

28 ✓ CAVE ROCK COUNTRY STORE
P.O. Box 126
GLENBROOK, NV 89413

LEASE AGREEMENT

THIS LEASE made and entered into this 22nd of June, 1992, by and between CAVE ROCK COURT by HAROLD FULLER and BURNETT GREEN of 1301 Hwy. 50, Glenbrook, Nevada 89413, hereinafter referred to as "LESSOR" and JOHN CLOSE and ANGELA GORENC of Santa Monica, California 90404, herein after referred to as "LESSEE", each without regard to gender or number;

WITNESSETH:

In consideration of the mutual promises of the parties and other good and valuable consideration as hereinafter set forth, the parties hereto covenant and agree as follows:

LESSOR does hereby demise, lease and let unto LESSEE, and LESSEE does hereby hire and take from LESSOR, the following described property hereinafter referred to as "THE PREMISES":

That certain part and parcel of real property commonly known as the "CAVE ROCK COUNTRY STORE", located on APN # 03-150-01 1301 Hwy. 50, Cave Rock/Glenbrook, Nevada, together with an undivided interest in the adjacent parking area, front & sides.

1. **TERM:** The term of this lease shall be for a period of fifteen (15) years, commencing on the 1st (first) day of September, 1992 and terminating at midnight on the 31st (thirty-first) day of August, 2007, unless sooner terminated by mutual agreement of the parties or for violation of any term or condition of this lease. Payment to start November 1, 1992. The Cave Rock Country Store may not be sold unless Purchasers are approved by property owners/Lessor.

2. **MINIMUM RENTAL:** As minimum rental for the demised premises, LESSEE hereby agrees to pay to the LESSOR without deduction, set-off, prior notice or demand, the following sums:

2a. **Assignment:** LESSEE has the right to assign all or part of the LEASE to a new purchaser at any time, upon property owners/LESSOR'S approval. Such approval shall not be withheld without good and sufficient cause.

3. **PAYMENTS:** First year's rent to be in the amount of \$2,100.- per month, due and payable on the first of every month without any grace period. LESSOR agrees to waive the rent payments for the first two months of the lease. Thereafter, the rent of \$2,100.- per month will be increased based on the Consumer Price Index for all Consumers published by U.S. Department of Labor, Bureau of Labor Statistics. For purposes of computing the change in the Index the base period shall be the Index as of September 1, 1992. The rent shall be adjusted as of September 1 of each successive year. However, the increase in rent will be limited to 5% per annum. By way of illustration, but not as limitation, the rent for 1993 shall not exceed \$2,205 per month (105% x \$2,100). The rent for 1994 shall not exceed \$2,310 per month (110% x \$2,100). The rent for 1995 shall not exceed \$2,415 per month (115% x \$2,100) etc.

There are four slot machines on the premises at the present time. The LESSOR and LESSEE agree that the LESSEE may continue to have the slot machines operate on the premises.

The Security Deposit in the amount of \$2,100.00 is due and payable September 1, 1992, date of occupancy and shall be returned at the end of the lease.

Security Deposit and Rent shall be paid to Lessor at 1301 Hwy. 50 Cave Rock Court or at such other place or places as LESSOR may from time to time in writing direct.

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A. CHRISTOPHER ZIMMERMANN
Attorney at Law

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4. USE OF PREMISES: The premises are leased to LESSEE for use as a retail grocery store and gasoline sales and directly related activities, and any other lawful use. However, the premises shall be used and operated for legal purposes only and in a lawful manner in full compliance with applicable laws of the United States and all state and local agencies, having jurisdiction thereof.

LESSEE shall keep the demised premises in good repair, clean and healthful condition according to all state and local ordinance and the direction of appropriate public officers during the term of the lease, at LESSEE'S own expense. Upon the termination of this lease, LESSEE shall yield the premises to LESSOR in good condition and repair, loss by fire or other unavoidable casualty excepted.

