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8

9 **UNITED STATES BANKRUPTCY COURT**
10 **CENTRAL DISTRICT OF CALIFORNIA**
11 **LOS ANGELES DIVISION**

12 In re:
13 **PEOPLE'S CHOICE HOME LOAN, INC.,**
14 *et al.*,¹
15 Debtors.

Case No. 2:12-bk-15811-RK
(Jointly Administered with 2:12-bk-16200-RK and
2:12-bk-16201-RK)
(Transferred from 8:07-bk-10765-RK and Jointly
Administered with Case Nos. 8:07-bk-10767-RK
and 8:07-bk-10772-RK)

Chapter 11

**MOTION FOR ORDER DISALLOWING
PROOF OF CLAIM OF THE IRVINE
COMPANY [PCHLI CLAIMS DOCKET NO.
447]; DECLARATIONS OF TAMARA D.
MCGRATH AND GREGORY A. MARTIN IN
SUPPORT THEREOF**

Date: May 14, 2013
Time: 2:30 p.m.
Place: Courtroom 1675
255 East Temple Street
Los Angeles, CA 90012

Judge: Hon. Robert N. Kwan

1 The Debtors were People's Choice Home Loan, Inc., People's Choice Funding, Inc. and People's
Choice Financial Corporation.



1 The Liquidating Trusts of People's Choice Home Loan, Inc., People's Choice
2 Funding, Inc. and People's Choice Financial Corporation (collectively, the "PC Trusts"), by and
3 through Ronald F. Greenspan, solely as the duly authorized and acting Liquidating Trustee for each
4 of the PC Trusts (the "Liquidating Trustee" or "Trustee"), hereby objects (the "Objection") to the
5 claims asserted by The Irvine Company ("Irvine Company" or "Claimant") against the Debtors (as
6 defined below), as more particularly set forth herein. Claimant asserts a general unsecured claim of
7 \$1,778,275.40 of which Claimant asserts \$19,024.40 is entitled to priority) resulting from the
8 Debtors' rejection of a commercial real property lease. The Liquidating Trustee requests that this
9 Court enter an order disallowing Claimant's unsecured lease rejection claim in its entirety and
10 reducing Claimant's priority claim to \$1,393.54. To the extent that the Court allows any portion of
11 Claimant's unsecured lease rejection claim, the Liquidating Trustee requests that the Court cap that
12 portion of the claim at the maximum amount authorized under Bankruptcy Code section 502(b)(6)
13 for damages related to real property lease claims.

14 In support of this Objection, the Liquidating Trustee submits the Declarations of
15 Tamara D. McGrath and Gregory A. Martin. In further support hereof, the Liquidating Trustee
16 respectfully represents as follows:

17 I.

18 BACKGROUND

19 A. **The Debtors' Cases**

20 1. Each of People's Choice Home Loan, Inc. ("PCHLI"), People's Choice
21 Funding, Inc. ("PCFI") and People's Choice Financial Corporation ("PCFC," and collectively, the
22 "Debtors") filed a voluntary petition for relief under Chapter 11 of Title 11 of the United States
23 Code, 11 U.S.C. § 101, *et seq.* (the "Bankruptcy Code") in the Bankruptcy Court for the Central
24 District of California (the "Court") on March 20, 2007 (the "Petition Date"), commencing the above-
25 captioned bankruptcy cases (collectively, the "Cases").

26 2. On August 6, 2008, the Court entered its order (the "Confirmation Order")
27 confirming the Committee's First Amended Liquidating Plan under Chapter 11 of the Bankruptcy
28

1 Code (the “Plan”). The “Effective Date” under and as defined in the Plan occurred on August 12,
2 2008.

3 3. On the Effective Date of the Plan, and subject to the terms and conditions of
4 the Plan and Confirmation Order, among other things, (i) the Liquidating Trust Agreements for each
5 of the PC Trusts became effective, and the Liquidating Trustee for each of the PC Trusts began to
6 manage and administer the PC Trusts subject to the terms and conditions of the Liquidating Trust
7 Agreements, (ii) the Official Committee of Unsecured Creditors appointed in the Cases by the Office
8 of the United States Trustee was dissolved and discharged from any further duties and obligations in
9 the Cases, and the Post-Effective Date Committees for each of the PC Trusts became operative,
10 (iii) except as provided in the Plan, all of the assets and property of the Debtors, including any and
11 all affirmative claims for relief, were transferred into the PC Trusts, and (iv) except as otherwise
12 provided in the Plan, each of the Debtors was deemed dissolved or directed to be dissolved as soon
13 as practicable following the Effective Date.

14 4. Pursuant to the Plan, and subject to the terms and conditions of the Plan, the
15 Confirmation Order and the Liquidating Trust Agreements, the Liquidating Trustee is directed to
16 administer the PC Trusts by, among other things, (i) reducing remaining property to cash,
17 (ii) evaluating Claims against the Debtors and objecting to, allowing or otherwise resolving such
18 Claims, (iii) evaluating and pursuing, releasing or otherwise resolving affirmative relief against
19 third-parties, and (iv) making distributions of cash to Beneficiaries under and as defined in the
20 Liquidating Trust Agreements.

21 5. The Plan provides that the Liquidating Trustee is the representative of the
22 estates under 11 U.S.C. § 1123(b)(3)(B), and is a liquidator of the assets of the estates.

23 **B. Claimant’s Proof of Claim**

24 6. On or about August 31, 2007, Claimant filed a proof of claim (the “Claim”)
25 which asserts a general unsecured claim of \$1,778,275.40 (of which Claimant asserts \$19,024.40 is
26 entitled to priority) against PCHLI arising from the rejection of a lease between Claimant and
27 PCHLI (the “Lease”) for certain non-residential property located at 7515 and 7525 Irvine Center
28 Drive, Irvine, CA 92616 (the “7515 Premises” and “7525 Premises,” respectively, and collectively

1 referred to as the “Premises”). Despite multiple requests from the Trustee, Claimant has failed to
2 produce any evidence that it attempted to mitigate the damages asserted in the Claim.

3 **C. UBS’s Assumption of the Lease for the 7515 Premises**

4 7. The Debtors and Claimant entered into a stipulation on or about July 11, 2007
5 (the “Stipulation”) providing for the rejection of the Lease. A true and correct copy of that
6 Stipulation is attached hereto as Exhibit B. The stipulation stated that UBS reached a tentative
7 agreement with Claimant to lease the 7515 Premises in connection with the Debtors’ sale to UBS of
8 substantially all of their assets (the “UBS Sale”). Moreover, the “Lease re Premises: 7515 Irvine
9 Center Dr” is listed in what the Trustee believes is the final schedule of assumed contracts for the
10 UBS Sale. McGrath Decl. at ¶ 4, 7; Exhibit C at 117.

11 **D. PC Trusts’ Communications with Claimant**

12 8. Winston & Strawn LLP (“Winston”), counsel to the PC Trusts, contacted
13 Claimant’s attorney a number of times to attempt to resolve the Claim without involving the Court.
14 Martin Decl. ¶ 4. On April 9, 2012, Winston sent a letter to Claimant articulating the Trustee’s
15 position that (1) lease-related fees incurred before the Petition Date are not entitled to priority, and
16 (2) lessors have a duty to mitigate lease rejection damages. The letter notified Claimant that if
17 Claimant failed to present mitigation evidence by May 9, 2012, the Liquidating Trustee would object
18 to the entire Claim for the reasons described in the letter. Exhibit D at 120-22; Martin Decl. ¶ 4. In
19 the following months, neither Winston, nor the Liquidating Trustee received any information from
20 Claimant regarding the Claim. Martin Decl. ¶ 4; McGrath Decl. ¶ 6. During this time period,
21 Winston attempted to contact Claimant’s attorney several times by both phone and email to request
22 information related to the Claim. Martin Decl. ¶ 4. On November 20, 2012, having received no
23 response from Claimant, Winston sent a second letter to Claimant’s attorney, again requesting
24 mitigation evidence and noting the Trustee’s continued interest in resolving the Claim without the
25 need for an objection. Exhibit E; Martin Decl. ¶ 4. The November 20 letter also informed Claimant
26 that if an objection became necessary due to Claimant’s failure to respond to the Trustee’s
27 information requests, the Trustee would seek to disallow any evidence presented by Claimant in
28 response to an objection on the issue and request that the Court order Claimant to pay the Trustee’s

1 legal fees incurred in relation to an objection. Exhibit E at 124-25. As of the date of this Objection,
2 neither the Trustee nor Winston has received a response from Claimant, necessitating this Objection.
3 Martin Decl. ¶ 4; McGrath Decl. ¶ 6.

4 II.

5 RELIEF REQUESTED

6 9. By this Objection, the Liquidating Trustee requests that the Court enter an
7 order, pursuant to section 502 of the Bankruptcy Code, sustaining this Objection. Specifically, the
8 Liquidating Trustee requests that the Court disallow the unsecured portion of the Claim in full and
9 on a final basis because Claimant has failed to provide any evidence related to any mitigation efforts.
10 The Trustee also requests that the Court reduce the priority portion of the Claim to \$1,393.54.
11 To the extent that Claimant now seeks (and is allowed by the Court) to provide evidence of any
12 mitigation efforts, after failing to respond to the Trustee's repeated informal information requests,
13 the Trustee requests that the Court cap the unsecured portion of the Claim at the maximum allowable
14 amount under Bankruptcy Code section 502(b)(6)(A) and (b) order Claimant to reimburse the
15 PC Trusts for the legal fees incurred by the Trusts with respect to this Objection.

16 III.

17 OBJECTION

18 A. **The Claim Should Be Disallowed in its Entirety Because Claimant has Failed to**
19 **Present Any Evidence That it Attempted to Mitigate its Damages**

20 10. The Claim relates to a commercial lease of property. A "rebuttable
21 presumption exists that the lessor can rerent the leased premises without incurring a loss." *In re*
22 *D.H. Overmyer Co. v. Irving Trust Co.*, 60 B.R. 391, 393 (S.D.N.Y. 1986). A lessor thus has the
23 obligation to attempt to relet the premises and mitigate its lease rejection damages. *See Unsecured*
24 *Creditors' Comm. of Highland Superstores v. Strobeck Real Estate (In re Highland Superstores)*,
25 154 F.3d 573, 581 (6th Cir. 1998) ("[A] lessor's damages arising out of a debtor's lease rejection are
26 determined in accordance with the terms of the debtor's lease and applicable state law, and then are
27 limited by application of Section 502(b)(6)."); *Kendall v. Ernest Pestana, Inc.*, 709 P.2d 837, 846
28 (Cal. 1985) ("A lessor's freedom at common law to look to no one but the lessee for the rent has,

1 however, been undermined by the adoption in California of a rule that lessors—like all other
2 contracting parties—have a duty to mitigate damages upon the lessee's abandonment of the property
3 by seeking a substitute lessee.”) (citing Cal. Civ. Code § 1951.2); *Lu v. Grewal*, 130 Cal. App. 4th
4 841, 849 (Ct. App. 2005) (“Under section 1951.2, a lessor may recover damages only to the extent
5 unpaid rent exceeds ‘the amount of such rental loss that the lessee proves could have been
6 reasonably avoided.’ The rationale for this law, changing the ability of a lessor to recover damages
7 in the event of a lessee's breach, was to permit recovery in a more straightforward manner than prior
8 common law permitted. While simplifying recovery, however, the Legislature recognized that a
9 lessee should be credited with amounts that could have been obtained on a reasonable attempt to re-
10 lease the property.”) (quoting Cal. Civ. Code § 1951.2). Accordingly, Claimant had a duty to
11 mitigate its lease rejection damages.

12 11. Here, it appears that UBS assumed the Lease with respect to the 7515
13 Premises. UBS’s assumption was contemplated by the Stipulation and the UBS Sale. *See*
14 Exhibits B at 107, C at 117. If, as the evidence suggests, UBS did rent the 7515 premises, then
15 Claimant is not entitled to assert a lease rejection damages claim for that portion of the Lease. The
16 Trustee has no information with respect to the 7525 premises. As noted above, the duty to present
17 evidence of mitigation efforts rests squarely on Claimant.

18 12. To clear up the mitigation issue and seek a settlement, the Trustee attempted
19 to contact Claimant for more information. In the April 9, 2012 and November 20, 2012 letters,
20 Winston specifically requested that Claimant provide proof that it attempted to mitigate its lease
21 rejection damages. Martin Decl. ¶ 4. During that same period, Winston also placed several calls and
22 sent several emails to Claimant’s attorney, requesting the information in an effort to resolve this
23 matter without filing this Objection. Martin Decl. ¶ 4. As of the date of this Objection, Claimant
24 has failed to provide any evidence of mitigation efforts. Martin Decl. ¶ 4; McGrath Decl. ¶ 6.

25 13. Because Claimant has failed to present any evidence demonstrating that it
26 attempted to mitigate its lease rejection damages, Claimant has not met its burden. The Trustee
27 therefore requests that the Court disallow the unsecured portion of the Claim in its entirety.

28

1 **B. The Claim is Capped by Section 502(b)(6) of the Bankruptcy Code**

2 14. If Claimant seeks, and is allowed, to present evidence of mitigation efforts,
3 after the Trustee repeatedly requested the evidence before resorting to filing an objection, the
4 unsecured portion of the Claim should be capped so it does not exceed the amount allowable under
5 Bankruptcy Code section 502(b)(6).² That section caps lease rejection claims at an amount not to
6 exceed one year's rent³ plus any unpaid prepetition rent. 11 U.S.C. § 502(b)(6). Claimant's
7 calculation of the section 502(b)(6) cap appears to be accurate – at most Claimant may assert an
8 unsecured lease rejection claim in the amount of \$1,759,251.29 after deducting the \$75,000.00 Letter
9 of Credit and the \$228,524.00 Security Deposit. *See, e.g., In re AB Liquidating Corp.*, 416 F.3d 961,
10 964-65 (9th Cir. 2005) (affirming lower court's decision to reduce the landlord's allowed claim by
11 the amount of the security deposit); *In re PPI Enters. (U.S.), Inc.*, 324 F.3d 197, 208 (3d Cir. 2003)
12 (“Once the § 502(b)(6) calculation is complete, the prevailing view, and the view adopted by the
13 Bankruptcy Court here, favors deduction of a security deposit from the § 502(b)(6) cap of a
14 landlord's claim.”).

15 **C. Claimant's Priority Claim Should be Reduced**

16 15. Claimant's priority claim of \$19,024.40 should be substantially reduced.
17 The bulk of the priority claim is for late fees, presumably for payments that were missed before the
18 petition date. But with respect to lease rejection damages, only post-petition, pre-rejection
19 obligations of the Debtor are entitled to priority: “‘Until the trustee assumes or rejects an unexpired
20 lease of nonresidential real property, the trustee must perform obligations under that lease in
21 accordance with 11 U.S.C. § 365(d)(3).’” *Cukierman v. Uecker (In re Cukierman)*, 265 F.3d 846,
22 849 (9th Cir. 2001). If a lease is rejected – as is the case here – the Code provides that all claims
23 arising from a debtor's nonperformance of a post-petition, pre-rejection lease obligation are entitled

24 _____
25 ² The Liquidating Trustee reserves the right to move this Court to disallow any mitigation evidence
26 Claimant attempts to present in response to this Objection on bad faith grounds. The Liquidating
27 Trustee also reserves the right to seek attorney fees against Claimant in the event Claimant produces
28 mitigation evidence at this time. To the extent it becomes necessary, the Trustee will brief these
issues in his reply if Claimant opposes the Objection.

³ Alternatively, if a greater amount, Section 502(b)(6)(A) caps a lessor's damages at 15 percent of
the remaining term of the lease, not to exceed three years. *In re Connectix Corp.*, 372 B.R. 488, 493
(Bankr. N.D. Cal. 2007). Application of this alternative would result in a lower amount, so it is not
applicable here.

1 to administrative expense priority. *In re TreeSource Industries, Inc.*, 363 F.3d 994, 997 (9th Cir.
2 2004). It is important to note, however, that “[t]he burden of proving an administrative expense
3 claim is on the claimant.” *Microsoft Corp. v. DAK Indus. (In re DAK Indus.)*, 66 F.3d 1091, 1094
4 (9th Cir. 1995). And more generally, when an objection to a proof of claim is made, the burden of
5 proof similarly rests upon the creditor. *See Cal. State Bd. of Equalization v. Official Unsecured*
6 *Creditors’ Comm. (In re Fidelity Mortgage Holding Co., Ltd.)*, 837 F.2d 696, 698 (5th Cir. 1988)
7 (affirming disallowance of claim; “the claimant must . . . ‘prove the validity of the claim by a
8 preponderance of the evidence.’ The ultimate burden of proof always rests upon the claimant.”);
9 *Spencer v. Pugh (In re Pugh)*, 157 B.R. 898, 901 (9th Cir. B.A.P. 1993) (burden of proof rests upon
10 the claimant).

11 16. Because the \$14,946.86 in late fees appear to arise from a prepetition
12 obligation, they are at most an unsecured, prepetition claim. (Again, Claimant’s failure to respond to
13 the Trustee’s information requests makes it impossible to determine what periods the late fees
14 cover.) Claimant is not entitled to priority payment of those amounts. And here, because these late
15 fees were charged to the bankruptcy estate after the Petition Date, they should be disallowed in their
16 entirety. They were not prepetition obligations of the debtor and were not incurred by the
17 bankruptcy estate for failure to timely pay post-petition rent. PCHLI’s records show that PCHLI
18 timely made all post-petition rent payments. McGrath Declaration ¶ 5. The late fee component of
19 the Claim should therefore be disallowed in its entirety.

