

**U.S. GOVERNMENT LEASE  
CHANGE OF LESSOR FORM**

Supplemental Agreement No. 1  
To Lease No. GS-09B-02830

Effective Date:  
**JUL 26 2012**  
(Insert date of execution by Govt.)

TRANSFEROR, TRANSFEE, and the UNITED STATES OF AMERICA ("Government") enter into this Agreement (the "Agreement") as of the Effective Date. This Agreement is entered into pursuant to the "Assignment of Claims" provision of the General Clauses to the referenced Government lease, as well as 41 United States Code Section 15, and is otherwise based on 48 Code of Federal Regulations Section 42.1204.

**A. DEFINITIONS.** All initial capitalized words in this Agreement shall have the same meaning as specified below.

- (1) "Transferor": GRADO EQUITIES VII LLC, a California Limited Liability Company  
[Include the full name of predecessor-lessor. If Transferor is a corporation, include the full name of corporation and state of incorporation. If Transferor is a partnership, indicate whether it is a general or limited partnership. Specify below the name of the signatory authorized to bind the corporation or partnership. If Transferor is different than the original lessor, attach copies of intervening deeds and brief explanation of the chain of title.]
- (2) Signatory authorized to bind Transferor: Leonard Grado, Managing Member  
[print name] [Title]
- (3) "Transferee": PALOS VERDES PROPERTIES INC., a California Sub-S Corporation  
[Include full name of successor-lessor. If Transferee is corporation, include full name of corporation and state of incorporation. If Transferee is partnership, indicate whether general or limited partnership. Specify below name of signatory authorized to bind the corporation or partnership.]
- (4) Signatory authorized to bind Transferee: Leonard Grado, President  
[print name] [Title]
- (5) "Transfer Date": Date transfer of assets became effective under applicable State law: July 10, 2012
- (6) "Property": Missouri Flat Road APN 327-130-03 [Street Address]  
Placerville, CA. 95667 [City, State and Zip Code]
- (7) "Leased Premises": 8554 RSF of space to be built "Professional Office Building"  
[Include location of leased premises, e.g., floor number or suite number.]

**B. THE PARTIES AGREE TO THE FOLLOWING FACTS:**

- (1) The Government, represented by various Contracting Officers of the United States General Services Administration, has entered into that certain lease with Transferor: Lease GS-09B-02830. The term, the "Lease", as used in this Agreement, means the above described lease, including all modifications, made between the Government and Transferor before the Effective Date of this Agreement. In addition, included in the term "Lease" are all modifications made under the terms and conditions of the Lease between the Government and Transferee, on or after the Effective Date of this Agreement.
- (2) As of the Transfer Date, Transferor has transferred to Transferee all the assets of Transferor involved in performing its obligations under the Lease by virtue of a Lease assignment and Assumption Agreement, along with associated Grant Deed dated July 10, 2012 recorded as document 2012-003433-00 in the office of the County Recorder of El Dorado County.  
[Insert a term(s) descriptive of the legal transaction involved between Transferor and Transferee—for example, "a grant deed to the Property"].
- (3) Transferee has acquired all the assets of Transferor involved in performing the Lease by virtue of the above transfer.
- (4) Transferee has assumed all obligations and liabilities of Transferor under the Lease by virtue of the above transfer. Without limiting any of the Government's rights, it is noted that this provision is not intended to modify or eliminate any indemnification or other agreements which Transferee and Transferor have to each other pursuant to their other agreements.
- (5) Transferee is in a position to fully perform all obligations that may exist under the Lease.
- (6) It is consistent with the Government's interest to recognize Transferee as the successor party to the Lease.
- (7) Evidence of the above transfer has been submitted to the Government.