If the LESSEE fails or refuses to perform any repair or maintenance required of it under this Lease promptly after written notice from LESSOR or its Agents, Servants or Employees, ^{LESSOR} may enter the premises without such entrance causing or constituting a termination of this lease or an interference with LESSEE'S possession of the premises, and LESSOR may then place the premises in the same condition of repair, sightliness, healthfulness, and cleanliness as existed at the date of execution of this Lease, and LESSEE shall pay LESSOR as additional rental hereunder LESSOR'S expenses in thus repairing the premises.

5. ALTERATIONS, LIENS AND ENCUMBRANCES: LESSEE shall not make any alterations, additions or improvements to the exterior or permanent structural parts of the premises without the consent of LESSOR in writing, being first had and obtained, which consent shall not be unreasonably withheld. Notwithstanding, LESSEE shall have the right to make such alterations to the interior and nonstructural parts of the premises as may be necessary or desirable in the operation of LESSEE'S business. All alterations, additions and improvements, which shall be made, shall be at the sole cost and expense of LESSEE, and shall become the property of

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A. CHRISTOPHER ZIMMERMANN
Attorney at Law

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LESSOR, and shall remain in and be surrendered with the premises as a part thereof at the termination of this lease, LESSEE'S equipment and trade fixtures excepted, LESSEE agrees to comply with all laws, ordinances, rules and regulations for the local agencies having jurisdiction hereof, or any other authorized public agency in the performance of any such alterations, additions and improvements. The LESSEE further agrees to save the LESSOR free and harmless from damage loss or expense arising out of said work. LESSEE agrees to keep and maintain said leased premises free from any liens or encumbrances caused by any act of the LESSEE.

At time of commencement of lease

LESSOR promises to bring electrical up to Code in entire building and install ³⁰⁰~~300~~ amp service. LESSOR will guarantee roof and install new roof when needed. LESSOR to repair all dry rot and install new wall heater on second level of building. LESSOR to install fence between building and duplex. LESSEE will maintain the plumbing facilities within the buildings while the LESSOR shall be responsible for maintaining the sewer lines outside the buildings.

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6. GASOLINE TANKS: ^{SHOULD LESSEE EFFECT TO CONTINUE SELLING GASOLINE ON THE PREMISES} The LESSOR agrees that in 1998 he shall either replace the gasoline tanks on the premises with new tanks of at least the same size or install a vapor emission control system which will be in compliance with local, state and federal agency requirements. This shall be done at the expense of the LESSOR. This shall be completed prior to the end of 1998. Prior to the effective date of the lease the LESSOR shall obtain a licensed engineers statement that the gasoline tanks are in compliance with local, county, state and federal regulations. ^{SHOULD LESSEE DISCONTINUE SELLING GAS PRIOR TO 1998 LESSOR, AT LESSOR'S COST, SHALL DISPOSE OF AIRBURY TANKS IN ACCORDANCE WITH FEDERAL AND STATE AGENCY REGULATIONS.} 7. ENTRY AND INSPECTION: LESSEE shall permit LESSOR and its agents to enter the demised premises at all reasonable times to inspect the same.

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8. HOLD HARMLESS: This lease is made upon the express condition that LESSEE agrees to keep, save and hold LESSOR free

from all damages, claims, causes of actions and/or judgments arising by reason of any injury or damage to any person or persons, including without limitation employees from any cause or causes whatsoever including while in or upon the building premises during the term of the Lease or any occupancy hereunder LESSEE hereby covenanting and agreeing to indemnify, protect and save LESSOR harmless from all liability, loss, costs and obligations on account of or arising out of any such injuries or losses however occurring.

LESSEE, as a material part of the consideration to be rendered to LESSOR, hereby waives all claims against LESSOR for damages to goods, wares, and merchandise in, upon or about said premises and for injuries to LESSEE, his agents, or third persons in or about said premises from any cause arising at any time, including without limiting the generality of the foregoing damages arising from acts or omissions of other tenants of the building of which the demised premises are a part and from the failure of either party to make repairs.