20 17. With respect to the remaining \$4,077.54 priority claim, PCHLI’s records
21 show that PCHLI made a post-petition payment to Irvine in the amount of \$1,161.50, for the July 1,
22 2007 HVAC charge. McGrath Decl. ¶ 5. To account for this post-petition payment, the priority
23 claim should be reduced by that amount, from \$4,077.54 to \$2,916.04.

24 18. Finally, to the extent that PCHLI incurred HVAC charges before the Petition
25 Date, those charges are not entitled to priority payment. The Trustee requested that Claimant
26 provide the Trustee with documentation showing when PCHLI incurred the April 1, 2007 HVAC
27 charges. Claimant did not respond to that request. In the absence of such documentation, this
28 portion of Claimant’s priority claim must be denied, reducing the remaining priority claim by an

1 additional \$1,522.50. Accordingly, Claimant's priority claim should be reduced and allowed at
2 \$1,393.54.

3 IV.

4 RESERVATION OF RIGHTS

5 19. Nothing contained in this Objection shall be deemed an admission by the
6 Liquidating Trustee of liability on any claims against the Debtors' estates, and the Liquidating
7 Trustee does not waive any rights against any party. The Liquidating Trustee expressly reserves the
8 right to amend, modify, or supplement this Objection, respond to any opposition filed by Claimant
9 with respect hereto, file further objections to any claims asserted by Claimant in these Cases,
10 including, without limitation, objections as to the amounts and priority asserted in any proof of claim
11 or motion for administrative claim, whether filed or not, and to seek affirmative relief with respect to
12 Claimant.

13 20. Without limiting the generality of the foregoing, the Liquidating Trustee
14 reserves the right to bring other and further objections to the claims that are the subject of this
15 Objection whether or not such claims survive this Objection in whole or in part and to any other
16 claims.

17 V.

18 NOTICE

19 21. The Liquidating Trustee will serve copies of this Objection (together with all
20 exhibits) on: (a) Claimant; and (b) the Office of the United States Trustee. Claimant will be served
21 through its attorney at the address listed on its proof of claim. The Liquidating Trustee submits that
22 such service is consistent with Rule 7004 of the Federal Rules of Bankruptcy Procedure and that, in
23 light of the nature of the relief requested, no further notice is required.

24 VI.

25 CONCLUSION

26 WHEREFORE, based upon the foregoing, the Liquidating Trustee respectfully requests that
27 the Court enter its order (a) sustaining the Objection, (b) preserving other and further objections and
28 affirmative claims of the PC Trusts, (c) approving the form and scope of notice given of the relief

1 requested, and (d) granting such other and further relief as this Court may deem just and proper
2 under the circumstances of this Case.

3 Dated: April 8, 2013

WINSTON & STRAWN LLP

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By: /s/ Gregory A. Martin

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Gregory A. Martin
Counsel for Ronald Greenspan, as Trustee
of the Liquidating Trusts of PCHLI, PCFI
and PCFC

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DECLARATION OF TAMARA MCGRATH

DECLARATION OF TAMARA D. MCGRATH

I, Tamara D. McGrath, declare and state as follows:

1. I am a Managing Director of Corporate Finance at FTI Consulting Inc. (“FTI”), financial advisor in these chapter 11 cases to (a) the Committee prior to plan confirmation and (b) the Liquidating Trustee since plan confirmation. In that capacity, I am custodian of and have become personally familiar with the books, records, and files (the “Records”) of People’s Choice Home Loan, Inc. (“PCHLI”), People’s Choice Funding, Inc. (“PCFI”), and People’s Choice Financial Corporation (“PCFC”) (collectively, the “Debtors”). I am informed that the Records were created and updated by the Debtors’ employees in the ordinary course of business at or near the time of the events recorded. Those Records are now in the possession of the Liquidating Trustee, and as to the following facts, I know them to be true from my review of the Debtors’ business records. My business address is 633 West Fifth Street, 16th Floor, Los Angeles, CA 90071-2027.

2. I make this declaration in support of the Liquidating Trustee’s *Motion for Order Disallowing Proof of Claim of The Irvine Company [PCHLI Claims Docket No. 447]* (the “Objection”). Capitalized terms not defined in this declaration shall have the same meanings ascribed to them in the Objection.

3. During my review of the Debtors’ records I determined that the Sixth Amendment to the Lease between PCHLI and Claimant provided that as of the date of the lease rejection, PCHLI would pay \$109,703 per month for the 7515 Premises and \$24,642 per month for the 7525 Premises. In my investigation of this matter, I determined that PCHLI paid Claimant a security deposit of \$228,524 and drew on a letter of credit in the amount of \$75,000.

4. On July 11, 2007, PCHLI and Claimant entered into a stipulation to reject the Lease effective immediately. That stipulation stated that UBS had reached a tentative agreement with Claimant to lease the 7515 Premises. Moreover, the schedules to the UBS Sale included the lease for the 7515 Premises as a contract to be assumed by UBS.

5. PCHLI’s records show that PCHLI timely made all post-petition rent payments to Claimant. PCHLI’s records also show that PCHLI made a post-petition payment to Irvine in the amount of \$1,161.50, for the July 1, 2007 HVAC charge.

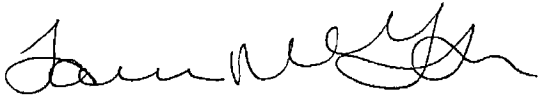
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6. FTI has not received from Claimant any evidence showing Claimant's mitigation efforts. And after separately searching the Debtors' and Trustee's records, I have not located any evidence suggesting that Claimant attempted to mitigate its damages.

7. Attached as exhibit C to the Objection is what the Trustee believes to be a true and correct copy of the final assumed contract schedule for the UBS Sale.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct. If called upon as a witness, I could and would testify competently to the foregoing.

Executed on April 3, 2013, at South Gate, California.



Tamara D. McGrath

DECLARATION OF GREGORY A. MARTIN

DECLARATION OF GREGORY A. MARTIN

I, Gregory A. Martin, declare and state as follows:

1. I am an attorney at law admitted and in good standing to practice in the state of California and before the United States District Court for the Central District of California.

2. I am an attorney with Winston & Strawn LLP. I am one of the lawyers responsible for the firm's representation of the Liquidating Trusts of People's Choice Home Loan, Inc., People's Choice Funding, Inc. and People's Choice Financial Corporation (collectively, the "PC Trusts"). I have personal knowledge of the matters set forth below and, if called upon as a witness, I could and would testify competently thereto.

3. I make this declaration in support of the Liquidating Trustee's *Motion for Order Disallowing Proof of Claim of The Irvine Company [PCHLI Claims Docket No. 447]* (the "Objection"). Capitalized terms not defined in this declaration shall have the same meanings ascribed to them in the Objection.

4. I contacted Claimant's counsel multiple times to obtain evidence of Claimant's mitigation efforts and resolve the Claim without a formal objection. I initially contacted Claimant with a settlement proposal by letter on April 9, 2012. A true and correct copy of that Letter is attached as Exhibit D to the Objection. In my April 2012 letter, I requested that Claimant produce evidence of its mitigation efforts with respect to the rejected Lease. I received no response to the April Letter. Over the following months, I attempted to contact Claimant's counsel by telephone and email to again request mitigation evidence. My messages were not returned. On November 20, 2012, I sent a second letter to Claimant's counsel reiterating the settlement proposal and requesting proof of Claimant's mitigation efforts. A true and correct copy of that Letter is attached as Exhibit E to the Objection. The November letter also went unanswered. My firm has not received any communications from Claimant or evidence that Claimant attempted to mitigate its alleged lease rejection damages.

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5. A true and correct copy of the Claim, as on file with the Court, is attached as Exhibit A to the Objection.

6. A true and correct copy of the Stipulation, as on file with the Court, is attached as Exhibit B to the Objection.

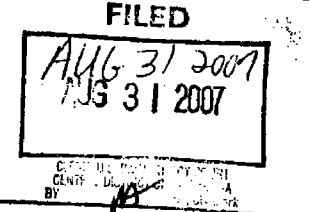
I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

Executed on April 8, 2013, at Los Angeles, California.

/s/ Gregory A. Martin
Gregory A. Martin

EXHIBIT A

FORM B10 (Official Form 10) (10/05)

UNITED STATES BANKRUPTCY COURT <u>CENTRAL DISTRICT OF CALIFORNIA</u>		PROOF OF CLAIM
Name of Debtor PEOPLE'S CHOICE HOME LOAN, INC.		Case Number SA 07-10765-RK
NOTE: 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.		
Name of Creditor (The person or other entity to whom the debtor owes money or property): THE IRVINE COMPANY	<input type="checkbox"/> 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. <input type="checkbox"/> Check box if you have never received any notices from the bankruptcy court in this case. <input type="checkbox"/> Check box if the address differs from the address on the envelope sent to you by the court.	<div style="border: 2px solid black; padding: 5px; display: inline-block;"> FILED  </div>
Name and address where notices should be sent: The Irvine Company c/o Law Office of Dean P. Sperling 201 E. Sandpointe, Suite 220 Santa An, California 92707 Telephone number: (714) 438-8090	THIS SPACE IS FOR COURT USE ONLY	
Last four digits of account or other number by which creditor identifies debtor:	Check here <input type="checkbox"/> replaces if this claim <input type="checkbox"/> amends a previously filed claim, dated: _____	
1. Basis for Claim <input type="checkbox"/> Goods sold <input type="checkbox"/> Services performed <input type="checkbox"/> Money loaned <input type="checkbox"/> Personal injury/wrongful death <input type="checkbox"/> Taxes <input checked="" type="checkbox"/> Other <u>Rental damages</u>	<input type="checkbox"/> Retiree benefits as defined in 11 U.S.C. § 1114(a) <input type="checkbox"/> Wages, salaries, and compensation (fill out below) Last four digits of your SS #: _____ <input type="checkbox"/> Unpaid compensation for services performed from _____ to _____ (date) (date)	
2. Date debt was incurred: June 30, 2003	3. If court judgment, date obtained:	
4. Classification of claim. Check the appropriate box or boxes that best describe your claim and state the amount of the claim at the time case filed. See reverse side for important explanations.		
Unsecured Nonpriority Claim \$ <u>1,759,251.29</u> <input type="checkbox"/> Check this box if: a) there is no collateral or lien securing your claim, or b) your claim exceeds the value of the property securing it, or if c) none or only part of your claim is entitled to priority.	Secured Claim. <input type="checkbox"/> Check this box if your claim is secured by collateral (including a right of setoff). Brief Description of Collateral: <input type="checkbox"/> Real Estate <input type="checkbox"/> Motor Vehicle <input type="checkbox"/> Other _____ Value of Collateral: \$ <u>0.00</u> Amount of arrearage and other charges at time case filed included in secured claim, if any: \$ <u>0.00</u>	
Unsecured Priority Claim. <input checked="" type="checkbox"/> Check this box if you have an unsecured claim, all or part of which is entitled to priority. Amount entitled to priority \$ <u>19,024.40</u> Specify the priority of the claim: <input checked="" type="checkbox"/> Domestic support obligations under 11 U.S.C. § 507(a)(1)(A) or (a)(1)(B) <input type="checkbox"/> Wages, salaries, or commissions (up to \$10,000)* 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). <input type="checkbox"/> Contributions to an employee benefit plan - 11 U.S.C. § 507(a)(5).	<input type="checkbox"/> Up to \$2,225* of deposits toward purchase, lease, or rental of property or services for personal, family, or household use - 11 U.S.C. § 507(a)(7). <input type="checkbox"/> Taxes or penalties owed to governmental units - 11 U.S.C. § 507(a)(8). <input checked="" type="checkbox"/> Other - Specify applicable paragraph of 11 U.S.C. § 507(a)(____). <small>*Amounts are subject to adjustment on 4/1/07 and every 3 years thereafter with respect to cases commenced on or after the date of adjustment.</small>	
5. Total Amount of Claim at Time Case Filed: <u>1,759,251.00</u> <u>0.00</u> <u>19,024.40</u> <u>1,778,275.4</u> (unsecured) (secured) (priority) (Total) <input type="checkbox"/> Check this box if claim includes interest or other charges in addition to the principal amount of the claim. Attach itemized statement of all interest or additional charges.		
6. Credits: The amount of all payments on this claim has been credited and deducted for the purpose of making this proof of claim.	THIS SPACE IS FOR COURT USE ONLY	
7. Supporting Documents: Attach copies of supporting documents, such as promissory notes, purchase orders, invoices, itemized statements of running accounts, contracts, court judgments, mortgages, security agreements, and evidence of perfection of lien. DO NOT SEND ORIGINAL DOCUMENTS. If the documents are not available, explain. If the documents are voluminous, attach a summary.		
8. 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		
Date 8/31/2007	Sign and print the name and title, if any, of the creditor or other person authorized to file this claim (attach copy of power of attorney, if any): <u>Dean P. Sperling, Attorney</u>	

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

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THE IRVINE COMPANY'S PROOF OF CLAIM

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Priority Claims									
	4/1/2007	HVAC	\$260.00						
	4/1/2007	HVAC	\$1,262.50						
	4/1/2007	Late Charge	\$13,697.38						
	5/1/2007	Late Charge	\$1,249.48						
	5/1/2007	HVAC	\$1,338.25						
	6/1/2007	Work Order	\$55.29						
	7/1/2007	HVAC	\$1,161.50						
		TOTAL PRIORITY							\$19,024.40
Secured Claim									
Prepetition Obligations									
	6/2/2006	HVAC	\$765.00						
	6/2/2006	HVAC	\$542.00						
	6/7/2006	HVAC	\$1,262.50						
	6/7/2006	HVAC	\$732.25						
	6/7/2007	HVAC	\$1,108.00						
	8/1/2006	Insurance	\$224.58						
	8/1/2006	CAM-Tax	\$1,413.92						
	8/31/2006	HVAC	(\$375.00)						
	8/31/2006	HVAC	(\$740.00)						
	8/31/2006	HVAC	(\$820.00)						
	8/31/2006	HVAC	(\$593.00)						
	8/31/2006	HVAC	(\$1,272.00)						
	9/1/2006	CAM-	\$2,076.94						
	9/1/2006	Insurance	\$224.58						
	9/1/2006	CAM-Tax	\$1,413.92						
	9/14/2006	Tenant	\$2,076.94						
	10/1/2006	CAM-	\$2,076.94						
	10/1/2006	Insurance	\$224.58						
	10/1/2006	Rent	\$422.00						
	10/1/2006	CAM-Tax	\$1,413.92						
	12/1/2006	Facility	\$62.56						
	12/1/2006	HVAC	\$176.75						
	12/1/2006	TSR	\$685.12						
	12/1/2006	TSR	\$6,189.93						

THE IRVINE COMPANY'S PROOF OF CLAIM

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12/1/2006	TSR	\$75.75						
12/1/2006	TSR	\$1,733.75						
12/1/2006	TSR	\$7,500.40						
12/1/2006	TSR	\$643.00						
12/1/2006	TSR	\$757.00						
	Facility							
1/1/2007	Services	\$233.29						
	Facility							
1/1/2007	Services	\$80.96						
	Facility							
1/1/2007	Services	\$63.79						
	Facility							
1/1/2007	Services	\$89.45						
	Facility							
1/1/2007	Services	\$32.92						
1/1/2007	HVAC	\$962.50						
1/1/2007	HVAC	\$172.50						
	Facility							
1/1/2007	Services	\$53.51						
1/1/2007	HVAC	\$328.25						
1/1/2007	HVAC	\$1,843.25						
1/1/2007	HVAC	\$606.00						
1/11/2007	TI's Job Cost	(\$9,961.87)						
	Facility							
2/1/2007	Services	\$54.74						
	Facility							
2/1/2007	Services	\$192.76						
	Facility							
2/1/2006	Services	\$78.20						
2/1/2007	HVAC	\$1,540.25						
	Facility							
3/1/2007	Services	\$58.52						
	Facility							
3/1/2007	Services	\$216.14						
3/1/2007	HVAC	\$1,414.00						
	Facility							
3/1/2007	Services	<u>\$78.58</u>						
Total Prepetition Obligations:								\$28,140.07

THE IRVINE COMPANY'S PROOF OF CLAIM

Post Petition Obligations										
7515 Irvine Center Drive Ste 100 & 200										
	Base Rent	Common Area	Taxes	Insurance	Total per month	Total Period				
03/20/07 - 10/31/07	\$109,703.00	\$11,702.24	\$11,195.60	\$1,839.76	\$134,440.60	\$990,379.09				
11/01/07 - 3/19/2008	\$114,142.00	\$11,702.24	\$11,195.60	\$1,839.76	\$138,879.60	\$638,846.16				
Total Remaining lease term: (Common Area, Taxes and Insurance are estimated)									\$1,629,225.25	
7525 Irvine Center Drive Ste 250										
	Base Rent	Common Area	Taxes	Insurance	Total per month	Total Period				
03/20/07 - 10/31/07	\$24,642.00	\$5,959.88	\$2,507.10	\$461.77	\$33,570.75	\$247,304.53				
11/01/07 - 03/19/08	\$25,442.00	\$5,959.88	\$2,507.10	\$461.77	\$34,370.75	\$158,105.45				
Total Remaining lease term: (Common Area, Taxes and Insurance are estimated)									\$405,409.98	
Total Post Petition Obligations:									\$2,034,635.22	
Letter of Credit (Subject to Application)									(\$75,000.00)	
Surety Deposit (Subject to Application)									(\$228,524.00)	
Total Unsecured Claim:										\$1,759,251.29
TOTAL										\$1,778,275.69
The Lease expires October 31, 2009, only 1 of the Premises have not been relet. This amount is 1 years worth of rent pursuant to the limitations of Bankruptcy Code Section 502(b)(6)(a)(i).										

