good order and repair as set forth in Section 8 of this Lease, the foundations and exterior and bearing walls (excluding surface maintenance such as painting) of the Premises and perform all necessary structural repairs. Tenant shall have the responsibility to maintain and repair the items set forth in Section 8.2 of the Lease.

57. Remedies Cumulative. Any and all rights and remedies that Landlord or Tenant may have under this Lease, and at law or in equity, shall be cumulative and shall not be deemed inconsistent with each other, and any two or more of all such rights and remedies may be exercised at the same time insofar as permitted by law.

58. Assignment and Subletting. Notwithstanding anything contained in the Lease to the contrary:

(a) Tenant shall have the absolute right to assign, sublet, or otherwise transfer its interest in this Lease to a Licensee, Franchisee, or operating subsidiary of Tenant, without Landlord's approval, written or otherwise, so long as Tenant remains fully liable for full performance of all of Tenant's obligations under this Lease as if Tenant had not assigned, sublet, or otherwise transferred its interest in this Lease.

(b) Tenant shall have the right to assign, sublet, or otherwise transfer its interest in this Lease, without Landlord's approval, written or otherwise (i) to a parent, subsidiary, or affiliated company, (ii) directly or indirectly,

in any manner, in connection with a merger, or a consolidation or a combination, or a sale of substantially all of the assets constituting a portion and/or all of the retail chain in which the business in the Premises is a part in California, so long as Tenant remains fully liable for performance of all of Tenant's obligations under this Lease as if Tenant had not assigned, sublet, or otherwise transfer its interest in this Lease.

59. Recording. Each party agrees not to record this Lease, but Tenant agrees on request by Landlord to execute a Short Form Memorandum of Lease in recordable form and reasonably satisfactory to Landlord's and Tenant's attorneys and/or Landlord's lender. In no event shall such document set forth the rental or other charges payable by Tenant under this Lease; and any such document shall expressly state that it is executed pursuant to the provisions contained in this Lease, and is not intended to vary the terms and conditions of this Lease.

60. Force Majeure. Except as otherwise specifically provided herein, in any case where either party hereto is required to do any act, delays caused by or resulting from acts of God, war, civil commotion, fire or other casualty, labor difficulties, shortages of labor, materials or equipment, governmental regulations, or other causes beyond such party's reasonable control, shall not be counted in determining the time during which work shall be completed, whether such time be designated by a fixed date, a fixed time, or "a reasonable time."

61. Consent. Except as otherwise provided herein, where pursuant to the terms of this Lease, or in connection with the administration of this Lease, the consent, approval, judgment, satisfaction, or similar exercise of discretion of or by one party shall be required, requested, or appropriate, such party covenants and agrees that its consent, approval, judgment, satisfaction, or similar exercise of discretion shall not be unreasonably withheld, delayed, or conditioned, and shall not be charged for.

62. Government Requirements. In regard to any provision regarding work to be performed as required by government or other authorities, Tenant shall not be obligated to make any repairs, changes, alterations, or additions that are otherwise the obligation of Landlord under this Lease. Notwithstanding anything to the contrary in this Lease, Landlord shall be responsible for complying, and the cost of complying, with any and all governmental regulation of environmental matters relating to Hazardous Substances in or about the Premises or the Building except for those substances placed there by Tenant or Tenant's guests, invitees, licensees, agents, or employees.

63. Actions of Landlord. Whenever Landlord shall enter, or perform any work in or about the Premises, such entry shall be made, and such work shall be performed, to the extent practicable, without unreasonably interfering with the conduct of Tenant's business.

64. Authority. The individuals executing this Lease hereby represent that they are empowered and duly authorized to so execute this Lease on behalf of the parties they represent.

65. Warranties. Landlord represents and warrants that the bathrooms, HVAC system, plumbing system, and electrical system will be in good working order at date of delivery of the Premises and that the roof will be free of leaks and the sidewalk in front of the Premises free of repair and that the Landlord has not received any notices of any violations of the applicable building code.

66. Imputation. For purposes of this Lease, the negligence, affirmative act or violation of the provisions of

this Lease by an employee or agent of Landlord or Tenant, or by a contractor, employed by Landlord or Tenant, shall be deemed to be the negligence, affirmative act or violation of the provisions of this Lease of Landlord or Tenant, as the case may be.