9. INSURANCE; LIABILITY: LESSEE further agrees to take out and keep in force during the term hereof at LESSEE'S expense, public liability insurance in Companies duly licensed to issue same in order to protect against any liability to the public, whether to persons or property, incidental to the use of or resulting from an accident occurring in or about said premises, the sidewalks adjacent thereto and such other areas which LESSEE, its officers, servants, agents, employees, contractors and invitees shall have right to use under the terms hereof during the term of this lease or any occupancy hereunder, in the amount of \$500,000.00 to indemnify against the claim of one person and \$1,000,000.00 against the claims of two or more persons in any one occurrence, and property damage insurance in the amount of not less than \$1,000,000.00 per occurrence. The said policy shall also insure the contingent liability of LESSOR.

LESSEE agrees that every insurer shall agree by endorsement upon the policy or policies issued by it, or by independent instrument furnished to LESSOR, that it will give LESSOR ten (10) days written notice at the address where rental is paid, before the policies in question shall be altered or cancelled. LESSEE shall promptly furnish LESSOR with a certificate of such insurance coverage.

10. INSURANCE; FIRE: As further rent for the demised premises, LESSEE shall insure and keep insured the personal property in the demised premises of LESSOR, or any building that shall be erected on the premises during the term of this lease, for not less than one-hundred percent (100%) of the replacement cost of the structures and improvements situate on the demised premises against the hazard of fire, with companies acceptable to LESSOR, each company being then licensed to do business in the State of Nevada.

In the event that LESSEE fails to procure such insurance and LESSOR shall subsequently procure such insurance, LESSEE immediately upon demand shall pay to LESSOR the amount of the premiums paid by LESSOR.

LESSEE agrees that every insurer shall agree by endorsement upon the policy or policies issued by it, or by independent instrument furnished to LESSOR, that it will give LESSOR ten (10) days written notice at the address where rental is paid, before the policies in question shall be altered or cancelled. LESSEE shall promptly furnish LESSOR with a certificate of such insurance coverage. LESSOR agrees to maintain at full replacement costs fire insurance on the buildings leased to the LESSEE.

11. WAIVER OF SUBROGATION: LESSOR hereby releases LESSEE, and LESSEE hereby releases LESSOR, and their respective officers, agents, employees and servants, from any and all claims or demands for damages, less, expense or injury to the premises, or to the furnishings and fixtures and equipment, or inventory or other

property of either LESSOR or LESSEE in, about, or upon the premises, as the case may be, which may be caused by or result from perils, events or happenings which are the subject of insurance carried by the respective parties and in force at the time of any such loss and to the extent such insurance is not prejudiced thereby or the expense of such insurance is not thereby increased.

12. PERSONAL PROPERTY TAXES: LESSEE shall pay any and all taxes or license fees required for the business conducted on the premises.

13. DEFAULT: Upon five (5) days notice in writing, if any default shall be made in the payment of the rent received or any part thereof at the time and in the manner hereinabove provided, or, without notice, if the premises or any part thereof shall become vacant or abandoned, or if LESSEE shall be dispossessed therefrom during the term hereof, or if LESSEE shall at any time make a general assignment for the benefit of creditors, or an insolvent assignment, or if a receiver of the property of LESSEE shall be appointed in any court having jurisdiction thereof, or if LESSEE shall file a voluntary petition in bankruptcy, or if a petition in bankruptcy shall be filed against LESSEE, or upon written notice of default in the performance or observance of any other of the terms or conditions hereof directed to LESSEE by registered mail and LESSEE'S failure to cure the same to the satisfaction of LESSOR within ten (10) days after receipt of such notification, this lease shall wholly cease and terminate and be of no force and effect, and the LESSOR may re-enter the premises by force or otherwise, and receive the rental therefrom, applying the same first to the payment of such expenses as said LESSOR or LESSOR'S representatives may be put to in re-entering and letting, and then to the payment of rental and fulfilling of the terms and conditions agreed to between LESSOR and LESSEE herein, and then to the payment of LESSEE of any surplus of said rents left after making such previous payments, and LESSEE and LESSEE's legal

representatives shall be liable for any deficiencies which may arise during the remainder of said term, and shall pay the sum in equal payments upon the rent dates hereinbefore provided as the amounts shall, at such time or times, be ascertained. Notwithstanding any such re-letting without termination, LESSOR may at any time thereafter during the term of this lease, elect to terminate the same by reason of such previous breach. LESSEE, and LESSEE'S successors and assigns, hereby expressly waive any notice or proceeding required by law to be given or taken preliminary to a re-entry hereunder by LESSOR.