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INDUSTRIAL LEASE
(Single-Tenant; Net)

BETWEEN

THE IRVINE COMPANY

AND

PEOPLE'S CHOICE HOME LOAN, INC.

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INDUSTRIAL LEASE
(Single-Tenant: Net)

THIS LEASE is made as of the 30 day of JUNE, 2003, by and between THE IRVINE COMPANY, hereafter called "Landlord," and PEOPLE'S CHOICE HOME LOAN, INC., a Wyoming corporation, hereinafter called "Tenant."

ARTICLE I. BASIC LEASE PROVISIONS

Each reference in this Lease to the "Basic Lease Provisions" shall mean and refer to the following collective terms, the application of which shall be governed by the provisions in the remaining Articles of this Lease.

1. Premises: The Premises are more particularly described in Section 2.1.
Address of Building: 7515 Irvine Center Drive, Irvine, CA 92618
2. Project Description (if applicable): Irvine Business Center Phase IV & V
3. Use of Premises: General Office and Administrative.
4. Estimated Commencement Date: Fifteen (15) weeks from and after the date of this Lease.
5. Lease Term: Seventy-two (72) months, plus such additional days as may be required to cause this Lease to terminate on the final day of the calendar month.
6. Basic Rent: Ninety Six Thousand Three Hundred Eighty-Six Dollars (\$96,386.00) per month, based on \$1.52 per rentable square foot.
Basic Rent is subject to adjustment as follows:
Commencing twelve (12) months following the Commencement Date, the Basic Rent shall be One Hundred Thousand Eight Hundred Twenty-Five Dollars (\$100,825.00) per month, based on \$1.59 per rentable square foot.
Commencing twenty-four (24) months following the Commencement Date, the Basic Rent shall be One Hundred Five Thousand Two Hundred Sixty-Four Dollars (\$105,264.00) per month, based on \$1.66 per rentable square foot.
Commencing thirty-six (36) months following the Commencement Date, the Basic Rent shall be One Hundred Nine Thousand Seven Hundred Three Dollars (\$109,703.00) per month, based on \$1.73 per rentable square foot.
Commencing forty-eight (48) months following the Commencement Date, the Basic Rent shall be One Hundred Fourteen Thousand One Hundred Forty-Two Dollars (\$114,142.00) per month, based on \$1.80 per rentable square foot.
Commencing sixty (60) months following the Commencement Date, the Basic Rent shall be One Hundred Eighteen Thousand Five Hundred Eighty Dollars (\$118,580.00) per month, based on \$1.87 per rentable square foot.
7. Guarantor(s): None
8. Floor Area of Premises: 63,412 rentable square feet
Usable Square Feet: 58,598 usable square feet

9. Security Deposit: \$113,732.00 ("Initial Security Deposit")
\$155,131.00 ("Aggregate Security Deposit")
[see also Section 4.4 for Letter of Credit Requirements]

10. Broker(s): Orion Property Partners, Inc.

11. Additional Insureds: None

12. Address for Payments and Notices:

LANDLORD

THE IRVINE COMPANY
dba Office Properties
8105 Irvine Center Drive, Suite 300
Irvine, CA 92618
Attn: Vice President, Operations, Technology
Portfolio

with a copy of notices to:

THE IRVINE COMPANY
dba Office Properties
8105 Irvine Center Drive, Suite 300
Irvine, CA 92618
Attn: Senior Vice President, Operations
Office Properties

TENANT

PEOPLE'S CHOICE HOME LOAN, INC.
7525 Irvine Center Drive, Suite 250
Irvine, CA 92618
Attn:

with a copy of notices to:

ORION PROPERTY PARTNERS, INC.
567 San Nicolas Drive, Suite 450
Newport Beach, CA 92660
Attn: Jay Carnahan

13. Tenant's Liability Insurance Requirement: \$2,000,000.00

14. Vehicle Parking Spaces: Two Hundred Fifty-Four (254)

ARTICLE II. PREMISES

SECTION 2.1. LEASED PREMISES. Landlord leases to Tenant and Tenant leases from Landlord the premises shown in Exhibit A (the "Premises"), containing the "rentable square feet" and the "usable square feet" set forth in Item 8 of the Basic Lease Provisions. The Premises are located in the building identified in Item 1 of the Basic Lease Provisions (which together with the underlying real property, is called the "Building"), and is a portion of the project shown in Exhibit Y (the "Project"). Landlord and Tenant agree that the "rentable square feet" and the "usable square feet" set forth in Item 8 shall be binding on Landlord and Tenant for the purposes of this Lease regardless of whether any future or differing measurements of the Premises on the Building are consistent or inconsistent with each of the square footages set forth in Item 8.

SECTION 2.2. ACCEPTANCE OF PREMISES. Except as expressly provided in Section 2.4 of this Lease, Tenant acknowledges that neither Landlord nor any representative of Landlord has made any representation or warranty with respect to the Premises or the Building or the suitability or fitness of either for any purpose, including without limitation any representations or warranties regarding zoning or other land use matters, and that neither Landlord nor any representative of Landlord has made any representations or warranties regarding (i) what other tenants or uses may be permitted or intended in the Building and the Project, or (ii) any exclusivity of use by Tenant with respect to its permitted use of the Premises as set forth in Item 3 of the Basic Lease Provisions. Tenant further acknowledges that neither Landlord nor any representative of Landlord has agreed to undertake any alterations or additions or construct any improvements to the Premises except as expressly provided in this Lease. The taking of possession or use of the Premises by Tenant for any purpose other than construction shall conclusively establish that the Premises and the Building were in satisfactory condition and in conformity with the provisions of this Lease in all respects, except for those matters which Tenant shall have brought to Landlord's attention on a written punch list. The list shall be limited to any items required to be accomplished by Landlord under the Work Letter attached as Exhibit X, and shall be delivered to Landlord within thirty (30) days after the Commencement Date has occurred as provided in Article III below. If no items are required of Landlord under the Work Letter, by taking possession of the Premises Tenant accepts the improvements in their existing condition, and waives any right or claim against Landlord arising out of the condition of the Premises. Nothing contained in this Section shall affect the commencement of the Term or the obligation of Tenant to pay rent. Landlord shall diligently complete all punch list items of which it is notified as provided above.

SECTION 2.3. BUILDING NAME AND ADDRESS. Tenant shall not utilize any name selected by Landlord from time to time for the Building and/or the Project as any part of Tenant's corporate or trade name. Landlord shall have the right to change the name, address, number or designation of the Building or Project without liability to Tenant; provided, however, if the address of the Building is changed by Landlord, Landlord agrees to provide Tenant with no less than sixty (60) days prior written notice and to reimburse Tenant for all expenses reasonably incurred by Tenant in conjunction with such address change (including, without limitation, the cost of changing Tenant's stationery and of notifying Tenant's vendors of Tenant's new address of the Building), not to exceed Five Thousand Dollars (\$5,000.00) in the aggregate.

SECTION 2.4. LANDLORD'S RESPONSIBILITIES. Notwithstanding the provisions of Section 7.2 of this Lease, during the Term of this Lease Landlord agrees to repair and/or replace, at its sole cost and expense and not as a "Project Cost", the structural components of the roof, the load-bearing walls and the foundations and footings of the Building. Notwithstanding the foregoing, Landlord's obligation contained in this Section 2.4 to bear such costs and expenses shall not apply: (i) to the costs and expenses of periodic maintenance of the roof, walls, foundations and footings of the Building, nor (ii) to the extent of the negligence or willful misconduct by Tenant, its employees, agents, contractors, licensees or invitees (in which case Tenant shall be responsible for the reasonable costs of such repairs and/or replacements). Further, Landlord warrants that the Building (including the roof, load-bearing walls, foundations, windows, HVAC systems and other mechanical systems and equipment) and the Tenant Improvements work have been constructed in full accordance with the building permits issued therefor and are (or as of the Commencement Date will be) in good operating condition and repair, and Landlord shall repair and/or replace any noncompliance with the foregoing warranty at its sole cost and expense and not as a "Project Cost". The repairs or replacements required of Landlord pursuant to this Section 2.4 shall be made promptly following notice from Tenant.

SECTION 2.5. RIGHT OF FIRST REFUSAL. Provided Tenant is not then in default after the expiration of the applicable cure period, Landlord hereby grants Tenant the right of first refusal (the "First Refusal Right") to lease all or a portion of the building located at 7505 Irvine Center Drive, Irvine, California, as shown on Exhibit A-1 attached hereto (the "First Refusal Space") in accordance with and subject to the provisions of this Section 2.5. At any time following receipt by Landlord of a bona fide letter of intent, request for proposal or other written expression of interest to lease all or a portion of the First Refusal Space to a third party, Landlord shall give Tenant written notice of the basic economic terms including the designated space, Basic Rent, term, operating expenses, security deposit and tenant improvement allowance, if any (collectively, the "First Refusal Economic Terms") upon which Landlord is willing to lease such particular First Refusal Space to a third party. It is understood that should Landlord intend to lease other space in addition to the First Refusal Space as part of a single transaction, then Landlord's notice shall so provide and all such space shall constitute the First Refusal Space and shall collectively be subject to the following provisions. Within five (5) business days after receipt of Landlord's notice, Tenant must give Landlord written notice ("Tenant's First Refusal Response") pursuant to which Tenant shall elect to (i) lease all, but not less than all, of the First Refusal Space upon such First Refusal Economic Terms and the same non-Economic Terms as set forth in this Lease; (ii) refuse to lease the First Refusal Space, specifying that such refusal is not based upon the Economic Terms, but upon Tenant's lack of need for the First Refusal Space, in which event Landlord may lease the First Refusal Space upon any terms it deems appropriate; or (iii) refuse to lease the First Refusal Space, specifying that such refusal is based upon said Economic Terms, in which

event Tenant shall also specify revised Economic Terms upon which Tenant shall be willing to lease the First Refusal Space. In the event that Tenant does not give a First Refusal Response within said period, Tenant shall be deemed to have elected clause (ii) above. In the event Tenant's First Refusal Response indicates an election under clause (iii) above, Landlord may elect to either (x) lease the First Refusal Space to Tenant upon such revised Economic Terms and the same other non-Economic Terms as set forth in this Lease, or (y) lease the First Refusal Space to any third party upon Economic Terms which are not materially more favorable to such party than those revised First Refusal Economic Terms specified by Tenant in Tenant's First Refusal Response (provided that Landlord reserves the right, at any time, to re-notice Tenant of any revised First Refusal Economic Terms upon which Landlord is willing to lease the First Refusal Space, in which case the procedures for Tenant's First Refusal Right as to said space as herein provided shall be repeated). Should Landlord so elect to lease the First Refusal Space to Tenant, then Landlord shall promptly prepare and deliver to Tenant, an amendment to this Lease consistent with the foregoing, and Tenant shall execute and return same to Landlord within twenty (20) business days subject to Tenant's reasonable review and approval thereof. Tenant's failure to timely return the amendment shall entitle Landlord to specifically enforce Tenant's commitment to lease the First Refusal Space, to lease such space to a third party, and/or to pursue any other available legal remedy. Upon the execution and delivery of any lease of First refusal Space, Tenant's rights under this Section shall thereupon cease and be of no further force or effect as to the First Refusal Space so leased, but shall continue with respect to any balance of First Refusal Space.

Tenant's rights under this Section 2.5 shall belong solely to People's Choice Home Loan, Inc., a Wyoming corporation, and may not be assigned or transferred by it. Any attempted assignment or transfer of Tenant's rights under this Section 2.5 shall be void and of no force or effect.

ARTICLE III. TERM

SECTION 3.1. GENERAL. The term of this Lease ("Term") shall be for the period shown in Item 5 of the Basic Lease Provisions. Subject to the provisions of Section 3.2 below, the Term shall commence ("Commencement Date") on the earlier of (a) the first Monday following the date upon which Landlord shall tender possession of the Premises to Tenant, with the Tenant Improvement work (defined in the Work Letter) substantially complete but for minor punch list matters, and with all relevant governmental authorities having approved the Tenant Improvements in accordance with applicable building codes, as evidenced by written approval thereof in accordance with the building permits issued for the Tenant Improvements or issuance of a temporary or final certificate of occupancy for the Premises, or (b) the date Tenant acquires possession or commences use of the Premises for any purpose other than construction of Tenant Improvements by Tenant under the Work Letter. Within ten (10) days after possession of the Premises is tendered to Tenant, the parties shall memorialize on a form provided by Landlord the actual Commencement Date and the expiration date ("Expiration Date") of this Lease. Tenant's failure to execute that form shall not affect the validity of Landlord's determination of those dates.

SECTION 3.2. DELAY IN POSSESSION. If Landlord, for any reason whatsoever, cannot deliver possession of the Premises to Tenant on or before the Estimated Commencement Date, this Lease shall not be void or voidable nor shall Landlord be liable to Tenant for any resulting loss or damage. However, Tenant shall not be liable for any rent and the Commencement Date shall not occur until Landlord delivers possession of the Premises and the Premises are in fact available for Tenant's occupancy with any Tenant Improvements that have been approved as per Section 3.1(a) above, except that if Landlord's failure to so deliver possession on the Estimated Commencement Date is attributable to any action or inaction by Tenant (including without limitation any Tenant Delay described in the Work Letter attached to this Lease), then the Commencement Date shall not be advanced to the date on which possession of the Premises is tendered to Tenant, and Landlord shall be entitled to full performance by Tenant (including the payment of rent) from the date Landlord would have been able to deliver the Premises to Tenant but for Tenant's delay(s). Notwithstanding the foregoing, if for reasons other than Tenant Delays, Landlord is unable to deliver possession of the Premises as required under this Lease on or before September 20, 2003, such that the Commencement Date occurs on or before September 23, 2003, then Tenant shall have the right to defer acceptance of possession of the Premises and the Commencement Date until October 13, 2003 and Tenant shall have no liability to Landlord as a result of such Commencement Date deferral, including without limitation, in connection with any of Landlord's contractual obligations to "T-Tec" under the "7505 Lease" (as hereinafter defined).

SECTION 3.3 RIGHT TO EXTEND THIS LEASE. Provided that Tenant is not in monetary default or in material non-monetary default under any provision of this Lease, either at the time of exercise of the extension right granted herein or at the time of the commencement of such extension, and provided further that Tenant has not stiblet more than twenty-five percent (25%) of the Floor Area of the Premises and/or has not assigned its interest in this Lease (other than in connection with a "Permitted Transfer" as defined in Section 9.4 of this Lease), Tenant may extend the Term of this Lease for one (1) period of sixty (60) months. Tenant shall exercise its right to extend the Term by and only by delivering to Landlord, not less than eight (8) months or more than twelve (12) months prior to the expiration date of the Term, Tenant's irrevocable written notice of its commitment to extend (the "Commitment Notice"). The Basic Rent payable under the Lease during any extension of the Term shall be determined as provided in the following provisions.

If Landlord and Tenant have not by then been able to agree upon the Basic Rent for the extension of the Term, then within one hundred twenty (120) and ninety (90) days prior to the expiration date of the Term, Landlord shall notify Tenant in writing of the Basic Rent that would reflect the prevailing market rental rate for a 60-month renewal of comparable space in the Project (together with any increases thereof during the extension period) as of the commencement of the extension period ("Landlord's Determination"). Should Tenant disagree with the Landlord's

Determination, then Tenant shall, not later than twenty (20) days thereafter, notify Landlord in writing of Tenant's determination of those rental terms ("Tenant's Determination"). Within ten (10) days following delivery of the Tenant's Determination, the parties shall attempt to agree on an appraiser to determine the fair market rental. If the parties are unable to agree in that time, then each party shall designate an appraiser within ten (10) days thereafter. Should either party fail to so designate an appraiser within that time, then the appraiser designated by the other party shall determine the fair market rental. Should each of the parties timely designate an appraiser, then the two appraisers so designated shall appoint a third appraiser who shall, acting alone, determine the fair market rental for the Premises. Any appraiser designated hereunder shall have an MAI certification with not less than five (5) years experience in the valuation of commercial industrial buildings in the vicinity of the Project.

Within thirty (30) days following the selection of the appraiser and such appraiser's receipt of the Landlord's Determination and the Tenant's Determination, the appraiser shall determine whether the rental rate determined by Landlord or by Tenant more accurately reflects the fair market rental rate for the 60-month renewal of the Lease for the Premises, as reasonably extrapolated to the commencement of the extension period. Accordingly, either the Landlord's Determination or the Tenant's Determination shall be selected by the appraiser as the fair market rental rate for the extension period. In making such determination, the appraiser shall take into account the age, quality and layout of the existing improvements in the Premises, and items that professional real estate appraisers would customarily consider, including, but not limited to, rental rates, space availability, tenant size, retrofit tenant improvement allowances for renewing tenants and any other lease considerations, if any, then being charged or granted by Landlord or the lessors of comparable premises in the Irvine Spectrum portion of Irvine, California, but exclusive of brokerage commissions and other items that do not inure directly to the benefit of tenants. At any time before the decision of the appraiser is rendered, either party may, by written notice to the other party, accept the rental terms submitted by the other party, in which event such terms shall be deemed adopted as the agreed fair market rental. The fees of the appraiser(s) shall be borne entirely by the party whose determination of the fair market rental rate was not accepted by the appraiser.