67. Common Area Charges.

(a) Common Area Maintenance charges described in paragraph 5.4 of the Lease shall not include (i) expenses for any capital improvements made to Land or Building (except that capital expenses for improvements which result in savings of labor or other costs shall be included at the cost or such improvements amortized over the useful life of the improvements); (ii) expenses for repairs or other work occasioned by fire, windstorm, or other insured casualty; (iii) expenses incurred in leasing or procuring new tenants (i.e., lease commissions, tenant inducements, advertising expenses, and expenses of renovating space for new tenants; (iv) legal expenses in enforcing the terms of any lease; (v) interest or amortization payments on any payments on any mortgage or mortgages and/or capital improvements; (vi) reserve funds; (vii) administrative expenses of Landlord in excess of fifteen percent (15%); and (viii) expenses in connection with maintaining and operating any garage operated by Landlord incident to the operation of the Shopping Center.

(b) All common area costs shall be based upon competitive charges for similar services and/or materials that are available in the general vicinity of the Shopping Center.

(c) The Landlord confirms that the estimated monthly costs for common area maintenance, taxes, and insurance for the first lease year shall be approximately as follows:

CAM/Building Expense	\$ 445.00	
Insurance	85.00	(effective through May 31, 1993)
Real Estate Taxes	<u>\$ 300.00</u>	
Total	\$ 830.00	

68. Additional Rent. Any monetary obligations of Tenant to Landlord under the terms of this Lease shall be deemed to be rent.

69. Monetary Defaults. Notwithstanding anything contained in the Lease to the contrary, Landlord shall not charge Tenant a Late Charge (as set for the paragraph 4.1(d) of the Lease) for Tenant's first monetary default hereunder during any twelve (12) month period of the Term hereof without first providing to Tenant the notice required for a default pursuant to paragraph 25.1 of the Lease. Notwithstanding the foregoing, commencing with Tenant's second monetary default hereunder during any twelve (12) month period of the Term (whether or not that default or any prior defaults were cured), Tenant shall pay to Landlord the Late Charge as calculated pursuant to paragraph 4.1(d).

70. Damages. In determining any damages hereunder for the breach of this Lease by Tenant, Landlord shall use its reasonable efforts to mitigate its damages to the extent such efforts are required by applicable California law.

71. Notices. Any notice, demand, approval, consent, bill, statement or other communication required or desired to be given under this Lease in writing shall be directed to Landlord at Landlord's Address for Notice or to Tenant at Tenant's Business Address and Phone Number for Notices, as set forth in paragraphs N and O, respectively, of the Basic Lease Provisions,

and shall be personally served or given by mail, and if mailed, shall be deemed to have been received when two (2) days have elapsed from the date of the deposit in the United States mail, certified and postage prepaid. If more than one Tenant is named under this Lease, service of any notice upon any one of said Tenants shall be deemed as service upon all of such Tenants.

72. Governing Law. This Lease is being executed and delivered and is intended to be performed in the state of California and shall be governed by and construed in accordance with the laws of the state of California.

73. Jurisdiction and Venue. Each party consents to the jurisdiction and venue of the Superior Court for the County of Orange, State of California (or the superior court for such other county in the State of California as is consistent with California law) for any action arising from or in connection with the interpretation or enforcement of this Lease.

LANDLORD:

MJD INVESTMENT COMPANY, a California
general partnership

By:

M. Gregory Davies
M. Gregory Davies, Managing
General Partner

TENANT

J.C. BREA CA I V, INC., a
California corporation

By:

Harley J. Greenfield Pres.
Harley J. Greenfield, President

GCK/pbw/060793/6MJDJenAd/03032-003

111-06
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ORIGINAL

Number 3 of

3 executed

LEASE MODIFICATION AGREEMENT

counterparts.

This Agreement made this 17th day of January, 1996, by and between MJD INVESTMENT COMPANY a California general partnership, with its principal office at 580 W. Lambert Company - Suite E, Brea, California, 92621 ("Landlord") and J.C. BREA CA IV, INC. ("Tenant"), a California corporation, with its principal office at c/o Jennifer Convertibles, Inc., 419 Crossways Park Drive, Woodbury, New York 11797.

