

6. Should Lender acquire Lessee's leasehold estate hereunder as to the portion of the Property encumbered by such lien by sale under power of sale, foreclosure or other appropriate proceedings in the nature thereof or as the result of any other action or remedy provided for by the encumbrance, or by a proper conveyance or assignment in lieu of foreclosure from Lessee, Lender shall take Lessee's leasehold estate subject to all of the provisions of this Lease, and shall, so long as and only so long as it shall be the owner of such estate, assume those obligations of Lessee which can be met by the expenditure of monies.

7. Should Lender acquire Lessee's leasehold estate hereunder as to the portion of the Property encumbered by such lien by any of the means enumerated in Subparagraph 4 above, Lender may sublease such portion for any period or periods within the term of this Lease, or assign Lessee's leasehold estate hereunder as to such portion by sale or otherwise, upon giving Lessor thirty (30) days notice in writing in advance of such assignment or sublease, subject to the right of Lessor to terminate as provided in Paragraph IX, so long as said right to terminate is exercised prior to any such assignment or subleasing by Lender; provided, however, that any assignee or purchaser of said leasehold estate of any person taking through any other means and their respective successors in interest, shall take said leasehold estate subject to all of the covenants and conditions herein contained on the part of Lessee to be kept, observed and performed, and shall, as a condition of such assignment, purchase or other taking, assume and agree to perform all such obligations, covenants and conditions of Lessee hereunder.

8. The acquisition of the interest of Lessee by the Lender as provided herein shall require the Lender, or its assignee to thereafter pay directly to Lessor, as full payment for use of the Property so acquired, the total rent due under this Lease, subject to the provisions of Subparagraph 6 above requiring the expenditure of monies. Notwithstanding the foregoing, no such foreclosure, assignment, sale, hypothecation, or subleasing of Lessee's leasehold estate hereunder as to the portion of the Property encumbered by such lien, nor the acceptance of rent by Lessor from any such assignee, purchaser, sublessee or any other person, shall relieve, release or in any manner affect the liability of Lessee hereunder.

9. Upon the occurrence of an alleged default by Lessee under Paragraph IX, Lessor agrees that Lessor shall, before pursuing any remedy authorized under this Lease, give notice of default to Lessee and to all qualifying Lenders whose names and addresses were previously given to Lessor in a notice or notices from Lessee or any qualifying Lender stating that the notice was for the purpose of notice under this provision. A qualifying Lender is an institutional Lender as hereinabove defined, under a mortgage then existing under the provisions of this Lease relating to purchase or construction of improvements on the Property. Each notice of default shall specify in detail the alleged event of default and the intended remedy. Each Lender under an encumbrance then existing, under provisions of this Lease permitting encumbrances relating to purchase or construction of improvements shall have sixty (60) days after service of notice of default within which to:

a. Cure such default if the same can be cured by the payment or expenditure of money provided to be paid under the terms of this Lease, or, if such default is not so curable, cause the trustee under the trust deed or other encumbrance to commence and thereafter to diligently pursue to completion steps and proceedings for deed in lieu of foreclosure or for the foreclosure by sale, or by exercise of a power of sale pursuant to the encumbrance in the manner provided by law; and

b. Keep and perform all of the covenants and conditions of this Lease requiring the payment or expenditure of money by Lessee until such time as the leasehold interest in the Property shall be sold upon foreclosure, or by exercise of a power of sale, pursuant to the encumbrance or shall be released or reconveyed thereunder; provided, however, that if the Lender fails or refuses to comply with any and all of the conditions of this Paragraph with respect to a default as to which notice of intention to terminate this Lease has been given to the Lender, then and thereupon Lessor shall be released from all covenants of forbearance contained in this Lease with respect to such breach or default. If, and so long as, Lender is prevented by any process or injunction issued by any court, having jurisdiction of any bankruptcy or insolvency proceeding involving Lessor or Lessee from commencing or prosecuting foreclosure or other appropriate proceedings in the nature thereof, Lender shall not be deemed for that reason to have failed to commence such proceedings or to have failed diligently to prosecute said proceedings; provided, however, that Lender shall use reasonable efforts to contest and appeal the issuance of any such process or injunction.

10. Lender shall give written notice to Lessor of its address and the existence and nature of its encumbrance. Failure to give such notice shall constitute a waiver of Lender's right to receive written notices hereunder. Any notice to Lender provided for in this paragraph may be given concurrently with or after Lessor's notice of default to Lessee as provided in Paragraph IX. Whenever the Lender shall so request, Lessor shall provide the Lender with current information as to the status of this Lease.