Within twenty (20) days after the determination of the fair market rental, Landlord shall prepare an appropriate amendment to this Lease for the extension period, and Tenant shall execute and return same to Landlord within twenty (20) days. Should the fair market rental not be established by the commencement of the extension period, then Tenant shall continue paying rent at the rate in effect during the last month of the initial Term, and a lump sum adjustment shall be made promptly upon the determination of such new rental.

If Tenant fails to timely comply with any of the provisions of the first paragraph of this Section 3.3, Tenant's right to extend the Term shall be extinguished and the Lease shall automatically terminate as of the expiration date of the Term, without any extension and without any liability to Landlord. Any attempt to assign or transfer any right or interest created by this Section 3.3 (other than in connection with a "Permitted Transfer") shall be void from its inception. Tenant shall have no other right to extend the Term beyond the single sixty (60) month extension period created by this Section 3.3. Unless agreed to in a writing signed by Landlord and Tenant, any extension of the Term, whether created by an amendment to this Lease or by a holdover of the Premises by Tenant, or otherwise, shall be deemed a part of, and not in addition to, any duly exercised extension period permitted by this Section 3.3.

ARTICLE IV. RENT AND OPERATING EXPENSES

SECTION 4.1. BASIC RENT. From and after the Commencement Date, Tenant shall pay to Landlord without deduction or offset (except as expressly otherwise provided in this Lease), Basic Rent for the Premises in the total amount shown (including subsequent adjustments, if any) in Item 6 of the Basic Lease Provisions. Any rental adjustment shown in Item 6 shall be deemed to occur on the specified date following of the Commencement Date, whether or not that date occurs at the end of a calendar month. The rent shall be due and payable in advance commencing on the Commencement Date (as prorated for any partial month) and continuing thereafter on the first day of each successive calendar month of the Term. No demand, notice or invoice shall be required for the payment of Basic Rent.

SECTION 4.2. OPERATING EXPENSES.

(a) Tenant shall pay to Landlord, as additional rent, Tenant's Share of "Operating Expenses", as defined below, incurred by Landlord in the operation of the Building and Project. The term "Tenant's Share" means that portion of an Operating Expense determined by multiplying the cost of such item by a fraction, the numerator of which is the floor area of the Premises and the denominator of which is the total rentable square footage, as reasonably determined from time to time by Landlord, of (i) the Building, for expenses reasonably determined by Landlord to benefit or relate substantially to the Building rather than the entire Project, (ii) all of the buildings in the Project, as reasonably determined by Landlord, for expenses reasonably determined by Landlord to benefit or relate substantially to the entire Project rather than any specific building or (iii) all or some of the buildings within the Project as well as all or a portion of other property owned by Landlord and/or its affiliates, for expenses reasonably determined by Landlord to benefit or relate to such buildings within the Project and such other real property.

(b) Commencing prior to the start of the first full "Expense Recovery Period" (as defined below) of the Lease, and prior to the start of each full or partial Expense Recovery Period thereafter, Landlord shall give Tenant a written estimate of the amount of Tenant's Share of Operating Expenses for the Expense Recovery Period. Tenant shall pay the estimated amounts to Landlord in equal monthly installments, in advance, with Basic Rent. If Landlord has not furnished its written estimate for any Expense Recovery Period by the time set forth above, Tenant shall continue to pay cost reimbursements at the rates established for the prior Expense Recovery Period, if any; provided that when the new

equivalents should Landlord elect to self-insure any risk that Landlord is authorized to insure hereunder; license, permit, and inspection fees; heat; light; power; janitorial services to any interior Common Areas; air conditioning; supplies; materials; equipment; tools; the cost of any environmental, insurance, tax or other consultant utilized by Landlord in connection with the Building and/or Project; establishment of reasonable reserves for replacements and/or repair of the Building and/or Common Area improvements, equipment and supplies; costs incurred in connection with compliance of any laws or changes in laws applicable to the Building or the Project; the cost of any capital investments (other than tenant improvements for specific tenants) to the extent of the amortized amount thereof over the useful life of such capital investments calculated at a market cost of funds, all as determined by Landlord, for each such year of useful life during the Term; costs associated with the procurement and maintenance of an air conditioning, heating and ventilation service agreement; labor; reasonably allocated wages and salaries, fringe benefits, and payroll taxes for administrative and other personnel directly applicable to the Building and/or Project, including both Landlord's personnel and outside personnel; any expense incurred pursuant to Sections 6.1, 6.2, 6.3, 6.4, 7.2, and 10.2; and a reasonable overhead/management fee for the professional operation of the Project. Notwithstanding anything to the contrary herein, Tenant's Share of any such property management fees shall be determined by multiplying the actual property management fee charged (which from time to time may be with respect to the Building only, a portion of the Project only, the entire Project, or the Project together with other properties owned by Landlord and/or its affiliates) by a fraction, the numerator of which is the floor area of the Premises (as set forth in Item 8 of the Basic Lease Provisions contained in the Lease), and the denominator of which is the total square footage of space charged with such management fee actually leased to tenants (including Tenant). It is understood that Project Costs shall include competitive charges for direct services provided by any subsidiary or division of Landlord.

(h) The term "Property Taxes" as used herein shall include the following: (i) all real estate taxes or personal property taxes, as such property taxes may be reassessed from time to time; and (ii) other taxes, charges and assessments which are levied with respect to this Lease or to the Building and/or the Project, and any improvements, fixtures and equipment and other property of Landlord located in the Building and/or the Project, except that general net income and franchise taxes imposed against Landlord shall be excluded; and (iii) all assessments and fees for public improvements, services, and facilities and impacts thereon, including without limitation arising out of any Community Facilities Districts, "Mello Roos" districts, similar assessment districts, and any traffic impact mitigation assessments or fees; (iv) any tax, surcharge or assessment which shall be levied in addition to or in lieu of real estate or personal property taxes, other than taxes covered by Article VIII; and (v) reasonable costs and expenses incurred in contesting the amount or validity of any Property Tax by appropriate proceedings.

(i) Notwithstanding the provisions of this Section 4.2 to the contrary, Operating Expenses shall not include any of the following:

- (a) Leasing commissions, attorneys' fees, costs, disbursements and other expenses incurred by Landlord or its agents in connection with negotiations for leases with tenants, other occupants or prospective tenants or other occupants of the Project, and similar costs incurred in connection with disputes with and/or enforcement of any lease with tenants, other occupants, or prospective tenants or other occupants of the Project;
- (b) "Tenant allowances", "tenant concessions", work letter payments, and other costs or expenses (including permit, license and inspection fees) incurred in completing, fixturing, furnishing, renovating or otherwise improving, decorating or redecorating space for tenants or other occupants of the Project, or vacant, leasable space in the Project, including space planning/interior design fees for same;
- (c) Except as specifically authorized in this Lease, costs of a capital nature, including, but not limited to, capital additions, capital improvements, capital alterations, capital replacements, capital equipment and capital tools, and/or capital redesign, all in accordance with generally accepted accounting principles, consistently applied;
- (d) Services, items and benefits for which Tenant or any other tenant or occupant of the Project specifically reimburses Landlord or for which Tenant or any other tenant or occupant of the Project pays third persons or services, or items or benefits which are not made available to Tenant as an occupant of the Building or the Project;
- (e) Costs or expenses (including fines, penalties and legal fees) incurred due to the violation by Landlord of any terms and conditions (other than by Tenant) of this Lease, that would not have incurred but for such violation by Landlord;
- (f) Penalties for late payment of any Operating Expenses by Landlord, including, without limitation, with respect to taxes, equipment leases, etc.;
- (g) Payments in respect of overhead and/or profit to any subsidiary or Affiliate (hereinafter defined) of Landlord, as a result of a non-competitive selection process for services (other than the management fee) on or to the Site, or for goods, supplies or other materials, to the extent that the costs of such services, goods, supplies or materials exceed the costs that would have been paid if the services, goods, supplies or materials had been provided by parties unaffiliated with Landlord, of similar skill, competence and experience, on a competitive basis;

deliver to Landlord, concurrently with Tenant's execution of this Lease, an amendment (or supplement) to the Letter of Credit issued by Comerica Bank-California (No. 574995/Issuance Date: June 12, 2003) in the amount of \$300,000.00 which secures Tenant's obligations to Landlord under the Existing Lease, which amendment or supplement shall add Tenant's obligations under this Lease to said letter of credit. Said letter of credit shall continue to provide for automatic yearly renewals throughout the Term of this Lease, provided, however, that in the event the letter of credit fails to be renewed and is not replaced by a substitute letter of credit meeting all of the requirements contained in this section not later than twenty (20) days prior to the expiration date set on the then existing letter of credit, Landlord shall have the right to draw the full amount of such letter of credit and to hold such amount as a cash security deposit pursuant to Section 4.3 of this Lease. Upon any default by Tenant, including specifically Tenant's failure to pay rent or to abide by its obligations under Sections 7.1 and 15.3 below, Landlord shall be entitled to draw upon said letter of credit in the amount required to remedy such default if such amount can readily be determined by Landlord, or, if such amount cannot be readily determined by Landlord, then in the full amount of the letter of credit. Such draw on the letter of credit shall be by the issuance of Landlord's sole written demand to the issuing financial institution. Any such draw shall be without waiver of any rights Landlord may have under this Lease or at law or in equity as a result of the default. If any portion of the letter of credit is drawn after a default by Tenant, Tenant shall within five (5) business days after written demand by Landlord restore the letter of credit to the full amount required by this Lease and provide documentation evidencing such restoration satisfactory to Lender from the issuing financial institution. Failure to so restore within the applicable five (5) business day period shall be a default under this Lease. In the event that Tenant has not been in default under the Lease (beyond the expiration of any applicable cure period) at any time during the Term hereof, and provided further that Tenant has not at any time been more than five (5) days late with respect to any payments of rent due under the Lease, then upon the written request of Tenant, Landlord shall authorize in writing consecutive reductions to the principal amount of the letter of credit in the amount of Seventy Five Thousand Dollars (\$75,000.00) each upon the expiration of the twelfth (12th), twenty-fourth (24th), thirty-sixth (36th), and forty-eighth (48th) months of the Term.

ARTICLE V. USES

SECTION 5.1. USE. Tenant shall use the Premises only for the purposes stated in Item 3 of the Basic Lease Provisions, all in accordance with applicable laws and restrictions and pursuant to approvals to be obtained by Tenant from all relevant and required governmental agencies and authorities. The parties agree that any contrary use shall be deemed to cause material and irreparable harm to Landlord and shall entitle Landlord to injunctive relief in addition to any other available remedy. Tenant, at its expense, shall procure, maintain and make available for Landlord's inspection throughout the Term, all governmental approvals, licenses and permits required for the proper and lawful conduct of Tenant's permitted use of the Premises. Tenant shall not do or permit anything to be done in or about the Premises which will in any way interfere with the rights of other occupants of the Building or the Project, or use or allow the Premises to be used for any unlawful purpose, nor shall Tenant permit any nuisance or commit any waste in the Premises or the Project. Tenant shall not perform any work or conduct any business whatsoever in the Project other than inside the Premises. Tenant shall not do or permit to be done anything which will invalidate or increase the cost of any insurance policy(ies) covering the Building, the Project and/or their contents, and shall comply with all applicable insurance underwriters rules and the requirements of the Pacific Fire Rating Bureau or any other organization performing a similar function. Tenant shall comply at its expense with all present and future laws, ordinances, restrictions, regulations, orders, rules and requirements of all governmental authorities that pertain to Tenant or its use of the Premises, including without limitation all federal and state occupational health and safety requirements, whether or not Tenant's compliance will necessitate expenditures or interfere with its use and enjoyment of the Premises. Tenant shall comply at its expense with all existing covenants, conditions, easements or restrictions now affecting or encumbering the Building and/or Project, including without limitation the payment by Tenant of any periodic or special dues or assessments charged against the Premises or Tenant which may be allocated to the Premises or Tenant in accordance with the provisions thereof. Tenant shall also comply at its expense with any future amendments or modifications to such existing covenants, conditions, easements or reservations, and with any future covenants, conditions, easements or restrictions hereafter affecting or encumbering the Building and/or the Project, provided same do not materially increase Tenant's financial obligations under this Lease nor materially impair Tenant's use and enjoyment of the Premises. Tenant shall promptly upon demand reimburse Landlord for any additional insurance premium charged by reason of Tenant's failure to comply with the provisions of this Section, and shall indemnify Landlord from any liability and/or expense resulting from Tenant's noncompliance.

SECTION 5.2 SIGNS. Provided Tenant continues to lease the entire Building, Tenant shall have the non-exclusive right to (i) two (2) exterior building-top signs on the Building and (ii) Building lobby directory signage, subject to Landlord's right of prior approval that such signage is in compliance with the Signage Criteria (defined below). Except as provided in the foregoing or as otherwise approved in writing by Landlord, in its sole discretion, Tenant shall have no right to maintain identification signs in any location in, on or about the Premises, the Building or the Project and shall not place or erect any signs, displays or other advertising materials that are visible from the exterior of the Building. The size, design, graphics, material, style, color and other physical aspects of any permitted sign shall be subject to Landlord's written approval prior to installation (which approval shall not be unreasonably withheld or delayed) that such signage is in compliance with any covenants, conditions or restrictions encumbering the Premises, Landlord's signage program for the Project in effect as of the date of installation of the signage at issue ("Signage Criteria"), and any applicable municipal or other governmental permits and approvals. Tenant acknowledges having received and reviewed a copy of the current Signage Criteria for the Project. Tenant shall be responsible for the cost of any permitted sign, including the fabrication, installation, maintenance and removal thereof. If Tenant fails to maintain its sign, or if Tenant fails to remove same upon termination of this Lease and repair any damage caused by such removal, Landlord may do so at Tenant's expense.

SECTION 5.3 HAZARDOUS MATERIALS.

(a) For purposes of this Lease, the term "Hazardous Materials" includes (i) any "hazardous materials" as defined in Section 25501(n) of the California Health and Safety Code, (ii) any other substance or matter which results in liability to any person or entity from exposure to such substance or matter under any statutory or common law theory, and (iii) any substance or matter which is in excess of permitted levels set forth in any federal, California or local law or regulation pertaining to any hazardous or toxic substance, material or waste.

(b) Tenant shall not cause or permit any Hazardous Materials to be brought upon, stored, used, generated, released or disposed of on, under, from or about the Premises (including without limitation the soil and groundwater thereunder) without the prior written consent of Landlord. Notwithstanding the foregoing, Tenant shall have the right, without obtaining prior written consent of Landlord, to utilize within the Premises standard office products that may contain Hazardous Materials (such as photocopy toner, "White Out", and the like), provided however, that (i) Tenant shall maintain such products in their original retail packaging, shall follow all instructions on such packaging with respect to the storage, use and disposal of such products, and shall otherwise comply with all applicable laws with respect to such products, and (ii) all of the other terms and provisions of this Section 5.3 shall apply with respect to Tenant's storage, use and disposal of all such products. Landlord may, in its sole discretion, place such conditions as Landlord deems appropriate with respect to any such Hazardous Materials, and may further require that Tenant demonstrate that any such Hazardous Materials are necessary or useful to Tenant's business and will be generated, stored, used and disposed of in a manner that complies with all applicable laws and regulations pertaining thereto and with good business practices. Tenant understands that Landlord may utilize an environmental consultant to assist in determining conditions of approval in connection with the storage, generation, release, disposal or use of Hazardous Materials by Tenant on or about the Premises, and/or to conduct periodic inspections of the storage, generation, use, release and/or disposal of such Hazardous Materials by Tenant on and from the Premises, and Tenant agrees that any costs incurred by Landlord in connection therewith shall be reimbursed by Tenant to Landlord as additional rent hereunder upon demand.

(c) Prior to the execution of this Lease, Tenant shall complete, execute and deliver to Landlord an Environmental Questionnaire and Disclosure Statement (the "Environmental Questionnaire") in the form of Exhibit B attached hereto. The completed Environmental Questionnaire shall be deemed incorporated into this Lease for all purposes, and Landlord shall be entitled to rely fully on the information contained therein. On each anniversary of the Commencement Date until the expiration or sooner termination of this Lease, Tenant shall disclose to Landlord in writing the names and amounts of all Hazardous Materials which were stored, generated, used, released and/or disposed of on, under or about the Premises for the twelve-month period prior thereto, and which Tenant desires to store, generate, use, release and/or dispose of on, under or about the Premises for the succeeding twelve-month period. In addition, to the extent Tenant is permitted to utilize Hazardous Materials upon the Premises, Tenant shall promptly provide Landlord with complete and legible copies of all the following environmental documents relating thereto: reports filed pursuant to any self-reporting requirements; permit applications, permits, monitoring reports, workplace exposure and community exposure warnings or notices and all other reports, disclosures, plans or documents (even those which may be characterized as confidential) relating to water discharges, air pollution, waste generation or disposal, and underground storage tanks for Hazardous Materials; orders, reports, notices, listings and correspondence (even those which may be considered confidential) of or concerning the release, investigation of, compliance, cleanup, remedial and corrective actions, and abatement of Hazardous Materials; and all complaints, pleadings and other legal documents filed by or against Tenant related to Tenant's use, handling, storage, release and/or disposal of Hazardous Materials.