W I T N E S S E T H:

WHEREAS, Landlord and Tenant have entered into a Lease dated June, 1993 (the "Lease"), for those certain premises designated as approximately 2,914 sq. ft. of 1000 East Imperial Highway (the "Premises") of the Brea Towne Centre (the "Shopping Center") located in the City of Brea, County of Orange and State of California; and

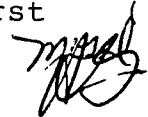
WHEREAS, JENNIFER L.P. IV, guaranteed the performance of Tenant's obligations under the Lease pursuant to a Guaranty of Lease; and

WHEREAS, the Tenant has requested and Landlord has granted a rent deferral in the form of a partial reduction in Fixed Annual Minimum Rent for the period commencing December 1, 1995 through November 30, 1996;

NOW THEREFORE, in consideration of the premises and other good and valuable consideration, the receipt and legal sufficiency of which is hereby acknowledged, Landlord and Tenant hereby agree as follows:

1. Landlord will grant Tenant a rent deferral for the period commencing December 1, 1995 through November 30, 1996 (the "Rent Deferral"), in the sum of Four Thousand Eight Hundred Ninety-Five and 52/100 Dollars (\$4,895.52), to be applied as a reduction in Fixed Annual Minimum Rent as delineated in Paragraph "2" hereinbelow.

2. Commencing December 1, 1995, and continuing through November 30, 1996 (the "Modification Period"), Tenant shall pay to Landlord as alternative rent ("Alternative Rent"), in lieu of Fixed Annual Minimum Rent the sum of Five Thousand Eight Hundred Twenty-Eight Dollars (\$5,828.00) per month, which constitutes a rent reduction in the sum of Four Hundred Seven and 96/100 Dollars (\$407.96) per month. Alternative Rent shall be due and payable without any diminution, deduction or set-off whatsoever and without prior notice or demand on the ~~fifteenth (15th)~~ day of each month. first (1st)



3. In consideration for Landlord's agreement to said Rent Deferral, Tenant covenants and agrees to pay to Landlord the amount of said Rent Deferral as follows:

Commencing December 1, 1996, and continuing for a period of eleven (11) consecutive months thereafter, Tenant will pay to Landlord in equal monthly installments the sum of Four Hundred Seven and 96/100 Dollars (\$407.96), to be paid without any diminution, deduction or set-off whatsoever and without prior notice or demand on the fifteenth (15th) day of each month.

4. Tenant understands and agrees that except as expressly provided for in this Agreement, nothing contained in this Agreement shall be deemed to waive, modify or amend any of the provisions of the Lease.

5. Tenant and Tenant's Guarantor covenant and agree to keep the terms and conditions of this Agreement in confidence and expressly agree not to disclose the terms of this Agreement to any person whatsoever, including without limitation, other Shopping Center tenants or the general public.

6. As a material inducement to Landlord entering into this Agreement, Tenant certifies to Landlord that as of the date hereof: (i) the Lease, as modified hereby, contains the entire agreement between the parties hereto relating to the Premises and that there are no other agreements between the parties relating to the Premises, the Lease or the Shopping Center which are not contained herein or in the Lease; (ii) Landlord is not in default in any respect in any of the terms, covenants and conditions of the Lease; and (iii) Tenant has no existing setoffs, counter-claims or defenses against Landlord under the Lease.

7. Tenant and its predecessors, successors, parent, subsidiaries, affiliates and any related entity or person, hereby release Landlord and its parent, subsidiaries, or affiliated entities, and their agents, partners, officers, directors, and employees, and the respective heirs, executors, administrators, successors and assigns of any of the foregoing, from any and all liability, claims, damages, causes of action or any other form of relief, legal or equitable, that are, have been, could have been or in the future might be asserted in any way relating to the Lease, the Landlord's performance thereunder, or the Premises, from the beginning of time to the date of signature of this Agreement.

8. Landlord and Tenant each mutually covenants, represents and warrants to the other that it has had no dealings or communications with any broker or agent in connection with

this Agreement and each covenants and agrees to pay, hold harmless and indemnify the other from and against any and all cost, expense (including reasonable attorneys' fees) or liability for any compensation, commission or charges to any broker or agent claiming through the indemnifying party with respect hereto.

9. Tenant represents and warrants that it has taken all corporate, partnership or other action necessary to execute and deliver this Agreement, and that this Agreement constitutes the legally binding obligation of Tenant enforceable in accordance with its terms. Tenant shall save and hold Landlord harmless from any claims, or damages including reasonable attorneys' fees arising from Tenant's misrepresentation of its authority to enter into and execute this Agreement.