14. ABANDONMENT: If LESSEE should abandon, vacate or surrender premises or cease to operate a daily market operation or be dispossessed by process of law, in addition to all other remedies of LESSOR, LESSOR at its option, may deem that any personal property belonging to LESSEE left on the premises is abandoned and/or LESSOR may at once enter upon the premises and remove any and all equipment, fixtures and merchandise and may sell the fixtures, equipment and merchandise at public or private sale at such price and upon such terms as LESSOR may determine, without notice to or demand upon LESSEE. Out of proceeds of such sale, LESSOR may reimburse itself for the expense of such taking, removal and sale and for any indebtedness of LESSEE to LESSOR and the surplus, if any, shall be accounted for to LESSEE.

15. DESTRUCTION OF PREMISES: In case of partial destruction of the premises without fault, negligence or carelessness on the part of LESSEE, its agents, employees or those holding under it, LESSOR may, at its option, repair such damages, in which case the rent shall be reasonably rebated and apportioned while the repairs are being made, or LESSOR may, at its election, declare this lease ended, unless LESSEE shall elect to make such repairs at its own expense, (including application of the insurance proceeds as provided herein) in which case repairs shall remain upon the premises at the expiration of the term hereof and become the

property of the LESSOR. In the event of total destruction of the premises, or such partial destruction that cannot be repaired within ninety (90) days, by fire or otherwise, the LESSEE shall have the option of declaring the lease terminated and to be liable for rent only up to the time of such destruction, or, in the alternative, LESSEE shall have the right to elect to rebuild the premises with an abatement in the monthly rental during such period of rebuilding.

16. **COSTS OF SUIT:** LESSEE agrees that if LESSOR is involuntarily made a party-defendant to any litigation concerning this lease or the premises of which the premises are a part by reason of any act or omission of LESSOR, then LESSEE shall hold harmless the LESSOR from all liability by reason thereof including reasonable attorney's fees incurred by LESSOR in such litigation and all taxable court costs. If legal action shall be brought by either of the parties hereto for the unlawful detainer of the premises, for the recovery of any rent due under the provisions of this lease, or because of the breach of any term, covenant or provision hereof, the party prevailing in said action shall be entitled to recover from the party not prevailing costs of suit and a reasonable attorney's fee which shall be fixed by the Court; or, in the event that it is necessary for either party hereto to maintain an action of law or inequity hereunder, the prevailing party shall be entitled to a reasonable attorney's fee and costs of court as shall be ordered in such proceedings brought, maintained and defended in any court having jurisdiction thereof.

17. **HOLDING OVER:** Should LESSEE hold over the term hereby created with the consent of LESSOR, LESSEE shall become a tenant from month to month at the monthly rental payable hereunder for the prior six (6) months, and otherwise upon the covenants and conditions in this lease contained, and shall continue to be such tenant until thirty (30) days after either party hereto serves upon the other written notice of intention to terminate such monthly

tenancy.

18. APPOINTMENT OF RECEIVER: In the event a receiver be appointed at the instance of LESSOR in any action against LESSEE, the receiver may take possession of any personal property belonging to LESSEE and used in the conduct of the business of LESSEE being carried on in the premises and LESSEE agrees that the entry or possession by said receiver shall not constitute an eviction of LESSEE from the premises or any portion thereof, and LESSEE agrees to indemnify and hold LESSOR harmless from any claim of any character by any person arising out of or connected with the entry by said receiver and taking possession of the premises or said personal property. Neither the application for the appointment of the receiver, nor the appointment of the receiver, shall be construed as an election on LESSOR'S part to terminate this lease unless a written notice of such intention is given by LESSOR to LESSEE. The application of this paragraph shall be in addition to any other remedy available to LESSOR herein.