(d) Landlord and its agents shall have the right, but not the obligation, to inspect, sample and/or monitor the Premises and/or the soil or groundwater thereunder at any time to determine whether Tenant is complying with the terms of this Section 5.3, and in connection therewith Tenant shall provide Landlord with full access to all relevant facilities, records and personnel. If Tenant is not in compliance with any of the provisions of this Section 5.3, or in the event of a release of any Hazardous Material on, under or about the Premises caused or permitted by Tenant, its agents, employees, contractors, licensees or invitees, Landlord and its agents shall have the right, but not the obligation, without limitation upon any of Landlord's other rights and remedies under this Lease, to immediately enter upon the Premises without notice and to discharge Tenant's obligations under this Section 5.3 at Tenant's expense, including without limitation the taking of emergency or long-term remedial action. Landlord and its agents shall endeavor to minimize interference with Tenant's business in connection therewith, but shall not be liable for any such interference. In addition, Landlord, at Tenant's expense, shall have the right, but not the obligation, to join and participate in any legal proceedings or actions initiated in connection with any claims arising out of the storage, generation, use, release and/or disposal by Tenant or its agents, employees, contractors, licensees or invitees of Hazardous Materials on, under, from or about the Premises.

(e) If the presence of any Hazardous Materials on, under, from or about the Premises or the Project caused or permitted by Tenant or its agents, employees, contractors, licensees or invitees results in (i) injury to any person, (ii) injury to or any contamination of the Premises or the Project, or (iii) injury to or contamination of any real or personal property wherever situated, Tenant, at its expense, shall promptly take all actions necessary to return the Premises and the Project and any other affected real or personal property owned by Landlord to the condition existing prior to the introduction of such Hazardous Materials and to remedy or repair any such injury or contamination, including without limitation, any cleanup, remediation, removal, disposal, neutralization or other treatment of any such Hazardous Materials. Notwithstanding the foregoing, Tenant shall not, without Landlord's prior written consent, take any remedial action in response to the presence of any Hazardous Materials on, under or about the Premises or the Project or any other affected real or personal property owned by Landlord or enter into any similar agreement, consent, decree or other compromise with any governmental agency with respect to any Hazardous Materials claims; provided however, Landlord's prior written consent shall not be necessary in the event that the presence of Hazardous Materials on, under or about the Premises or the Project or any other affected real or personal property owned by Landlord (i) imposes an

immediate threat to the health, safety or welfare of any individual or (ii) is of such a nature that an immediate remedial response is necessary and it is not possible to obtain Landlord's consent before taking such action. To the fullest extent permitted by law, Tenant shall indemnify, hold harmless, protect and defend (with attorneys acceptable to Landlord) Landlord and any successors to all or any portion of Landlord's interest in the Premises and the Project and any other real or personal property owned by Landlord from and against any and all liabilities, losses, damages, diminution in value, judgments, fines, demands, claims, recoveries, deficiencies, costs and expenses (including without limitation attorneys' fees, court costs and other professional expenses), whether foreseeable or unforeseeable, arising directly or indirectly out of the use, generation, storage, treatment, release, on- or off-site disposal or transportation of Hazardous Materials on, into, from, under or about the Premises, the Building and the Project and any other real or personal property owned by Landlord caused or permitted by Tenant, its agents, employees, contractors, licensees or invitees, specifically including without limitation the cost of any required or necessary repair, restoration, cleanup or detoxification of the Premises, the Building and the Project and any other real or personal property owned by Landlord, and the preparation of any closure or other required plans, whether or not such action is required or necessary during the Term or after the expiration of this Lease. If Landlord at any time discovers that Tenant or its agents, employees, contractors, licensees or invitees may have caused or permitted the release of a Hazardous Material on, under, from or about the Premises or the Project or any other real or personal property owned by Landlord, Tenant shall, at Landlord's request, immediately prepare and submit to Landlord a comprehensive plan, subject to Landlord's approval, specifying the actions to be taken by Tenant to return the Premises or the Project or any other real or personal property owned by Landlord to the condition existing prior to the introduction of such Hazardous Materials. Upon Landlord's approval of such cleanup plan, Tenant shall, at its expense, and without limitation of any rights and remedies of Landlord under this Lease or at law or in equity, immediately implement such plan and proceed to cleanup such Hazardous Materials in accordance with all applicable laws and as required by such plan and this Lease. The provisions of this subsection (e) shall expressly survive the expiration or sooner termination of this Lease.

(f) Landlord hereby discloses to Tenant, and Tenant hereby acknowledges, certain facts relating to Hazardous Materials at the Project known by Landlord to exist as of the date of this Lease, as more particularly described in Exhibit C attached hereto. Tenant shall have no liability or responsibility with respect to the Hazardous Materials facts described in Exhibit C, nor with respect to any Hazardous Materials which were not caused or permitted by Tenant, its agents, employees, contractors, licensees or invitees. Notwithstanding the preceding two sentences, Tenant agrees to notify its agents, employees, contractors, licensees, and invitees of any exposure or potential exposure to Hazardous Materials at the Premises that Landlord brings to Tenant's attention.

(g) If the release of any Hazardous Materials on, under, from or about the Premises or the Project caused by Landlord, its authorized agents or employees, and not introduced by Tenant, its agents, employees, contractors, licensees, or invitees results in (i) injury to any person, or (ii) injury to or any contamination of the Premises or the Project at levels which require clean-up or remediation under applicable laws, Landlord, at its expense (which shall not be included in Operating Expenses), shall promptly take all actions necessary to return the Premises and the Project to the condition existing prior to the introduction of such Hazardous Materials, or to such injury or contamination, including, without limitation, any clean-up, remediation, removal, disposal, neutralization or other treatment of any such Hazardous Materials. If the release of Hazardous Materials caused by Landlord, its authorized agents or employees, renders the Premises untenantable in whole or in part or results in Tenant being required to vacate the Premises in whole or in part pursuant to an order or requirement of any governmental agency or authority, then the Basic Rent, Real Property Taxes, insurance premiums, and other charges, if any, payable by Tenant hereunder for the period during which the Premises (or a portion thereof) remain so impaired shall be abated in proportion to the degree to which Tenant's use of the Premises is impaired and for the period of such impairment. If the period of such impairment shall exceed seven (7) months, Tenant shall have the right to terminate this Lease upon written notice to Landlord given within ten (10) days following the passage of such seven (7) month period. Tenant's termination of the Lease pursuant to this Paragraph shall be effective as of the date of such notice. Except as disclosed in Exhibit C (and/or as may otherwise be disclosed to Tenant in writing), Landlord represents that, to the best of its actual knowledge without duty of inquiry or investigation whatsoever, there are no Hazardous Materials in or about the Premises which are in violation of any applicable federal, state or local law, ordinance or regulation.

ARTICLE VI. COMMON AREAS; SERVICES

SECTION 6.1. UTILITIES AND SERVICES. Tenant shall be responsible for and shall pay promptly, directly to the appropriate supplier, all charges for water, gas, electricity, sewer, heat, light, power, telephone, refuse pickup, janitorial service and all other utilities, materials and services furnished directly to Tenant or the Premises or used by Tenant in, on or about the Premises during the Term, together with any taxes thereon. If any utilities or services are not separately metered or assessed to Tenant, Landlord shall make a reasonable determination of Tenant's proportionate share of the cost of such utilities and services and Tenant shall pay such amount to Landlord, as an item of additional rent, within thirty (30) days after receipt of Landlord's statement or invoice therefor. Alternatively, Landlord may elect to include such cost in the definition of Building Costs in which event Tenant shall pay Tenant's proportionate share of such costs in the manner set forth in Section 4.2. Landlord shall not be liable for damages or otherwise for any failure or interruption of any utility or other service furnished to the Premises, and no such failure or interruption shall be deemed an eviction or entitle Tenant to terminate this Lease or withhold or abate any rent due hereunder. Landlord shall at all reasonable times have free access to all electrical and mechanical installations of Landlord.

Notwithstanding the foregoing, if as a result of the direct actions of Landlord, its authorized agents, contractors or employees, for more than three (3) consecutive business days following written notice to Landlord there is no HVAC or

electricity services to all or a portion of the Premises, or such an interruption of other essential utilities and building services, such as fire protection or water, so that all or a portion of the Premises cannot be used by Tenant, then Tenant's Basic Rent (or an equitable portion of such Basic Rent to the extent that less than all of the Premises are affected) shall thereafter be abated until the Premises are again usable by Tenant; provided, however, that if Landlord is diligently pursuing the repair of such utilities or services and Landlord provides substitute services reasonably suitable for Tenant's purposes, as for example, bringing in portable air-conditioning equipment, then there shall not be an abatement of Basic Rent. The foregoing provisions shall be Tenant's sole remedy in the event of such an interruption of services to the Premises, and shall not apply in case of the actions of parties other than Landlord, its authorized agents, contractors or employees, or in the case of damage to, or destruction of, the Premises (which shall be governed by the provisions of Article XI of the Lease). Any disputes concerning the foregoing provisions shall be submitted to and resolved by JAMS arbitration pursuant to Section 22.7 of this Lease.

SECTION 6.2. OPERATION AND MAINTENANCE OF COMMON AREAS. During the Term, Landlord shall operate all Common Areas within the Project in a manner reasonably consistent with the manner in which the Project has been operated to date and comparable to other comparable projects in the Irvine Spectrum portion of Irvine, California and in compliance with all obligations of Landlord under this Lease. The term "Common Areas" shall mean all areas within the exterior boundaries of the Building and other buildings in the Project which are not held for exclusive use by persons entitled to occupy space, and all other appurtenant areas and improvements provided by Landlord for the common use of Landlord and tenants and their respective employees and invitees, including without limitation parking areas and structures, driveways, sidewalks, landscaped and planted areas, hallways and interior stairwells not located within the premises of any tenant, common electrical rooms and roof access entries, common entrances and lobbies, elevators, and restrooms not located within the premises of any tenant. Except to the extent such requirement is triggered by Tenant's own alterations or other improvements to the Premises, should Landlord be required by any governmental authority to rectify any violations within the exterior Common Areas of the Project of the provisions of the Americans With Disabilities Act in existence as of the date of this Lease, then Landlord shall do so at its sole expense and the cost thereof shall not be included in Operating Expenses charged Tenant.

SECTION 6.3. USE OF COMMON AREAS. The occupancy by Tenant of the Premises shall include the use of the Common Areas in common with Landlord and with all others for whose convenience and use the Common Areas may be provided by Landlord, subject, however, to compliance with all rules and regulations as are prescribed from time to time by Landlord. Landlord shall operate and maintain the Common Areas in the manner Landlord may determine to be appropriate. All costs incurred by Landlord for the maintenance and operation of the Common Areas shall be included in Project Costs as set forth in Section 4.2 of this Lease, unless any particular cost incurred can be charged to a specific tenant of the Project. Landlord shall at all times during the Term have exclusive control of the Common Areas, and may restrain any use or occupancy, except as authorized by Landlord's rules and regulations, provided that such exclusive control does not unreasonably and materially impair Tenant's access to or use of the Premises. Tenant shall keep the Common Areas clear of any obstruction or unauthorized use related to Tenant's operations. Landlord may temporarily close any portion of the Common Areas for repairs, remodeling and/or alterations, to prevent a public dedication or the accrual of prescriptive rights, or for any other reason deemed sufficient by Landlord, without liability to Landlord, provided that each closure does not unreasonably impair Tenant's access to or use of the Premises.

SECTION 6.4. PARKING. Tenant shall be entitled to the number of vehicle parking spaces set forth in Item 14 of the Basic Lease Provisions, which spaces shall be unreserved and unassigned except for eight (8) of said spaces which shall be marked "Reserved", on those portions of the Common Areas designated by Landlord for parking. Tenant shall not use more parking spaces than such number. All parking spaces shall be used only for parking by vehicles no larger than full size passenger automobiles or pickup trucks. Tenant shall not permit or allow any vehicles that belong to or are controlled by Tenant or Tenant's employees, suppliers, shippers, customers or invitees to be loaded, unloaded or parked in areas other than those designated by Landlord for such activities. If Tenant permits or allows any of the prohibited activities described above, then Landlord shall have the right, without notice, in addition to such other rights and remedies that Landlord may have, to remove or tow away the vehicle involved and charge the costs to Tenant. Parking within the Common Areas shall be limited to striped parking stalls, and no parking shall be permitted in any driveways, access ways or in any area which would prohibit or impede the free flow of traffic within the Common Areas. There shall be no overnight parking of any vehicles of any kind unless otherwise authorized by Landlord, and vehicles which have been abandoned or parked in violation of the terms hereof may be towed away at the owner's expense. Nothing contained in this Lease shall be deemed to create liability upon Landlord for any damage to motor vehicles of visitors or employees, for any loss of property from within those motor vehicles, or for any injury to Tenant, its visitors or employees, unless ultimately determined to be caused by the sole active negligence or willful misconduct of Landlord, its employees, contractors or authorized agents. Landlord shall have the right to establish, and from time to time amend, and to enforce against all users all reasonable rules and regulations (including the designation of areas for employee parking) that Landlord may deem necessary and advisable for the proper and efficient operation and maintenance of parking within the Common Areas. Landlord shall have the right to construct, maintain and operate lighting facilities within the parking areas; to change the area, level, location and arrangement of the parking areas and improvements therein; to restrict parking by tenants, their officers, agents and employees to employee parking areas; after the expiration of the initial 72 month Term of this Lease, to enforce parking charges (by operation of meters or otherwise); and, subject to Tenant's stated allotment of vehicle parking spaces in Item 14 of the Basic Lease Provisions, to do and perform such other acts in and to the parking areas and improvements therein as, in the use of good business judgment, Landlord shall determine to be advisable. Any person using the parking area shall observe all directional signs and arrows and any posted speed limits. In no event shall Tenant interfere with the use and enjoyment of the parking area by other tenants of the Building or their employees or invitees. Parking areas shall be used only for parking vehicles. Washing, waxing, cleaning or servicing of vehicles, or the storage of vehicles for 24-hour periods, is prohibited unless otherwise authorized by Landlord. Tenant shall be liable for any damage to the parking areas caused by Tenant or Tenant's employees, suppliers,

shippers, customers or invitees, including without limitation damage from excess oil leakage. Tenant shall have no right to install any fixtures, equipment or personal property in the parking areas implemented by any governmental agencies.

Landlord agrees that, subject to their month to month availability as determined by Landlord, Tenant may license up to fifty-nine (59) unreserved spaces in addition to the number of vehicle parking spaces set forth in Item 14 of the Basic Lease Provisions ("Additional Parking") at no additional rent payable by Tenant. The Additional Parking shall be on those portions of the Common Areas which may be designated from time to time by Landlord. Landlord shall give Tenant at least thirty (30) days prior written notice of any change in location of any portion of the Additional Parking. The Additional Parking shall be subject to all of the terms and provisions of this Section 6.4, and shall be subject to the further condition that Tenant (and its employees) shall fully participate in all available Spectrum Motion commuter and other transportation mitigation and management programs implemented by any governmental agencies. The Additional Parking rights granted in this paragraph shall belong solely to People's Choice Home Loans, Inc., a Wyoming corporation (and to any "Permitted Transferee" of such entity as defined in Section 9.4 hereof), and may not be otherwise assigned or transferred by it. Any such attempted assignment or transfer of Tenant's rights to Additional Parking under this paragraph shall be void and of no force or effect.

SECTION 6.5. CHANGES AND ADDITIONS BY LANDLORD. Landlord reserves the right to make alterations or additions to the Building or the Project, or to the attendant fixtures, equipment and Common Areas. Landlord may at any time relocate or remove any of the various buildings, parking areas, and other Common Areas, and may add buildings and areas to the Project from time to time. No change shall entitle Tenant to any abatement of rent or other claim against Landlord, provided that the change does not deprive Tenant of reasonable access to or use of the Premises, nor reduce Tenant's number of vehicle parking spaces allotted in Item 14 of the Basic Lease Provisions.

ARTICLE VII. MAINTAINING THE PREMISES

SECTION 7.1. TENANT'S MAINTENANCE AND REPAIR. Tenant at its sole expense shall comply with all applicable laws and governmental regulations governing the Premises and make all repairs necessary to keep the Premises in the condition as existed on the Commencement Date (or on any later date that the improvements may have been installed), excepting ordinary wear and tear, including without limitation the electrical and mechanical systems, all interior glass, windows, doors, door closures, hardware, fixtures, electrical, plumbing, fire extinguisher equipment and other equipment; provided, however, Tenant shall have no obligation to repair, maintain or replace the roof, foundations, footings, structural systems, exterior surfaces of exterior walls and exterior glass, window seals and vents, electrical, plumbing, sewer and other utility lines outside the Premises, landscaping, walkways, fencing, parking areas, exterior lighting and washing of exterior windows, all of which obligations shall be the sole responsibility of Landlord as provided in and subject to the terms of Section 7.2 below. Any damage or deterioration of the Premises shall not be deemed ordinary wear and tear if the same could have been prevented by good maintenance practices by Tenant. As part of its maintenance obligations hereunder, Tenant shall, at Landlord's request, provide Landlord with copies of all maintenance schedules, reports and notices prepared by, for or on behalf of Tenant. All repairs shall be at least equal in quality to the original work, shall be made only by a licensed contractor approved in writing in advance by Landlord (which approval shall not be unreasonably withheld) and shall be made only at the time or times approved by Landlord. Any contractor utilized by Tenant shall be subject to Landlord's standard requirements for contractors, as modified from time to time. Landlord may impose reasonable restrictions and requirements with respect to repairs, as provided in Section 7.3, and the provisions of Section 7.4 shall apply to all repairs. Alternatively, Landlord may elect to perform any repair and maintenance of the electrical and mechanical systems and any air conditioning, ventilating or heating equipment serving the Premises and include the cost thereof as part of "Project Costs", and if Tenant fails to properly maintain and/or repair the Premises as herein provided following Landlord's notice and the expiration of the applicable cure period, then Landlord may elect to make any repair or maintenance required hereunder on behalf of Tenant and at Tenant's expense, and Tenant shall promptly reimburse Landlord for all costs incurred upon submission of an invoice.