10. Capitalized terms not defined herein shall have the meanings given to such terms in the Lease.

11. As modified and amended hereby, Landlord and Tenant each ratifies and affirms the terms of the Lease.

IN WITNESS WHEREOF, Landlord and Tenant have set their respective hands as of the date first above written.

LANDLORD:
MJD INVESTMENT COMPANY

By: M. Gregory Davis
Printed Name:
Title:

TENANT:
J.C. BREA CA IV, INC.

By: Harley Greenfield
Title: President

The undersigned acknowledges this Lease Modification Agreement as part of the Lease for purposes of the Guaranty of Lease and hereby consents to this Agreements and hereby acknowledges and reaffirms its continued obligations under that certain Guaranty of Lease, executed in connection with the Lease, to guaranty the full performance of all of Tenant's obligations under the Lease and any amendments, modifications or alterations thereto, including the payment of all amounts that may become due and payable by Tenant to or for the benefit of landlord.

TENANT'S GUARANTOR:
JENNIFER L.P. IV, a Delaware
limited partnership

By: JENNIFER MANAGEMENT IV, LTD.,
General Partner

By: [Signature]
Harley Greenfield
Title: President

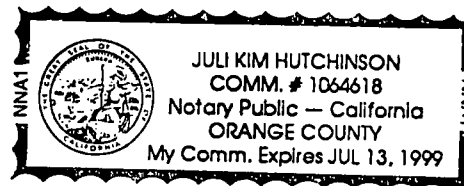
Date:

Landlord's Acknowledgement:

STATE OF CALIFORNIA)
COUNTY OF ORANGE) ss.:

On the 17th day of January, 19996, before me personally came Mark G. Davis, to me known, who, being by me duly sworn, did depose and say that he resides in Orange County; that he is the Managing General Partner of MJD INVESTMENT COMPANY a California general partnership, the Landlord described in and which executed the foregoing instrument.

[Signature]
Notary Public




Tenant's Acknowledgement

STATE OF NEW YORK)

: ss.:

COUNTY OF NEW YORK)

On the 27 day of December, 1995, before me personally came Harley Greenfield, to me known, who, being by me duly sworn, did depose and say that he resides in New York County; that he is the President of J.C. BREA CA IV, INC., the corporation described in and which executed the foregoing instrument.; and that he signed his name thereto by order of the Board of Directors of said corporation.


Notary Public

Guarantor's Acknowledgment

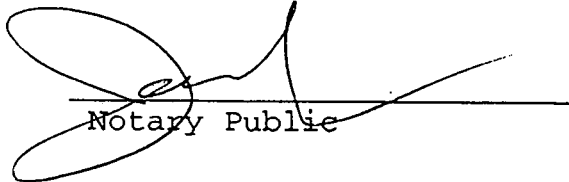
JAY WINEGARD
NOTARY PUBLIC, State of New York
No. 41-4636645
Qualified in Queens County 96
Commission Expires May 31, 1996

STATE OF NEW YORK)

: ss.:

COUNTY OF NEW YORK)

On the 27 day of December, 1995, before me personally came Harley Greenfield to me known, who, being by me duly sworn, did depose and say that he resides in New York County; that he is the President of Jennifer Management IV Ltd. the corporation described in and which executed the foregoing instrument; and that he signed his name thereto by order of the Board of Directors of said corporation.


Notary Public

JAY WINEGARD
NOTARY PUBLIC, State of New York
No. 41-4636645
Qualified in Queens County 96
Commission Expires May 31, 1996

AMENDMENT NO. 2 TO LEASE AGREEMENT

Page 2 of 4
4 executed
contracts.

This Amendment No. 2 to Lease Agreement ("Amendment No. 2") is made and entered into effective as of April 23, 2003 ("Effective Date") by and between (i) MJD INVESTMENT COMPANY, a California general partnership ("Landlord") and (ii) JENNIFER CONVERTIBLES, INC., a California corporation ("Tenant"), successor in interest to J.C. BREA CA IV, INC., a California corporation ("J.C. Brea"), with reference to the following facts:

RECITALS

A. Landlord and J.C. Brea entered into that certain Lease Agreement dated as of June 1993, as amended by the terms and conditions of that certain Lease Modification Agreement dated January 17, 1996 (as amended, the "Lease") pursuant to the terms and conditions of which, among other things, Landlord leased to J.C. Brea those certain premises located generally at 1000 East Imperial Highway, Suite A-3, Brea, California and more particularly described in the Lease ("Premises").