**C. IN CONSIDERATION OF THESE FACTS AND THE REPRESENTATIONS SET FORTH BELOW; THE PARTIES AGREE THAT BY THIS AGREEMENT:**

- (1) Transferor confirms the transfer to Transferee, and waives any claims and rights against the Government that it now has or may have in the future in connection with the Lease.
- (2) Transferee agrees to be bound by and to perform the Lease in accordance with the conditions contained in the Lease. Transferee also assumes all obligations and liabilities of, and all claims against, Transferor under the Lease as if Transferee were the original party to the Lease and is bound by all previous actions taken by Transferor with respect to the Lease, with the same force and effect as if the action had been taken by Transferee.
- (3) The Government recognizes Transferee as Transferor's successor in interest in and to the Lease. Transferee by this Agreement becomes entitled to all right, title, and interest of Transferor in and to the Lease as if Transferee were the original party to the Lease. Following the effective date of this Agreement, the term, "Lessor", as used in the Lease, shall refer to Transferee.

- (4) Except as expressly provided in this Agreement, nothing in it shall be construed as a waiver of any rights of the Government against Transferor.
- (5) All payments and reimbursements previously made by the Government to Transferor, and all other previous actions taken by the Government under the Lease, shall be considered to have discharged those parts of the Government's obligations under the Lease. All payments and reimbursements made by the Government after the date of this Agreement in the name of or to Transferor shall have the same force and effect as if made to Transferee, and shall constitute a complete discharge of the Government's obligations under the Lease, to the extent of the amounts paid or reimbursed.
- (6) Following the full execution of this Agreement, Transferee desires, as soon as practicable, that rent checks, in the amount set forth in the Lease, be payable to Transferee and sent to Transferee at the following address:

Palos Verdes Properties Inc. 4330 Golden Center Drive D Placerville, Ca. 95667-6232

- (7) Transferor and Transferee agree that the Government is not obligated to pay or reimburse either of them for, or otherwise give effect to, any costs, taxes, or other expenses, or any related increases, directly or indirectly arising out of or resulting from the transfer or this Agreement, other than those that the Government in the absence of this transfer or Agreement would have been obligated to pay or reimburse under the terms of the Lease.
- (8) Transferor guarantees payment of all liabilities and the performance of all obligations that Transferee assumes under this Agreement. Transferor waives notice of, and consents to, any future modifications.
- (9) The Lease shall remain in full force and effect, except as modified by this Agreement.
- (10) Each of the persons executing this Agreement on behalf of Transferee does hereby covenant and warrant that such entity is a duly authorized and existing entity, is qualified to do business in the state identified in Paragraph A (3) above, with full right and authority to enter in this Agreement, and that each and every person signing on behalf of Transferee is authorized to do so. Upon request, Transferee shall provide Government with evidence satisfactory to Government confirming the foregoing covenants and warrants.
- (11) The Lease is amended to include the provisions set forth in Exhibit A, which is attached to and made a part of this Agreement. [Exhibit A does not apply to Transferor and does not need to be filled in prior to execution of this form by Transferor.]

IN WITNESS WHEREOF, each party has executed this Agreement as of the day and year first above written.

TRANSFEROR: [Attach additional pages if necessary for multiple signatures or multiple entities]

TRANSFEEE: [Attach additional pages if necessary for multiple signatures or multiple entities]

[Redacted signature area for Transferor]

[Redacted signature area for Transferee]

**CERTIFICATE**  
 I, LEONARD GRADO, certify that I am the Secretary of MANAGING MEMBER; that LEONARD GRADO who signed this Agreement for this corporation, was then MANAGING MEMBER of this corporation, and that this Agreement was duly signed for and on behalf of this corporation by authority of its governing body and within the scope of its corporate powers.

**CERTIFICATE**  
 I, LEONARD GRADO, certify that I am the Secretary of PALOS VERDES PROPERTIES INC.; that LEONARD GRADO who signed this Agreement for this corporation, was then PRESIDENT of this corporation; and that this Agreement was duly signed for and on behalf of this corporation by authority of its governing body and within the scope of its corporate powers.

[Redacted signature area for Transferor]

[Redacted signature area for Transferee]

Government: UN [Redacted]  
 By [Redacted]  
 Name: M.E. NYSTROM  
 Title: CONTRACTING OFFICER