SECTION 7.2. LANDLORD'S MAINTENANCE AND REPAIR. Subject to Sections 2.4 and 7.1 and Article XI, Landlord shall provide service, maintenance and repair with respect to the roof, load-bearing walls, foundations, and footings of the Building, all landscaping, walkways, parking areas, Common Areas, exterior lighting, the air conditioning, ventilating or heating equipment servicing the Premises, and the exterior glass and the exterior surfaces of the exterior walls of the Building in a manner consistent with the repair and maintenance of comparable buildings in the Irvine Spectrum, except that Tenant at its expense shall make all repairs which Landlord deems reasonably necessary as a result of the act or negligence of Tenant, its agents, employees, invitees, subtenants or contractors. Landlord shall have the right to employ or designate any reputable person or firm, including any employee or agent of Landlord or any of Landlord's affiliates or divisions, to perform any service, repair or maintenance function. Landlord need not make any other improvements or repairs except as specifically required under this Lease, and nothing contained in this Section shall limit Landlord's right to reimbursement from Tenant for maintenance, repair costs and replacement costs as provided elsewhere in this Lease. Tenant understands that it shall not make repairs at Landlord's expense or by rental offset. Tenant further understands that Landlord shall not be required to make any repairs to the roof, foundations, footings, structural, electrical or mechanical systems unless and until Tenant has notified Landlord in writing of the need for such repair and Landlord shall have a reasonable period of time thereafter to commence and complete said repair, if warranted. Except as expressly provided in Section 2.4 of this Lease, all costs of any maintenance and repairs on the part of Landlord provided hereunder shall be considered part of Project Costs.

SECTION 7.3. ALTERATIONS. Tenant shall make no alterations, additions or improvements to the Premises without the prior written consent of Landlord, which consent may be given or withheld in Landlord's sole discretion.

Norwithstanding the foregoing, Landlord shall not unreasonably withhold its consent to any alterations, additions or improvements to the Premises which cost less than Three Dollars (\$3.00) per square foot of the improved portions of the Premises (excluding warehouse square footage) and do not (i) affect the exterior of the Building or outside areas (or be visible from adjoining sites), or (ii) affect or penetrate any of the structural portions of the Building, including but not limited to the roof, or (iii) require any change to the basic floor plan of the Premises, any change to any structural or mechanical systems of the Premises, or any governmental permit as a prerequisite to the construction thereof, or (iv) interfere in any manner with the proper functioning of or Landlord's access to any mechanical, electrical, plumbing or HVAC systems, facilities or equipment located in or serving the Building, or (v) diminish the value of the Premises. Landlord may impose, as a condition to its consent, any requirements that Landlord in its discretion may deem reasonable or desirable, including but not limited to a requirement that all work be covered by a lien and completion bond satisfactory to Landlord and requirements as to the manner, time, and contractor for performance of the work. Tenant shall obtain all required permits for the work and shall perform the work in compliance with all applicable laws, regulations and ordinances, all covenants, conditions and restrictions affecting the Project, and the Rules and Regulations (hereafter defined). Tenant understands and agrees that Landlord shall be entitled to a supervision fee in the amount of five percent (5%) of the cost of such work either requiring a permit from the City of Irvine or affecting any mechanical, electrical, plumbing or HVAC systems, facilities or equipment located in or serving the Building. If any governmental entity requires, as a condition to any proposed alterations, additions or improvements to the Premises by Tenant, that improvements be made to the Common Areas, and if Landlord consents to such improvements to the Common Areas, then Tenant shall, at Tenant's sole expense, make such required improvements to the Common Areas in such manner, utilizing such materials, and with such contractors (including, if required by Landlord, Landlord's contractors) as Landlord may require in its sole discretion. Under no circumstances shall Tenant make any improvement which incorporates any Hazardous Materials, including without limitation asbestos-containing construction materials into the Premises. Any request for Landlord's consent shall be made in writing and shall contain architectural plans describing the work in detail reasonably satisfactory to Landlord. Unless Landlord otherwise agrees in writing, all alterations, additions or improvements affixed to the Premises (excluding moveable trade fixtures and furniture) shall become the property of Landlord and shall be surrendered with the Premises at the end of the Term, except that Landlord may, by notice to Tenant, require Tenant to remove by the Expiration Date, or sooner termination date of this Lease, all or any alterations, decorations, fixtures, additions, improvements and the like installed either by Tenant or by Landlord at Tenant's request and to repair any damage to the Premises arising from that removal. Except as otherwise provided in this Lease or in any Exhibit to this Lease, should Landlord make any alteration or improvement to the Premises for Tenant at Tenant's request, Landlord shall be entitled to prompt reimbursement from Tenant for all costs incurred.

SECTION 7.4. MECHANIC'S LIENS. Tenant shall keep the Premises free from any liens arising out of any work performed, materials furnished, or obligations incurred by or for Tenant. Upon request by Landlord, Tenant shall promptly cause any such lien to be released by posting a bond in accordance with California Civil Code Section 3143 or any successor statute. In the event that Tenant shall not, within thirty (30) days following the imposition of any lien, cause the lien to be released of record by payment or posting of a proper bond, Landlord shall have, in addition to all other available remedies, the right to cause the lien to be released by any means it deems proper, including payment of or defense against the claim giving rise to the lien. All expenses so incurred by Landlord, including Landlord's attorneys' fees, and any consequential or other damages incurred by Landlord arising out of such lien, shall be reimbursed by Tenant promptly following Landlord's demand, together with interest from the date of payment by Landlord at the maximum rate permitted by law until paid. Tenant shall give Landlord no less than twenty (20) days' prior notice in writing before commencing construction of any kind on the Premises so that Landlord may post and maintain notices of nonresponsibility on the Premises.

SECTION 7.5. ENTRY AND INSPECTION. Landlord shall at all reasonable times, upon at least 24 hours' written or oral notice (except in emergencies, when no notice shall be required) have the right to enter the Premises to inspect them, to supply services in accordance with this Lease, to protect the interests of Landlord in the Premises, and to submit the Premises to prospective or actual purchasers or encumbrance holders (or, during the last one hundred and eighty (180) days of the Term or when an uncured Tenant default exists, to prospective tenants), all without being deemed to have caused an eviction of Tenant and without abatement of rent except as provided elsewhere in this Lease.

SECTION 7.6. COMMUNICATIONS EQUIPMENT. Landlord hereby grants to Tenant a non-exclusive license (the "License") to install, maintain and operate on the roof of the Building a single satellite dish not exceeding thirty-six inches (36") in diameter (the "Antenna") in accordance with and subject to the terms and conditions set forth below. The Antenna shall be installed at a location designated by Landlord and reasonably acceptable to Tenant ("Licensed Area"). The Licensed Area shall be considered to be a part of the Premises for all purposes under the Lease, and except as otherwise expressly provided in this Section 7.6 all provisions applicable to the use of the Premises under the Lease shall apply to the Licensed Area and its use by Tenant.

- (1) The Term of the License shall be coterminous with this Lease;
- (2) Tenant shall not be obligated to pay any license fee for the use of the Licensed Area pursuant to this Section 7.7 during the Term of this Lease.
- (3) Tenant shall use the Licensed Area only for the installation, operation, repair, replacement and maintenance of the Antenna and the necessary mechanical and electrical equipment to service said Antenna and for no other use or purpose. The installation of the Antenna and all equipment and facilities related thereto, including any required conduit from the Premises to the Antenna, shall be deemed to constitute an alteration subject to the provisions of Section 7.3 of the Lease, provided that Landlord shall not unreasonably withhold its approval of the same. Landlord may require appropriate screening for the Antenna as a condition of Landlord's approval of the installation of the Antenna.

Tenant may have access to the Licensed Area for such uses during normal business hours and at times upon reasonably prior notice to Landlord and shall reimburse Landlord for any reasonably out-of-pocket expenses incurred by Landlord in connection therewith;

(4) The Antenna shall be used only for transmitting and/or receiving data, audio and/or video signals to and from Tenant's facilities within the Premises for Tenant's use, and shall not be used or permitted to be used by Tenant for purposes of broadcasting signals to the public or to provide telecommunications or other communications transmitting or receiving services to any third parties;

(5) Landlord reserves the right upon reasonable prior written notice to Tenant to require either (a) the relocation of all equipment installed by Tenant to another location on the roof of the Building reasonably designated by Landlord, or (b) the removal of any and all of such equipment should Landlord reasonably determine that its presence results in material damage to the Building unless Tenant makes satisfactory arrangements to protect Landlord therefrom;

(6) Tenant shall require its employees, when using the Licensed Area, to stay within the immediate vicinity thereof. In addition, in the event any communications system or broadcast or receiving facilities are operating in the area, Tenant shall at all times during the term of the License conduct its operations so as to ensure that such system or facilities shall not be subjected to harmful interference as a result of such operations by Tenant. Upon notification from Landlord of any such interference, Tenant agrees to immediately take the necessary steps to correct such situation, and Tenant's failure to do so shall be deemed a default under the terms of this Lease.

(7) During the term of the License, Tenant shall comply with any standards promulgated by applicable governmental authorities or otherwise reasonably established by Landlord regarding the generation of electromagnetic fields. Should Landlord determine in good faith at any time that the Antenna poses a health or safety hazard to occupants of the Building, Landlord may require Tenant to make arrangements satisfactory to Landlord to mitigate such hazard or, if Tenant either fails or is unable to make such satisfactory arrangements, to remove the Antenna. Any claim or liability resulting from the use of the Antenna or the Licensed Area shall be subject to the indemnification provisions of this Lease applicable to Tenant's use of the Premises;

(8) During the term of the License, Tenant shall pay all taxes attributable to the Antenna and other equipment owned and installed by Tenant, and Tenant shall assure and provide Landlord with evidence that the Licensed Area and Tenant's use thereof are subject to the insurance coverages otherwise required to be maintained by Tenant as to the Premises pursuant to Exhibit D;

(9) Upon the expiration or sooner termination of the Lease, Tenant shall remove the Antenna and all related equipment and facilities, including any conduit from the Premises to the Antenna, from the Licensed Area and any other portions of the Building within or upon which the same may be installed, and shall restore the Licensed Area and all other areas affected by such removal to their original condition, reasonable wear and tear excepted, all at its sole cost and expense; and

(10) The License is personal to Tenant and any "Permitted Transferee" (as hereinafter defined), and shall not be assignable in whole or in part, and any attempted assignment thereof without the consent of Landlord, which consent may be withheld by Landlord in its sole and absolute discretion, shall immediately terminate the License. Notwithstanding the foregoing, Landlord's consent shall not be required with respect to an assignment of the License made in connection with an assignment of this Lease permitted to be made without Landlord's consent pursuant to Section 9.4 below.

ARTICLE VIII. TAXES AND ASSESSMENTS ON TENANT'S PROPERTY

Tenant shall be liable for and shall pay, at least ten (10) days before delinquency, all taxes and assessments levied against all personal property of Tenant located in the Premises, against all improvements to the Premises made by Landlord or Tenant which are above Landlord's Project standard in quality and/or quantity for comparable space within the Project ("Above Standard Improvements"), and against any alterations, additions or like improvements made to the Premises by or on behalf of Tenant. When possible Tenant shall cause its personal property, Above Standard Improvements and alterations to be assessed and billed separately from the real property of which the Premises form a part. If any taxes on Tenant's personal property, Above Standard Improvements and/or alterations are levied against Landlord or Landlord's property and if Landlord pays the same, or if the assessed value of Landlord's property is increased by the inclusion of a value placed upon the personal property, Above Standard Improvements and/or alterations of Tenant and if Landlord pays the taxes based upon the increased assessment, Tenant shall pay to Landlord the taxes so levied against Landlord or the proportion of the taxes resulting from the increase in the assessment. In calculating what portion of any tax bill which is assessed against Landlord separately, or Landlord and Tenant jointly, is attributable to Tenant's Above Standard Improvements, alterations and personal property, Landlord's reasonable determination shall be conclusive.

ARTICLE IX. ASSIGNMENT AND SUBLETTING

SECTION 9.1. RIGHTS OF PARTIES.

(a) Notwithstanding any provision of this Lease to the contrary, Tenant will not, either voluntarily or by operation of law, assign, sublet, encumber, or otherwise transfer all or any part of Tenant's interest in this lease, or permit the Premises to be occupied by anyone other than Tenant, without Landlord's prior written consent, which consent shall not unreasonably be withheld in accordance with the provisions of Section 9.1(b). No assignment (whether voluntary, involuntary or by operation of law) and no subletting shall be valid or effective without Landlord's prior written consent and, at Landlord's election, any such assignment or subletting or attempted assignment or subletting shall constitute a material default of this Lease. Landlord shall not be deemed to have given its consent to any assignment or subletting by any other course of action, including its acceptance of any name for listing in the Building directory. To the extent not prohibited by provisions of the Bankruptcy Code, 11 U.S.C. Section 101 et seq. (the "Bankruptcy Code"), including Section 365(f)(1), Tenant on behalf of itself and its creditors, administrators and assigns waives the applicability of Section 365(e) of the Bankruptcy Code unless the proposed assignee of the Trustee for the estate of the bankrupt meets Landlord's standard for consent as set forth in Section 9.1(b) of this Lease. If this Lease is assigned to any person or entity pursuant to the provisions of the Bankruptcy Code, any and all monies or other considerations to be delivered in connection with the assignment shall be delivered to Landlord, shall be and remain the exclusive property of Landlord and shall not constitute property of Tenant or of the estate of Tenant within the meaning of the Bankruptcy Code. Any person or entity to which this Lease is assigned pursuant to the provisions of the Bankruptcy Code shall be deemed to have assumed all of the obligations arising under this Lease on and after the date of the assignment, and shall upon demand execute and deliver to Landlord an instrument confirming that assumption.

(b) If Tenant desires to transfer an interest in this Lease, it shall first notify Landlord of its desire and shall submit in writing to Landlord: (i) the name and address of the proposed transferee; (ii) the nature of any proposed subtenant's or assignee's business to be carried on in the Premises; (iii) the terms and provisions of any proposed sublease or assignment, including a copy of the proposed assignment or sublease form; (iv) evidence of insurance of the proposed assignee or subtenant complying with the requirements of Exhibit D hereto; (v) a completed Environmental Questionnaire from the proposed assignee or subtenant; and (vi) any other information requested by Landlord and reasonably related to the transfer. Except as provided in Subsection (c) of this Section, Landlord shall not unreasonably withhold its consent, provided: (1) the use of the Premises will be consistent with the provisions of this Lease and with Landlord's commitment to other tenants of the Building and Project; (2) the proposed assignee or subtenant has not been required by any prior landlord, lender or governmental authority to take remedial action in connection with Hazardous Materials contaminating a property arising out of the proposed assignee's or subtenant's actions or use of the property in question and is not subject to any enforcement order issued by any governmental authority in connection with the use, disposal or storage of a Hazardous Material; (3) at Landlord's election, insurance requirements shall be brought into conformity with Landlord's then current leasing practice; (4) any proposed subtenant or assignee demonstrates that it is financially responsible by submission to Landlord of all reasonable information as Landlord may request concerning the proposed subtenant or assignee, including, but not limited to, a balance sheet of the proposed subtenant or assignee as of a date within ninety (90) days of the request for Landlord's consent, statements of income or profit and loss of the proposed subtenant or assignee for the two-year period preceding the request for Landlord's consent, and/or a certification signed by the proposed subtenant or assignee that it has not been evicted or been in arrears in rent at any other leased premises for the 3-year period preceding the request for Landlord's consent; (5) any proposed subtenant or assignee demonstrates to Landlord's reasonable satisfaction a record of successful experience in business; (6) the proposed assignee or subtenant is not an existing tenant of the Building or Project or a prospect with whom Landlord is actively negotiating to become a tenant at the Building or Project; and (7) the proposed transfer will not impose additional burdens or adverse tax effects on Landlord. Tenant's exterior signage rights are personal to Tenant and any Permitted Transferee under Section 9.4 below, and may not be otherwise assigned or transferred to any assignee of this Lease or subtenant of the Premises. Notwithstanding the foregoing, Landlord shall not unreasonably withhold its consent to a transfer of such signage rights in connection with Tenant's assignment of this Lease, provided that Landlord shall have the right of prior approval that such signage continues to comply with the Sign Criteria and the other requirements of Section 5.2 of this Lease, and provided further that any name and/or graphics on such signage do not materially devalue the Project as determined by Landlord in its sole and absolute discretion.

If Landlord consents to the proposed transfer, Tenant may within ninety (90) days after the date of the consent effect the transfer upon the terms described in the information furnished to Landlord; provided that any material change in the terms shall be subject to Landlord's consent as set forth in this Section. Landlord shall approve or disapprove any requested transfer within thirty (30) days following receipt of Tenant's written request, the information set forth above, and the fee set forth below.

(c) Notwithstanding the provisions of Subsection (b) above, in lieu of consenting to a proposed subletting of more than twenty-five percent (25%) of the floor area of the Premises or to an assignment of this Lease (other than in connection with a "Permitted Transfer" as hereinafter defined), Landlord may elect to (i) sublease the Premises (or the portion proposed to be subleased), or take an assignment of Tenant's interest in this Lease, upon the same terms as offered to the proposed subtenant or assignee (excluding terms relating to the purchase of personal property, the use of Tenant's name or the continuation of Tenant's business), or (ii) terminate this Lease as to the portion of the Premises proposed to be subleased or assigned with a proportionate abatement in the rent payable under this Lease, effective on the date that the proposed sublease or assignment would have become effective. Landlord may thereafter, at its option, assign or re-let any space so recaptured to any third party, including without limitation the proposed transferee of Tenant.