B. J.C. Brea assigned all of its right, title and interest in and to the Lease to Tenant pursuant to the terms and conditions of that certain Assignment of Lease Agreement dated September 1, 2000.

C. The initial term of the Lease expires on July 31, 2003. Under the terms of the Lease, Tenant is provided an option to extend the term of the Lease from August 1, 2003 through July 31, 2008 (the "Option").

D. Although Tenant failed to provide the required notice under the terms of the Lease to exercise the Option, Tenant has indicated its desire to extend the term of the Lease through July 31, 2008, and Landlord is willing to so extend the term of the Lease under the terms and conditions set forth in this Amendment No. 2.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing facts, and upon other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Defined Terms. All words with their initial letter capitalized and not otherwise defined herein shall have the meaning set forth in the Lease.

2. Assignment and Assumption of Lease. Tenant hereby acknowledges that Tenant has succeeded to the interests of J.C. Brea as tenant under the Lease. Tenant reaffirms its assumption of all of J.C. Brea's duties and obligations as tenant under the Lease, and agrees to timely keep, perform, and discharge all of the obligations of tenant under the Lease, including, without limitation, the obligation for the payment of any minimum rent, all common area maintenance charges, additional rent, and any other charges due under the Lease, and all maintenance, repair, and replacement obligations of the tenant under the Lease through the end of the Extended Term (as defined below) of the Lease.

3. Extension of Term. The term of the Lease is hereby extended to and including July 31, 2008 (the "Extended Term").

4. Minimum Rent. Notwithstanding anything contained in the Lease to the contrary, Minimum Rent for the extended term shall be as follows:

August 1, 2003 - July 31, 2004: \$7,285.00 per month plus NNN
August 1, 2004 - July 31, 2005: \$7,285.00 per month plus NNN
August 1, 2005 - July 31, 2006: \$7,503.00 per month plus NNN
August 1, 2006 - July 31, 2007: \$7,728.66 per month plus NNN
August 1, 2007 - July 31, 2008: \$7,960.52 per month plus NNN

Tenant acknowledges and agrees that Tenant shall pay, in addition to the amounts set forth above, all amounts under the Lease with respect to common area maintenance charges, additional rent, and all other charges and obligations due under the terms of the Lease during the Extended Term.

5. Acknowledgments. Tenant acknowledges and agrees that as of the date hereof (i) the Lease as modified hereby, contains the entire agreement between the parties hereto relating to the Premises and that there are no other agreements between the parties relating to the Premises, the Lease or the Shopping Center which are not contained herein or in the Lease; (ii) Landlord is not in default in any respect under any of the terms, covenants and conditions of the Lease; and (iii) Tenant has no setoffs, counterclaims, or defenses against Landlord under the Lease.

6. Release. Tenant and its parent, subsidiaries, affiliates, and any related entities or persons, hereby release Landlord and its agents, employees, partners, and related individuals or entities, and their respective successors and assigns, from any and all liability, claims, damages, causes of action, or any other form of relief, legal or equitable, that are, have been, could have been, or in the future might be asserted in any way relating to the Lease, Landlord's performance thereunder, or the Premises, from the beginning of time to the date of this Amendment No. 2.

7. Authorization. Tenant represents or warrants that it has taken all corporate, partnership or other action necessary to execute and deliver this Amendment, and that this Amendment constitutes the legally binding obligation of Tenant enforceable in accordance with

its terms. Tenant shall indemnify, defend and hold Landlord harmless from any and all claims, demands, damages, causes of action, costs and expenses, including, without limitation, attorneys' fees, arising from Tenant's misrepresentation of its authority to enter into and execute this Amendment No. 2.

8. Notices. Paragraph O of the Basic Lease Provisions is hereby amended to provide Tenant's business address and telephone number for notices as follows:

Jennifer Convertibles, Inc.
419 Crossway's Park Drive
Woodbury, New York 11797
Telephone: (516) 496-1900
ATTN: EDWARD B. SEIDNER

with a copy to:

Wincig & Wincig
574 Fifth Avenue, 2nd Floor
New York, New York 10036
Telephone: (212) 575-8333
Attn: Bernard Wincig, Esq.