11. Lessor and Lessee also acknowledge that each holder of a Condominium, deriving title mediately or immediately from Lessee, may from time to time encumber its Condominium as to all or any portion of said Condominium by the lien of an encumbrance given the Lender as security for indebtedness. Lessor and Lessee agree that any such Lender holding an approved encumbrance as provided herein shall, in respect of any default of Lessee hereunder, have the rights of Lender set forth herein.

12. Should the encumbrance executed by Lessee provide that failure to pay rent is a default under said encumbrance, and in the event a Notice of Default in the payment of such rent is filed under any encumbrance encumbering the leasehold estate created by this Lease or any fractional portion thereof, Lender shall pay to Lessor any past due or current rent to Lessor. Upon the acquisition of said interest, Lender shall further be obligated to pay rent thereafter until such Lender assigns the interest in the leasehold so acquired as provided in this article or relinquishes the interest so acquired to Lessee. Notwithstanding the foregoing, bankruptcy, receivership, or insolvency of Lessee shall not obligate any Lender to pay any monies to cure or terminate the bankruptcy, receivership or insolvency and the Lender shall be required to do no more than is required of said Lender by the terms of this Lease. It is understood that the Lender shall not be required to cure any type of default which can be construed to be noncurable or which because of its nature is not feasible or practical to cure; provided, however, the Lender shall keep and perform all other covenants and conditions of this Lease.

13. Upon and immediately after the recording of any encumbrance, Lessee, at its expense, shall cause to be recorded in the office of the Recorder of Orange County a written request executed and acknowledged by Lessor for a copy of any Notice of Default and of any Notice of Sale under the encumbrance as provided by the statutes of the State of California relating thereto. Lessee shall furnish to Lessor a complete copy of the encumbrance and the note secured thereby, together with the name and address of the holder thereof.

14. By the execution of this Lease, or any amendments thereto, Lessee agrees that the Lender shall not be liable to said Lessee for any adverse effect which any provisions required by the Lender may have upon said Lessee. No amendment to this Lease which affects the rights of any Lender under an approved encumbrance shall be effective as to said Lender without said Lender's written consent. In the event there is a conflict between the provisions of this paragraph and any other provision of this Lease, this paragraph shall control as to the rights of the Lender, assignees or sublessees of the Lender, or purchasers at any foreclosure sale.

B. Assignment.

1. Lessee's Right to Assign.

In addition to Lessee's rights in Paragraph VI.A above, Lessee shall have the absolute right to assign or otherwise transfer Lessee's interest in this Lease and the estate created by this Lease to a permitted Assignee or Successor, defined as follows:

(a) An assignee whose net worth on the date of assignment is equal to or greater than Lessee's net worth on the Commencement Date. Net worth shall mean the amount by which the total of all assets shall exceed the total of all liabilities, as determined by an independent certified public accountant in accordance with generally accepted accounting principles.

(b) A successor defined as:

(1) Any corporation that controls or is controlled by Lessee.

(2) Any successor of all or substantially all of Lessee's business or assets unless the assignment would otherwise be prohibited by provisions of this Lease pertaining to bankruptcy.

2. Conditions Precedent to Assignment.

The following conditions are precedent to Lessee's right of assignment:

(a) Lessee shall give Lessor reasonable notice of the proposed assignment with appropriate documentation as evidence that the proposed assignee qualifies as a permitted assignee.

(b) Except as otherwise provided in this Lease for a permitted mortgagee, the proposed assignee shall, in recordable form, expressly assume all the covenants and conditions of this Lease.

3. Exception for Encumbrances.

Notwithstanding the foregoing, without the prior written consent of Lessor, Lessee may (a) encumber or assign for security purposes its leasehold estate hereunder in all or any portion of the Property in accordance with Paragraph VI.A and (b) together with Lessor, convey leasehold Condominiums in all or any portion of the Property or the improvements thereon for residential purposes, which Condominiums may be freely sold, transferred, assigned, encumbered, or assigned for security purposes by the owners thereof.

4. Right to Sublet.

Lessee shall have the absolute right to sublet all or any part or parts of the Property or the improvements or both, and to assign, encumber, extend or renew any sublease, provided the following provisions are complied with:

(a) Each sublease shall contain a provision satisfactory to the Lessor and to each leasehold mortgagee having an interest at the time the sublease is executed, requiring Sublessee to attorn to Lessor or, in the event of any proceeding to foreclose any leasehold mortgage, to the leasehold mortgagee, or any person designated in a notice from leasehold mortgagee, if Lessee defaults under this Lease and if the Sublessee is notified of Lessee's default and instructed to make Sublessee's rental payments to Lessor or leasehold mortgagee or other designated person as provided herein.

(b) Lessee shall, promptly after the execution of each Sublease, notify Lessor of the name and mailing address of the Sublessee and shall, on demand, permit Lessor to examine and copy the Sublease.

(c) Lessee shall not accept more than three (3) months prepaid rent under any Sublease.