It is understood, however, that the "recapture" rights contained in this Section 9.1(c) shall not apply to any Permitted Transfer pursuant to Section 9.4.

(d) Tenant agrees that fifty percent (50%) of any amounts paid by the assignee or subtenant, however described, in excess of (i) the Basic Rent payable by Tenant hereunder, or in the case of a sublease of a portion of the Premises, in excess of the Basic Rent reasonably allocable to such portion, plus (ii) Tenant's direct out-of-pocket costs which Tenant certifies to Landlord have been paid to provide occupancy related services to such assignee or subtenant of a nature commonly provided by landlords of similar space (including, without limitation, improvement allowances, moving expenses, brokerage commissions, space plan, architectural and attorneys' fees, and lease takeover payments actually paid by Tenant in connection with the applicable assignment or subletting), shall be the property of Landlord and such amounts shall be payable directly to Landlord by the assignee or subtenant or, at Landlord's option, by Tenant. At Landlord's request, a written agreement shall be entered into by and among Tenant, Landlord and the proposed assignee or subtenant confirming the requirements of this subsection.

(e) Tenant shall pay to Landlord a fee of Five Hundred Dollars (\$500.00) if and when any transfer hereunder is requested by Tenant. Such fee is hereby acknowledged as a reasonable amount to reimburse Landlord for its costs of review and evaluation of a proposed assignee/sublessee, and Landlord shall not be obligated to commence such review and evaluation unless and until such fee is paid.

SECTION 9.2. EFFECT OF TRANSFER. No subletting or assignment, even with the consent of Landlord, shall relieve Tenant of its obligation to pay rent and to perform all its other obligations under this Lease. Moreover, Tenant shall indemnify and hold Landlord harmless, as provided in Section 10.3, for any act or omission by an assignee or subtenant. Each assignee, other than Landlord, shall be deemed to assume all obligations of Tenant under this Lease and shall be liable jointly and severally with Tenant for the payment of all rent, and for the due performance of all of Tenant's obligations, under this Lease. No transfer shall be binding on Landlord unless any document memorializing the transfer is delivered to Landlord and both the assignee/subtenant and Tenant deliver to Landlord an executed consent to transfer instrument prepared by Landlord and consistent with the requirements of this Article. The acceptance by Landlord of any payment due under this Lease from any other person shall not be deemed to be a waiver by Landlord of any provision of this Lease or to be a consent to any transfer. Consent by Landlord to one or more transfers shall not operate as a waiver or estoppel to the future enforcement by Landlord of its rights under this Lease.

SECTION 9.3. SUBLEASE REQUIREMENTS. The following terms and conditions shall apply to any subletting by Tenant of all or any part of the Premises and shall be deemed included in each sublease:

(a) Each and every provision contained in this Lease (other than with respect to the payment of rent hereunder) is incorporated by reference into and made a part of such sublease, with "Landlord" hereunder meaning the sublandlord therein and "Tenant" hereunder meaning the subtenant therein.

(b) Tenant hereby irrevocably assigns to Landlord all of Tenant's interest in all rentals and income arising from any sublease of the Premises, and Landlord may collect such rent and income and apply same toward Tenant's obligations under this Lease; provided, however, that until a default occurs in the performance of Tenant's obligations under this Lease, Tenant shall have the right to receive and collect the sublease rentals. Landlord shall not, by reason of this assignment or the collection of sublease rentals, be deemed liable to the subtenant for the performance of any of Tenant's obligations under the sublease. Tenant hereby irrevocably authorizes and directs any subtenant, upon receipt of a written notice from Landlord stating that an uncured default exists in the performance of Tenant's obligations under this Lease, to pay to Landlord all sums then and thereafter due under the sublease. Tenant agrees that the subtenant may rely on that notice without any duty of further inquiry and notwithstanding any notice or claim by Tenant to the contrary. Tenant shall have no right or claim against the subtenant or Landlord for any rentals so paid to Landlord.

(c) In the event of the termination of this Lease, Landlord may, at its sole option, take over Tenant's entire interest in any sublease and, upon notice from Landlord, the subtenant shall atorn to Landlord. In no event, however, shall Landlord be liable for any previous act or omission by Tenant under the sublease or for the return of any advance rental payments or deposits under the sublease that have not been actually delivered to Landlord, nor shall Landlord be bound by any sublease modification executed without Landlord's consent or for any advance rental payment by the subtenant in excess of one month's rent. The general provisions of this Lease, including without limitation those pertaining to insurance and indemnification, shall be deemed incorporated by reference into the sublease despite the termination of this Lease.

SECTION 9.4. CERTAIN TRANSFERS. The sale of all or substantially all of Tenant's assets (other than bulk sales in the ordinary course of business) or, if Tenant is a corporation, an unincorporated association, or a partnership, the transfer, assignment or hypothecation of any stock or interest in such corporation, association, or partnership in the aggregate of fifty-one percent (51%) (except for any initial public offering of stock or transfers of publicly traded shares of stock constituting a transfer of fifty-one percent (51%) or more in the aggregate, so long as no change in the controlling interest of Tenant occurs as a result thereof) shall be deemed an assignment within the meaning and provisions of this Article. Notwithstanding the foregoing, Landlord's consent shall not be required for the assignment of this Lease as a result of any initial public offering of stock or transfers of publicly traded shares of stock constituting a transfer of fifty-one percent (51%) or more in the aggregate, so long as no change in the controlling interest of Tenant occurs as a result thereof, or a merger by Tenant with or into another entity, or as the result of the sale of all or substantially all of the assets of Tenant's business (collectively, a "Permitted Transfer" herein, and the transferee of such Permitted Transfer a "Permitted Transferee" herein), so long as (i) the net worth of the Permitted Transferee after such Permitted Transfer is at least equal to the greater of the net worth of Tenant as of the execution of this Lease by Landlord

or the net worth of Tenant immediately prior to the date of such Permitted Transfer, evidence of which, satisfactory to Landlord, shall be presented to Landlord prior to such Permitted Transfer, (ii) Tenant shall provide to Landlord, prior to such merger, written notice of such merger and such assignment documentation and other information as Landlord may request in connection therewith, and (iii) all of the other terms and requirements of this Article shall apply with respect to such Permitted Transfer, except for the provisions of Section 9.1 of this Lease which shall not apply.

ARTICLE X. INSURANCE AND INDEMNITY

SECTION 10.1. TENANT'S INSURANCE. Tenant, at its sole cost and expense, shall provide and maintain in effect the insurance described in Exhibit D. Evidence of that insurance must be delivered to Landlord prior to the Commencement Date.

SECTION 10.2. LANDLORD'S INSURANCE. Landlord may, at its election, provide any or all of the following types of insurance, with or without deductible and in amounts and coverages as may be determined by Landlord in its discretion: "all risk" property insurance, subject to standard exclusions, covering the Building or Project, and such other risks as Landlord or its mortgagees may from time to time deem appropriate, including leasehold improvements made by Landlord, and commercial general liability coverage. Landlord shall not be required to carry insurance of any kind on Tenant's property, including leasehold improvements, trade fixtures, furnishings, equipment, plate glass, signs and all other items of personal property, and shall not be obligated to repair or replace that property should damage occur. All proceeds of insurance maintained by Landlord upon the Building and Project shall be the property of Landlord, whether or not Landlord is obligated to or elects to make any repairs. At Landlord's option, Landlord may self-insure all or any portion of the risks for which Landlord elects to provide insurance hereunder.

SECTION 10.3. TENANT'S INDEMNITY. To the fullest extent permitted by law, but except to the extent of the sole active negligence or willful misconduct of Landlord, its employees, contractors or authorized agents, Tenant shall defend, indemnify, protect, save and hold harmless Landlord, its agents, and any and all affiliates of Landlord, including, without limitation, any corporations or other entities controlling, controlled by or under common control with Landlord, from and against any and all claims, liabilities, costs or expenses arising either before or after the Commencement Date from Tenant's use or occupancy of the Premises, the Building or the Common Areas, or from the conduct of its business, or from any activity, work, or thing done, permitted or suffered by Tenant or its agents, employees, invitees or licensees in or about the Premises, the Building or the Common Areas, or from any default in the performance of any obligation on Tenant's part to be performed under this Lease, or from any act or negligence of Tenant or its agents, employees, visitors, patrons, guests, invitees or licensees. Landlord may, at its option, require Tenant to assume Landlord's defense in any action covered by this Section through counsel satisfactory to Landlord. The provisions of this Section shall expressly survive the expiration or sooner termination of this Lease.

SECTION 10.4. LANDLORD'S NONLIABILITY. Except to the extent of the sole active negligence or willful misconduct of Landlord, its employees, contractors or authorized agents, Landlord shall not be liable to Tenant, its employees, agents and invitees, and Tenant hereby waives all claims against Landlord for loss of or damage to any property or personal injury, or any other loss, cost, damage, injury or liability whatsoever resulting from fire, explosion, falling plaster, steam, gas, electricity, water or rain which may leak or flow from or into any part of the Premises or from the breakage, leakage, obstruction or other defects of the pipes, sprinklers, wires, appliances, plumbing, air conditioning, electrical works or other fixtures in the Building, whether the damage or injury results from conditions arising in the Premises or in other portions of the Building. It is understood that any such condition may require the temporary evacuation or closure of all or a portion of the Building. Notwithstanding any provision of this Lease to the contrary, including, without limitation, the sole active negligence or willful misconduct of Landlord, its employees, contractors, or authorized agents, Landlord shall in no event be liable to Tenant, its employees, agents, and invitees, and Tenant hereby waives all claims against Landlord, for loss or interruption of Tenant's business or income (including, without limitation, any consequential damages and lost profit or opportunity costs), or any other loss, cost, damage, injury or liability resulting from, but not limited to, Acts of God (except with respect to restoration obligations pursuant to Article XI below), acts of civil disobedience or insurrection, acts or omissions (criminal or otherwise) of any third parties (other than Landlord's employees or authorized agents), including without limitation, any other tenants within the Project or their agents, employees, contractors, guests or invitees, limitation any consequential damages and lost profit or opportunity costs) resulting from, but not limited to, Acts of God, acts of civil disobedience or insurrection, acts or omissions of other tenants within the Project or their agents, employees, contractors, guests or invitees, fire, explosion, Except as provided in Sections 6.1, 11.1 and 12.1 below, there shall be no abatement of rent and no liability of Landlord by reason of any injury to or interference with Tenant's business (including without limitation consequential damages and lost profit or opportunity costs) arising from the making of any repairs, alterations or improvements to any portion of the Building, including repairs to the Premises, nor shall any related activity by Landlord constitute an actual or constructive eviction; provided, however, that in making repairs, alterations or improvements, Landlord shall interfere as little as reasonably practicable with the conduct of Tenant's business in the Premises. Neither Landlord nor its agents shall be liable for interference with light or other similar intangible interests. Tenant shall immediately notify Landlord in case of fire or accident in the Premises, the Building or the Project and of defects in any improvements or equipment.

SECTION 10.5. WAIVER OF SUBROGATION. Landlord and Tenant each hereby waives all rights of recovery against the other and the other's agents on account of loss and damage occasioned to the property of such waiving party to the extent only that such loss or damage is required to be insured against under any "all risk" property insurance policies required by this Article X; provided however, that (i) the foregoing waiver shall not apply to the extent of Tenant's obligations to pay deductibles under any such policies and this Lease, and (ii) if any loss is due to the act,

omission or negligence or willful misconduct of Tenant or its agents, employees, contractors, guests or invitees, Tenant's liability insurance shall be primary and shall cover all losses and damages prior to any other insurance hereunder. By this waiver it is the intent of the parties that neither Landlord nor Tenant shall be liable to any insurance company (by way of subrogation or otherwise) insuring the other party for any loss or damage insured against under any "all-risk" property insurance policies required by this Article, even though such loss or damage might be occasioned by the negligence of such party, its agents, employees, contractors, guests or invitees. The provisions of this Section shall not limit the indemnification provisions elsewhere contained in this Lease.

SECTION 10.6. LANDLORD'S INDEMNITY. To the fullest extent permitted by law, but subject to the express limitations on liability contained in this Lease (including, without limitation, the provisions of Sections 10.4, 10.5 and 14.8 of this Lease), Landlord shall indemnify, protect, save and hold harmless Tenant, its agents and any and all affiliates of Tenant, including, without limitation, any corporations, or other entities controlling, controlled by or under common control with Tenant, from and against any and all claims, liabilities, costs or expenses, including reasonable attorneys fees and court costs, arising either before or after the Commencement Date from the operation, maintenance or repair of the Common Areas, the Project and/or the Building by Landlord or its employees or authorized agents. The provisions of this Subsection 10.6 shall expressly survive the expiration or sooner termination of this Lease.

ARTICLE XI. DAMAGE OR DESTRUCTION

SECTION 11.1. RESTORATION.

(a) If the Building of which the Premises are a part is damaged, Landlord shall repair that damage as soon as reasonably possible, at its expense, unless: (i) Landlord reasonably determines that the cost of repair is not covered by Landlord's fire and extended coverage insurance (or the equivalent of such insurance coverage if Landlord elects to self-insure) plus such additional amounts Tenant elects, at its option, to contribute, excluding however the deductible (for which Tenant shall be responsible for Tenant's Share); (ii) Landlord reasonably determines that the Premises cannot, with reasonable diligence, be fully repaired by Landlord (or cannot be safely repaired because of the presence of hazardous factors, including without limitation Hazardous Materials, earthquake faults, and other similar dangers) within two hundred seventy (270) days after the date of the damage; (iii) an event of default by Tenant has occurred and is continuing at the time of such damage; or (iv) the damage occurs during the final twelve (12) months of the Term. Should Landlord elect not to repair the damage for one of the preceding reasons, Landlord shall so notify Tenant in writing within sixty (60) days after the damage occurs and this Lease shall terminate as of the date of that notice.

(b) Unless Landlord elects to terminate this Lease in accordance with subsection (a) above, this Lease shall continue in effect for the remainder of the Term; provided that so long as Tenant is not in default under this Lease, if the damage is so extensive that Landlord reasonably determines that the Premises cannot, with reasonable diligence, be repaired by Landlord (or cannot be safely repaired because of the presence of hazardous factors, earthquake faults, and other similar dangers) so as to allow Tenant's substantial use and enjoyment of the Premises within two hundred seventy (270) days after the date of damage, then Tenant may elect to terminate this Lease by written notice to Landlord within the sixty (60) day period stated in subsection (a).

(c) Commencing on the date of any damage to the Building, and ending on the sooner of the date the damage is repaired or the date this Lease is terminated, the rental to be paid under this Lease shall be abated in the same proportion that the floor area of the Premises that is rendered unusable by the damage from time to time bears to the total floor area of the Premises, but only to the extent that any business interruption insurance proceeds are received by Landlord therefor from Tenant's insurance described in Exhibit D.

(d) Notwithstanding the provisions of subsections (a), (b) and (c) of this Section, and subject to the provisions of Section 10.5 above, the cost of any repairs shall be borne by Tenant, and Tenant shall not be entitled to rental abatement or termination rights, if the damage is due to the fault or neglect of Tenant or its employees, subtenants, invitees or representatives. In addition, the provisions of this Section shall not be deemed to require Landlord to repair any improvements or fixtures that Tenant is obligated to repair or insure pursuant to any other provision of this Lease.

(e) Tenant shall fully cooperate with Landlord in removing Tenant's personal property and any debris from the Premises to facilitate all inspections of the Premises and the making of any repairs. Notwithstanding anything to the contrary contained in this Lease, if Landlord in good faith believes there is a risk of injury to persons or damage to property from entry into the Building or Premises following any damage or destruction thereto, Landlord may restrict entry into the Building or the Premises by Tenant, its employees, agents and contractors in a non-discriminatory manner, without being deemed to have violated Tenant's rights of quiet enjoyment to, or made an unlawful detainer of, or evicted Tenant from, the Premises. Upon request, Landlord shall consult with Tenant to determine if there are safe methods of entry into the Building or the Premises solely in order to allow Tenant to retrieve files, data in computers, and necessary inventory, subject however to all indemnities and waivers of liability from Tenant to Landlord contained in this Lease and any additional indemnities and waivers of liability which Landlord may require.

SECTION 11.2. LEASE GOVERNS. Tenant agrees that the provisions of this Lease, including without limitation Section 11.1, shall govern any damage or destruction and shall accordingly supersede any contrary statute or rule of law.

ARTICLE XII. EMINENT DOMAIN

SECTION 12.1. TOTAL OR PARTIAL TAKING. If all or a material portion of the Premises is taken by any lawful authority by exercise of the right of eminent domain, or sold to prevent a taking, either Tenant or Landlord may terminate this Lease effective as of the date possession is required to be surrendered to the authority. In the event title to a portion of the Building or Project, other than the Premises, is taken or sold in lieu of taking, and if Landlord elects to restore the Building in such a way as to alter the Premises materially, either party may terminate this Lease, by written notice to the other party, effective on the date of vesting of title. In the event neither party has elected to terminate this Lease as provided above, then Landlord shall promptly, after receipt of a sufficient condemnation award, proceed to restore the Premises to substantially their condition prior to the taking, and a proportionate allowance shall be made to Tenant for the rent corresponding to the time during which, and to the part of the Premises of which, Tenant is deprived on account of the taking and restoration. In the event of a taking, Landlord shall be entitled to the entire amount of the condemnation award without deduction for any estate or interest of Tenant; provided that nothing in this Section shall be deemed to give Landlord any interest in, or prevent Tenant from seeking any award against the taking authority for, the taking of personal property and fixtures belonging to Tenant or for relocation or business interruption expenses recoverable from the taking authority.