9. Purpose. Paragraph G of the Basic Lease Provisions is hereby deleted in its entirety and replaced by the following language:

"Purpose: Retail sales of convertible furniture, home furnishings, mattresses and related accessories."

10. No Other Changes. Except as amended hereby, the remaining terms and conditions of the Lease shall remain unamended and in full force and effect.

IN WITNESS WHEREOF, Landlord and Tenant have executed this Amendment No. 2 as of the date first above written.

MJD INVESTMENT COMPANY, a California
general partnership

By: M. Gregory Davies
M. Gregory Davies, Managing General Partner

JENNIFER CONVERTIBLES, INC., a Delaware
corporation.

By: Edward B. Seidner
Its: EDWARD B. SEIDNER
EXECUTIVE VICE-PRESIDENT

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Originals

AMENDMENT NO. 3 TO LEASE AGREEMENT

This Amendment No. 3 to Lease Agreement ("Amendment No. 3") is made and entered into effective as of March 20, 2008 ("Effective Date") by and between (i) MJD INVESTMENT COMPANY, a California general partnership ("Landlord") and (ii) JENNIFER CONVERTIBLES, INC., a California corporation ("Tenant"), successor in interest to J.C. BREA CA IV, INC., a California corporation ("J.C. Brea"), with reference to the following facts:

RECITALS

A. Landlord and J.C. Brea entered into that certain Lease Agreement dated as of June 1993, as amended by the terms and conditions of that certain (i) Lease Modification Agreement dated January 17, 1996, and (ii) Amendment No. 2 to Lease Agreement dated April 23, 2003 (as amended, the "Lease") pursuant to the terms and conditions of which, among other things, Landlord leased to J.C. Brea those certain premises located generally at 1000 East Imperial Highway, Suite A-3, Brea, California and more particularly described in the Lease ("Premises").

B. J.C. Brea assigned all of its right, title and interest in and to the Lease to Tenant pursuant to the terms and conditions of that certain Assignment of Lease Agreement dated September 1, 2000.

C. The term of the Lease expires on July 31, 2008. Under the terms of the Lease, Tenant is provided an option to extend the term of the Lease from August 1, 2008 through July 31, 2013 (the "Option").

D. Tenant has provided notice under the terms of the Lease to exercise the Option to extend the term of the Lease. Landlord is willing to extend the term of the Lease under the terms and conditions set forth in this Amendment No. 3.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing facts, and upon other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Defined Terms. All words with their initial letter capitalized and not otherwise defined herein shall have the meaning set forth in the Lease.

2. Extension of Term. The term of the Lease is hereby extended to and including July 31, 2013 (the "Extended Term").

3. Minimum Rent. Notwithstanding anything contained in the Lease to the contrary, Minimum Rent for the extended term shall be as follows:

August 1, 2008 - July 31, 2009: \$7,285.00 per month plus NNN
August 1, 2009 - July 31, 2010: \$7,503.55 per month plus NNN
August 1, 2010 - July 31, 2011: \$7,728.65 per month plus NNN
August 1, 2011 - July 31, 2012: \$7,960.51 per month plus NNN
August 1, 2012 - July 31, 2013: \$8,199.33 per month plus NNN

Tenant acknowledges and agrees that Tenant shall pay, in addition to the amounts set forth above, all amounts under the Lease with respect to common area maintenance charges, additional rent, and all other charges and obligations due under the terms of the Lease during the Extended Term.

4. Acknowledgments. Tenant acknowledges and agrees that as of the date hereof (i) the Lease as modified hereby, contains the entire agreement between the parties hereto relating to the Premises and that there are no other agreements between the parties relating to the Premises, the Lease or the Shopping Center which are not contained herein or in the Lease; (ii) Landlord is not in default in any respect under any of the terms, covenants and conditions of the Lease; and (iii) Tenant has no setoffs, counterclaims, or defenses against Landlord under the Lease.