19. CONDEMNATION: If any part of the premises or of the building of which same are a part (even though no part of the premises shall be taken) be condemned for a public or quasi-public use by right of eminent domain, with or without litigation, or transferred by agreement in connection with such public or quasi-public use, this lease, as to the part so taken, shall terminate as of the date title shall vest in the condemnor, and the rent payable hereunder shall be adjusted so that LESSEE shall be required to pay for the remainder of the term only such portion of such rent as the value of the part remaining after condemnation bears to the value of the entire premises at the date of condemnation; but in either such event either party shall have the option to terminate this lease as of the date when title to the part so condemned vests in the condemnor, upon written notice to the other party.

All compensation awarded upon such condemnation or taking

shall belong and be paid to LESSOR and LESSEE as their respective interest shall be established at the time of such taking, either by litigation, negotiation or other agreement.

20. SURRENDER OF PREMISES: No act or conduct of LESSOR, whether consisting of the acceptance of the keys to the demised premises, or otherwise, shall be deemed to be or constitute an acceptance of the surrender of the premises by LESSEE prior to the expiration of the term hereof, and such acceptance by LESSOR of surrender by LESSEE shall only flow from and must be evidenced by a written acknowledgment of acceptance of surrender by LESSOR. The voluntary or other surrender of this lease by LESSEE, or a mutual cancellation thereof, shall not work a merger, and shall, at the option of LESSOR, terminate all or any existing subleases or subtenancies or concessions, or may at the option of LESSOR, operate as an assignment to him of any or all such subleases or subtenancies or concessions.

21. NOTICES: Notices to or for the respective parties shall be sufficient if in writing and by certified or registered mail, addressed to the respective party at the address set out below, or at such other address as either party may elect to provide in advance in writing, to the other party:

LESSOR:

Harold Fuller and Burnett Green
1301 Hwy 50 - Cave Rock Court
Glenbrook, Nevada 89413

with a copy to:

CANOVA REALTY - Gerda F. Canova, R.E. Broker
P.O. Box 537, Glenbrook, Nevada 89413

LESSEE:

John Close and Angela Gorenc
1228 14th Street. #101
Santa Monica, Ca. 90404

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A. CHRISTOPHER ZIMMERMANN
Attorney at Law

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22. CUMULATIVE REMEDIES, NON-WAIVER: The receipt by LESSOR of any rent or payment with or without knowledge of the breach of any covenant hereof shall not be deemed a waiver of any such breach and no waiver by LESSOR of any sum due hereunder or any provision hereof shall be deemed to have been made unless expressed in writing and signed by LESSOR. No delay or omission in the exercise of any right or remedy accruing to LESSOR upon any breach by LESSEE under this lease shall impair such right or remedy or be construed as a waiver of any such breach theretofore or hereafter occurring. The waiver by LESSOR of any breach of any term, covenant or condition herein contained shall not be deemed to be a waiver of any subsequent breach of the same or any other term, covenant or condition herein contained. All rights, powers, options or remedies afforded to LESSOR either hereunder or by law shall be cumulative and not alternative and the exercise of one right, power, option or remedy shall not bar other rights, powers, options or remedies allowed herein or by law.

23. QUIET ENJOYMENT: The LESSOR agrees that the LESSEE, paying rental provided herein, and observing all of the terms, conditions and provisions hereof, shall quietly enjoy the premises for the full term of this lease.

24. RENEWAL AND EXTENSION: LESSEE shall have the right, to be exercised as hereinafter provided, to extend this lease a term of two (5) years on the following terms and conditions:

(a) No default is existing or continuing in the performance of any of the terms of this lease.

(b) Such extended term shall be on the same terms, covenants, and conditions as provided in this lease except with respect to the provisions of this lease dealing with minimum rental.