5. Release. Tenant and its parent, subsidiaries, affiliates, and any related entities or persons, hereby release Landlord and its agents, employees, partners, and related individuals or entities, and their respective successors and assigns, from any and all liability, claims, damages, causes of action, or any other form of relief, legal or equitable, that are, have been, could have been, or in the future might be asserted in any way relating to the Lease, Landlord's performance thereunder, or the Premises, from the beginning of time to the date of this Amendment No. 3.

6. Authorization. Tenant represents or warrants that it has taken all corporate, partnership or other action necessary to execute and deliver this Amendment, and that this Amendment constitutes the legally binding obligation of Tenant enforceable in accordance with its terms. Tenant shall indemnify, defend and hold Landlord harmless from any and all claims, demands, damages, causes of action, costs and expenses, including, without limitation, attorneys' fees, arising from Tenant's misrepresentation of its authority to enter into and execute this Amendment No. 3.

7. No Other Changes. Except as amended hereby, the remaining terms and conditions of the Lease shall remain unamended and in full force and effect.

IN WITNESS WHEREOF, Landlord and Tenant have executed this Amendment No. 3 as of the date first above written.

MJD INVESTMENT COMPANY, a California
general partnership

By: M. Gregory Davies
M. Gregory Davies, Managing General
Partner

JENNIFER CONVERTIBLES, INC., a Delaware
corporation,

By: Edward B. Seidner
Edward B. Seidner, Executive Vice
President

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Aggus***AMENDMENT NO. 4 TO LEASE AGREEMENT**

This Amendment No. 4 to Lease Agreement ("Amendment") is made and entered into effective as of March 1, 2010 ("Effective Date") by and between (i) MJD INVESTMENT COMPANY, a California general partnership ("Landlord") and (ii) JENNIFER CONVERTIBLES, INC., a California corporation ("Tenant"), successor in interest to J.C. BREA CA IV, INC., a California corporation ("J.C. Brea"), with reference to the following facts:

RECITALS

A. Landlord and J.C. Brea entered into that certain Lease Agreement dated as of June 1993, as amended by the terms and conditions of that certain (i) Lease Modification Agreement dated January 17, 1996, (ii) Amendment No. 2 to Lease Agreement dated April 23, 2003, and (iii) Amendment No. 3 to Lease Agreement dated March 20, 2008 (as amended, the "Lease") pursuant to the terms and conditions of which, among other things, Landlord leased to J.C. Brea those certain premises located generally at 1000 East Imperial Highway, Suite A-3, Brea, California and more particularly described in the Lease ("Premises").

B. Tenant has failed to pay to Landlord Minimum Rent and other charges due to Landlord under the terms of the Lease (collectively, "Rent") for the period from November, 2009 through February, 2010. Tenant has requested from Landlord a temporary rent reduction in Rent under the Lease from November 1, 2009 through August 31, 2010.

C. Landlord is willing to grant to Tenant a temporary rent reduction under the Lease, under the terms and conditions set forth in this Amendment.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing facts, and upon other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Defined Terms. All words with their initial letter capitalized and not otherwise defined herein shall have the meaning set forth in the Lease.

2. Temporary Rent Reduction. Commencing as of November 1, 2009, and continuing through August 31, 2010, Landlord shall conditionally excuse the payment of approximately twenty-five percent (25%) of the total Rent payable to Landlord under the terms of the Lease (collectively, "Conditionally Excused Rent"). The terms of this

Section 2 shall only be effective so long as Tenant is not in Default under the terms of the Lease. Should Tenant at any time during the Term commit a Default under the terms of the Lease, then the total sum of all Conditionally Excused Rent excused under this Section shall become immediately due and payable by Tenant to Landlord. If at the date of expiration of the Term, Tenant is not in Default under the terms of the Lease, Landlord shall waive any payment of such Conditionally Excused Rent. Based upon the actual amount of monthly Rent payable to Landlord under the terms of the Lease, commencing on November 1, 2009, and continuing through August 31, 2010 (the "Conditionally Excused Rent Period"), Tenant shall pay to Landlord each month the amount of Six Thousand Six Hundred Forty-Six Dollars (\$6,646.00) gross. Such Rent shall be paid on the date required under the terms of the Lease. Following the expiration of the Conditionally Excused Rent Period, Tenant shall pay to Landlord each month during the remaining Term of the Lease the Rent required under the terms of the Lease, unamended by the terms of this Amendment.

3. Condition Precedent to Amendment. As a condition precedent to the effectiveness of this Amendment, on or before March 1, 2010, Tenant shall deliver to Landlord a check in the amount of Thirty-Three Thousand Two Hundred Thirty Dollars (\$33,230.00) which shall constitute the total Rent payments due under the terms of the Lease from November, 2009 through March, 2010, less the Conditionally Excused Rent. (the "Past Due and March Rent Payment"). All Rent paid under the terms of this Section shall be considered paid on time, and Landlord shall not charge Tenant a late charge with respect to the payment of any such Rent. In the event Tenant fails to deliver to Landlord the Past Due and March Rent Payment as provided herein, this Amendment shall be deemed void and of no force and effect.

4. Delivery of Sales Report. Commencing on the Effective Date, and continuing through the expiration of the Conditionally Excused Rent Period, on or before the fifteen (15th) day of each month, Tenant shall deliver to Landlord a written statement certifying the gross sales during the prior month attributable to Tenant's business conducted in the Premises. The statement delivered pursuant to this Section shall be certified to be correct by an authorized officer of Tenant and shall be held by Landlord in confidence and not disclosed to any third parties without Tenant's written consent.

5. Acknowledgments. Tenant acknowledges and agrees that as of the date hereof (i) the Lease as modified hereby, contains the entire agreement between the parties hereto relating to the Premises and that there are no other agreements between the parties relating to the Premises, the Lease or the Shopping Center which are not contained herein or in the Lease; (ii) Landlord is not in default in any respect under any of the terms, covenants and conditions of the Lease; and (iii) Tenant has no setoffs, counterclaims, or defenses against Landlord under the Lease.

6. Notices. All notices from Landlord to Tenant shall be sent to Jennifer Convertibles, Inc., 417 Crossways Park Drive, Woodbury, New York 11797, Attention:

Edward B. Seidner with a copy to Law Offices of Wincig & Wincig, 137 Fifth Avenue, 9th Floor, New York, New York 10010, Attention: Owen Wincig, Esq.

7. Release. Tenant and its parent, subsidiaries, affiliates, and any related entities or persons, hereby release Landlord and its agents, employees, partners, and related individuals or entities, and their respective successors and assigns, from any and all liability, claims, damages, causes of action, or any other form of relief, legal or equitable, that are, have been, could have been, or in the future might be asserted in any way relating to the Lease, Landlord's performance thereunder, or the Premises, from the beginning of time to the date of this Amendment.

8. Authorization. Tenant represents or warrants that it has taken all corporate, partnership or other action necessary to execute and deliver this Amendment, and that this Amendment constitutes the legally binding obligation of Tenant enforceable in accordance with its terms. Tenant shall indemnify, defend and hold Landlord harmless from any and all claims, demands, damages, causes of action, costs and expenses, including, without limitation, attorneys' fees, arising from Tenant's misrepresentation of its authority to enter into and execute this Amendment.

9. No Other Changes. Except as amended hereby, the remaining terms and conditions of the Lease shall remain unamended and in full force and effect.

IN WITNESS WHEREOF, Landlord and Tenant have executed this Amendment as of the date first above written.

MJD INVESTMENT COMPANY, a California
general partnership

By: M. Gregory Davies
M. Gregory Davies, Managing General
Partner

JENNIFER CONVERTIBLES, INC., a
Delaware corporation

By: Edward B. Seidner V.P.
Edward B. Seidner, Executive Vice
President

STEPHEN W. DUNN
DAVID P. LEE
GRANT C. KEARY

DUNN, LEE & KEARY
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TELEFAX (949) 916-1010

FILE NO. 111.06

October 20, 2010

VIA FEDERAL EXPRESS

BMC Group, Inc.
Attn: Jennifer Convertibles Claims Processing
18750 Lake Drive East
Chanhassen, Minnesota 55317

Re: In Re: Jennifer Convertibles, Inc.
Case No.: 10-13779

Dear Sir/Madam:

Enclosed with the letter is the original Proof of Claim filed on behalf of MJD Investment Company in connection with the Jennifer Convertibles, Inc. bankruptcy. Please return the enclosed copy of the Proof of Claim form with your acknowledgment stamp in the enclosed, self addressed, stamped envelope.

Should you have any questions, please contact the undersigned.

Very truly yours,


Grant C. Keary

GCK:ajd
Enclosure