(c) The rent shall not exceed the original rent of \$2100.00 per month, as adjusted for the Consumer Price Index for all Consumers without regard for the 5% per annum limitation. During the term of the extension the lease shall be adjusted annually for the change in the cost of living, but not to exceed 5% annually. *SEE ATTACHED PAGE 14*

LESSEE shall exercise its right to an extension in the following manner:

(a) At least nine (9) months prior to the expiration of the initial term, LESSEE shall notify LESSOR in writing of its election to exercise the right to extend the term of this lease for the extended term; and

(b) On the giving of such notice of election, this lease, subject to the terms of this provision, shall be deemed to be extended and the term thereof extended for a period of (5) five years from the date of the expiration of the initial term of the date of expiration of the extended term.

25. RECORDATION OF ABSTRACT: The parties hereto covenant and agree that an abstract agreement may, at the option of either party, be recorded in the office of the Douglas County Recorder, Douglas County, NV.

X LESSOR: *Harold Fuller* *Harold Fuller*
HAROLD FULLER and BURNETT GREEN
1301 Hwy. 50, Cave Rock Court, Glenbrook, Nevada 89413
Representing Burnett Green, Partner in ownership of property

LESSEE: *John Close* *Angela Gorenc*
JOHN CLOSE and ANGELA GORENC
1228 14th St. #101, Santa Monica, CA. 90404

DATE: *July 15, 1992*

As of June 1, 1993 the storage building behind Cabin #2 Page 13 is included in this lease.

A. CHRISTOPHER ZIMMERMANN
Attorney at Law
Harold Fuller
June 10, 1993

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24. RENEWAL AND EXTENSION

(c) The rent for the first year of the extended lease term shall be equal to the rental amount of the previous year, as adjusted for the CPI, plus a CPI adjustment for the first year of the extended lease term. During the term of the extension, the lease shall be adjusted annually for the change in the cost of living, but not to exceed 5% annually, as described in paragraph 3 above.

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Lessee to expend at least \$^{12,000}12,000. in improvements, alterations and additions. If lessee fails to comply, lessee shall pay to lessor \$200. per month additional rent for the first lease year, or \$2,400. at the end of the first lease year, plus 10% interest on \$2,400.

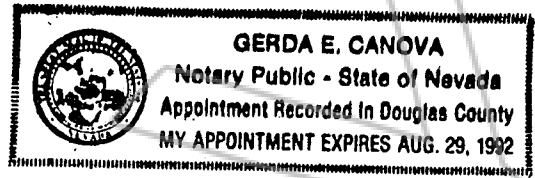
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STATE OF Nevada)
COUNTY OF Douglas)SS

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On this 15th day of July, in the year 1992, personally appeared before me, a Notary Public, Harold Fuller, known to me to be the person described in and who acknowledged that he executed the forgoing instrument.

Gerda E. Canova
Notary Public

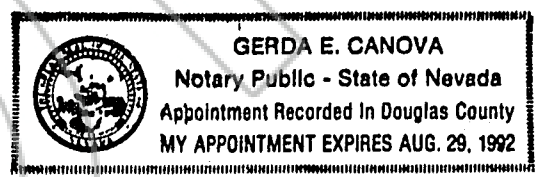


STATE OF Nevada)
COUNTY OF Douglas)SS

285 E [c]

On this 15th day of July, in the year 1992, personally appeared before me, a Notary Public, John Close, known to me to be the person described in and who acknowledged that he executed the forgoing instrument.

Gerda E. Canova
Notary Public

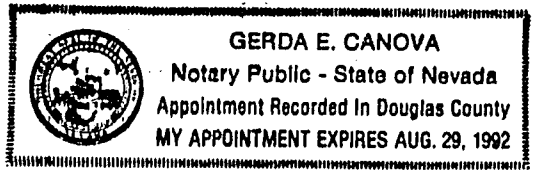


STATE OF Nevada)
COUNTY OF Douglas)SS

285 E [c]

On this 15th day of July, in the year 1992, personally appeared before me, a Notary Public, Anne Gorenc, known to me to be the person described in and who acknowledged that she executed the forgoing instrument.

Gerda E. Canova 0467857
Notary Public
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COPY

REQUESTED BY
Cave Rock Country Store
IN OFFICIAL RECORDS OF
DOUGLAS CO., NEVADA

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LINDA SLATER
RECORDER

\$22⁰⁰ PAID Ka DEPUTY