SECTION 12.2. TEMPORARY TAKING. No temporary taking of the Premises shall terminate this Lease or give Tenant any right to abatement of rent, and any award specifically attributable to a temporary taking of the Premises shall belong entirely to Tenant. A temporary taking shall be deemed to be a taking of the use or occupancy of the Premises for a period of not to exceed one hundred eighty (180) days.

SECTION 12.3. TAKING OF PARKING AREA. In the event there shall be a taking of the parking area such that Landlord can no longer provide sufficient parking to comply with this Lease, Landlord may substitute reasonably equivalent parking in a location reasonably close to the Building; provided that if Landlord fails to make that substitution within one hundred eighty (180) days following the taking and if the taking materially impairs Tenant's use and enjoyment of the Premises, Tenant may, at its option, terminate this Lease by written notice to Landlord. If this Lease is not so terminated by Tenant, there shall be no abatement of rent and this Lease shall continue in effect.

ARTICLE XIII. SUBORDINATION; ESTOPPEL CERTIFICATE; FINANCIALS

SECTION 13.1. SUBORDINATION. At the option of Landlord, this Lease shall be either superior or subordinate to all ground or underlying leases, mortgages and deeds of trust, if any, which may hereafter affect the Building, and to all renewals, modifications, consolidations, replacements and extensions thereof; provided, that so long as Tenant is not in default under this Lease, this Lease shall not be terminated or Tenant's quiet enjoyment of the Premises disturbed in the event of termination of any such ground or underlying lease, or the foreclosure of any such mortgage or deed of trust, to which Tenant has subordinated this Lease pursuant to this Section and such protections are provided to Tenant in the form of a commercially reasonable subordination, non-disturbance and attornment agreement. In the event of a termination or foreclosure, Tenant shall become a tenant of and attorn to the successor-in-interest to Landlord upon the same terms and conditions as are contained in this Lease, and shall execute any instrument reasonably required by Landlord's successor for that purpose. Tenant shall also, upon written request of Landlord, execute and deliver all instruments as may be required from time to time to subordinate the rights of Tenant under this Lease to any ground or underlying lease or to the lien of any mortgage or deed of trust (provided that such instruments include the non-disturbance and attornment provisions set forth above), or, if requested by Landlord, to subordinate, in whole or in part, any ground or underlying lease or the lien of any mortgage or deed of trust to this Lease.

SECTION 13.2. ESTOPPEL CERTIFICATE.

(a) Tenant shall, at any time upon not less than ten (10) days prior written notice from Landlord, execute, acknowledge and deliver to Landlord, in any form that Landlord may reasonably require, a statement in writing (i) certifying that this Lease is unmodified and in full force and effect (or, if modified, stating the nature of the modification and certifying that this Lease, as modified, is in full force and effect) and the dates to which the rental, additional rent and other charges have been paid in advance, if any, and (ii) acknowledging that, to Tenant's knowledge, there are no uncured defaults on the part of Landlord, or specifying each default if any are claimed, and (iii) setting forth all further information that Landlord may reasonably require. Tenant's statement may be relied upon by any prospective purchaser or encumbrancer of all or any portion of the Building or Project.

(b) Notwithstanding any other rights and remedies of Landlord, Tenant's failure to deliver any estoppel statement within the provided time shall be conclusive upon Tenant that (i) this Lease is in full force and effect, without modification except as may be represented by Landlord, (ii) there are no uncured defaults in Landlord's performance, and (iii) not more than one month's rental has been paid in advance.

SECTION 13.3. FINANCIALS.

(a) Tenant shall deliver to Landlord, prior to the execution of this Lease and thereafter at any time upon Landlord's request (but not more frequently than twice in any calendar year), Tenant's current financial statements, certified true, accurate and complete by the chief financial officer of Tenant, including a balance sheet and profit and loss statement for the most recent prior year (collectively, the "Statements"), which Statements shall accurately and

completely reflect the financial condition of Tenant. Landlord agrees that it will keep the Statements confidential, except that Landlord shall have the right to deliver the same to any proposed purchaser of the Building or Project, and to any encumbrancer of all or any portion of the Building or Project.

(b) Tenant acknowledges that Landlord is relying on the Statements in its determination to enter into this Lease, and Tenant represents to Landlord, which representation shall be deemed made on the date of this Lease and again on the Commencement Date, that no material change in the financial condition of Tenant, as reflected in the Statements, has occurred since the date Tenant delivered the Statements to Landlord. The Statements are represented and warranted by Tenant to be correct and to accurately and fully reflect Tenant's true financial condition as of the date of submission by any Statements to Landlord.

ARTICLE XIV. DEFAULTS AND REMEDIES

SECTION 14.1. TENANT'S DEFAULTS. In addition to any other event of default set forth in this Lease, the occurrence of any one or more of the following events shall constitute a default by Tenant:

(a) The failure by Tenant to make any payment of rent or additional rent required to be made by Tenant, as and when due, where the failure continues for a period of five (5) days after written notice from Landlord to Tenant; provided, however, that any such notice shall be in lieu of, and not in addition to, any notice required under California Code of Civil Procedure Section 1161 and 1161(a) as amended. For purposes of these default and remedies provisions, the term "additional rent" shall be deemed to include all amounts of any type whatsoever other than Basic Rent to be paid by Tenant pursuant to the terms of this Lease.

(b) Assignment, sublease, encumbrance or other transfer of the Lease by Tenant, either voluntarily or by operation of law, whether by judgment, execution, transfer by intestacy or testacy, or other means, without the prior written consent of Landlord.

(c) The discovery by Landlord that any financial statement provided by Tenant, or by any affiliate, successor or guarantor of Tenant, was materially false.

(d) The failure of Tenant to timely and fully provide any subordination agreement, estoppel certificate or financial statements in accordance with the requirements of Article XIII.

(e) The failure or inability by Tenant to observe or perform any of the covenants or provisions of this Lease to be observed or performed by Tenant, other than as specified in any other subsection of this Section, where the failure continues for a period of thirty (30) days after written notice from Landlord to Tenant or such shorter period as is specified in any other provision of this Lease; provided, however, that any such notice shall be in lieu of, and not in addition to, any notice required under California Code of Civil Procedure Section 1161 and 1161(a) as amended. However, if the nature of the failure is such that more than thirty (30) days are reasonably required for its cure, then Tenant shall not be deemed to be in default if Tenant commences the cure within thirty (30) days, and thereafter diligently pursues the cure to completion.

(f) (i) The making by Tenant of any general assignment for the benefit of creditors; (ii) the filing by or against Tenant of a petition to have Tenant adjudged a Chapter 7 debtor under the Bankruptcy Code or to have debts discharged or a petition for reorganization or arrangement under any law relating to bankruptcy (unless, in the case of a petition filed against Tenant, the same is dismissed within thirty (30) days); (iii) the appointment of a trustee or receiver to take possession of substantially all of Tenant's assets located at the Premises or of Tenant's interest in this Lease, if possession is not restored to Tenant within thirty (30) days; (iv) the attachment, execution or other judicial seizure of substantially all of Tenant's assets located at the Premises or of Tenant's interest in this Lease, where the seizure is not discharged within thirty (30) days; or (v) Tenant's convening of a meeting of its creditors for the purpose of effecting a moratorium upon or composition of its debts. Landlord shall not be deemed to have knowledge of any event described in this subsection unless notification in writing is received by Landlord, nor shall there be any presumption attributable to Landlord of Tenant's insolvency. In the event that any provision of this subsection is contrary to applicable law, the provision shall be of no force or effect.

SECTION 14.2. LANDLORD'S REMEDIES.

(a) In the event of any default by Tenant, or in the event of the abandonment of the Premises by Tenant, then in addition to any other remedies available to Landlord, Landlord may exercise the following remedies:

(i) Landlord may terminate Tenant's right to possession of the Premises by any lawful means, in which case this Lease shall terminate and Tenant shall immediately surrender possession of the Premises to Landlord. Such termination shall not affect any accrued obligations of Tenant under this Lease. Upon termination, Landlord shall have the right to reenter the Premises and remove all persons and property. Landlord shall also be entitled to recover from Tenant:

(1) The worth at the time of award of the unpaid rent and additional rent which had been earned at the time of termination;

(2) The worth at the time of award of the amount by which the unpaid rent and additional rent which would have been earned after termination until the time of award exceeds the amount of such loss that Tenant proves could have been reasonably avoided;

(3) The worth at the time of award of the amount by which the unpaid rent and additional rent for the balance of the Term after the time of award exceeds the amount of such loss that Tenant proves could be reasonably avoided;

(4) Any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform its obligations under this Lease or which in the ordinary course of things would be likely to result from Tenant's default, including, but not limited to, the cost of recovering possession of the Premises, refurbishment of the Premises, marketing costs, commissions and other expenses of reletting, including necessary repair, the unamortized portion of any tenant improvements and brokerage commissions funded by Landlord in connection with this Lease, reasonable attorneys' fees, and any other reasonable costs; and

(5) At Landlord's election, all other amounts in addition to or in lieu of the foregoing as may be permitted by law. The term "rent" as used in this Lease shall be deemed to mean the Basic Rent and all other sums required to be paid by Tenant to Landlord pursuant to the terms of this Lease. Any sum, other than Basic Rent, shall be computed on the basis of the average monthly amount accruing during the twenty-four (24) month period immediately prior to default, except that if it becomes necessary to compute such rental before the twenty-four (24) month period has occurred, then the computation shall be on the basis of the average monthly amount during the shorter period. As used in subparagraphs (1) and (2) above, the "worth at the time of award" shall be computed by allowing interest at the rate of ten percent (10%) per annum. As used in subparagraph (3) above, the "worth at the time of award" shall be computed by discounting the amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus one percent (1%).

(ii) Landlord may elect not to terminate Tenant's right to possession of the Premises, in which event Landlord may continue to enforce all of its rights and remedies under this Lease, including the right to collect all rent as it becomes due. Efforts by the Landlord to maintain, preserve or relet the Premises, or the appointment of a receiver to protect the Landlord's interests under this Lease, shall not constitute a termination of the Tenant's right to possession of the Premises. In the event that Landlord elects to avail itself of the remedy provided by this subsection (ii), Landlord shall not unreasonably withhold its consent to an assignment or subletting of the Premises subject to the reasonable standards for Landlord's consent as are contained in this Lease.

(b) Landlord shall be under no obligation to observe or perform any covenant of this Lease on its part to be observed or performed which accrues after the date of any default by Tenant unless and until the default is cured by Tenant, it being understood and agreed that the performance by Landlord of its obligations under this Lease are expressly conditioned upon Tenant's full and timely performance of its obligations under this Lease. The various rights and remedies reserved to Landlord in this Lease or otherwise shall be cumulative and, except as otherwise provided by California law, Landlord may pursue any or all of its rights and remedies at the same time.

(c) No delay or omission of Landlord to exercise any right or remedy shall be construed as a waiver of the right or remedy or of any default by Tenant. The acceptance by Landlord of rent shall not be a (i) waiver of any preceding breach or default by Tenant of any provision of this Lease, other than the failure of Tenant to pay the particular rent accepted, regardless of Landlord's knowledge of the preceding breach or default at the time of acceptance of rent, or (ii) a waiver of Landlord's right to exercise any remedy available to Landlord by virtue of the breach or default. The acceptance of any payment from a debtor in possession, a trustee, a receiver or any other person acting on behalf of Tenant or Tenant's estate shall not waive or cure a default under Section 14.1. No payment by Tenant or receipt by Landlord of a lesser amount than the rent required by this Lease shall be deemed to be other than a partial payment on account of the earliest due stipulated rent, nor shall any endorsement or statement on any check or letter be deemed an accord and satisfaction and Landlord shall accept the check or payment without prejudice to Landlord's right to recover the balance of the rent or pursue any other remedy available to it. No act or thing done by Landlord or Landlord's agents during the Term shall be deemed an acceptance of a surrender of the Premises, and no agreement to accept a surrender shall be valid unless in writing and signed by Landlord. No employee of Landlord or of Landlord's agents shall have any power to accept the keys to the Premises prior to the termination of this Lease, and the delivery of the keys to any employee shall not operate as a termination of the Lease or a surrender of the Premises.

SECTION 14.3. LATE PAYMENTS.

(a) Any rent due under this Lease that is not received by Landlord within five (5) days of the date when due shall bear interest at the per annum rate equal to the Federal Discount Rate plus five (5) percentage points from the date due until fully paid. The payment of interest shall not cure any default by Tenant under this Lease. In addition, Tenant acknowledges that the late payment by Tenant to Landlord of rent will cause Landlord to incur costs not contemplated by this Lease, the exact amount of which will be extremely difficult and impracticable to ascertain. Those costs may include, but are not limited to, administrative, processing and accounting charges, and late charges which may be imposed on Landlord by the terms of any ground lease, mortgage or trust deed covering the Premises. Accordingly, if any rent due from Tenant shall not be received by Landlord or Landlord's designee within five (5) days after the date due, then Tenant shall pay to Landlord, in addition to the interest provided above, a late charge in a sum equal to the greater of five percent (5%) of the amount overdue or Two Hundred Fifty Dollars (\$250.00) for each delinquent payment. Acceptance of a late charge by Landlord shall not constitute a waiver of Tenant's default with respect to the overdue amount, nor shall it prevent Landlord from exercising any of its other rights and remedies.

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June 24, 2003

(b) Following each second consecutive installment of rent that is not paid within five (5) days following notice of nonpayment from Landlord, Landlord shall have the option (i) to require that beginning with the first payment of rent next due, rent shall no longer be paid in monthly installments but shall be payable quarterly three (3) months in advance and/or (ii) to require that Tenant increase the amount, if any, of the Security Deposit by one hundred percent (100%). Should Tenant deliver to Landlord, at any time during the Term, two (2) or more insufficient checks, the Landlord may require that all monies then and thereafter due from Tenant be paid to Landlord by cashier's check.

SECTION 14.4. RIGHT OF LANDLORD TO PERFORM. All covenants and agreements to be performed by Tenant under this Lease shall be performed at Tenant's sole cost and expense and without any abatement of rent or right of set-off. If Tenant fails to pay any sum of money, other than rent, or fails to perform any other act on its part to be performed under this Lease, and the failure continues beyond any applicable grace period set forth in Section 14.1, then in addition to any other available remedies, Landlord may, at its election make the payment or perform the other act on Tenant's part. Landlord shall provide Tenant with written notice and the appropriate cure period provided in the Lease before performing any act on behalf of Tenant and will provide Tenant with written request for any reimbursement payable under this Section 14.4. Landlord's election to make the payment or perform the act on Tenant's part shall not give rise to any responsibility of Landlord to continue making the same or similar payments or performing the same or similar acts. Tenant shall, promptly upon demand by Landlord, reimburse Landlord for all sums paid by Landlord and all necessary incidental costs, together with interest at the maximum rate permitted by law from the date of the payment by Landlord. Landlord shall have the same rights and remedies if Tenant fails to pay those amounts as Landlord would have in the event of a default by Tenant in the payment of rent.

SECTION 14.5. DEFAULT BY LANDLORD. Landlord shall not be deemed to be in default in the performance of any obligation under this Lease unless and until it has failed to perform the obligation within thirty (30) days after written notice by Tenant to Landlord specifying in reasonable detail the nature and extent of the failure; provided, however, that if the nature of Landlord's obligation is such that more than thirty (30) days are required for its performance, then Landlord shall not be deemed to be in default if it commences performance within the thirty (30) day period and thereafter diligently pursues the cure to completion.

SECTION 14.6. EXPENSES AND LEGAL FEES. All sums reasonably incurred by Landlord in connection with any event of default by Tenant under this Lease or holding over of possession by Tenant after the expiration or earlier termination of this Lease, including without limitation all costs, expenses and actual accountants, appraisers, attorneys and other professional fees, and any collection agency or other collection charges, shall be due and payable by Tenant to Landlord on demand, and shall bear interest at the rate of ten percent (10%) per annum. Should either Landlord or Tenant bring any action in connection with this Lease, the prevailing party shall be entitled to recover as a part of the action its reasonable attorneys' fees, and all other costs. The prevailing party for the purpose of this paragraph shall be determined by the trier of the facts.

SECTION 14.7. WAIVER OF JURY TRIAL. LANDLORD AND TENANT EACH ACKNOWLEDGES THAT IT IS AWARE OF AND HAS HAD THE ADVICE OF COUNSEL OF ITS CHOICE WITH RESPECT TO ITS RIGHTS TO TRIAL BY JURY, AND EACH PARTY DOES HEREBY EXPRESSLY AND KNOWINGLY WAIVE AND RELEASE ALL SUCH RIGHTS TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM BROUGHT BY EITHER PARTY HERETO AGAINST THE OTHER (AND/OR AGAINST ITS OFFICERS, DIRECTORS, EMPLOYEES, AGENTS, OR SUBSIDIARY OR AFFILIATED ENTITIES) ON ANY MATTERS WHATSOEVER ARISING OUT OF OR IN ANY WAY CONNECTED WITH THIS LEASE, TENANT'S USE OR OCCUPANCY OF THE PREMISES, AND/OR ANY CLAIM OF INJURY OR DAMAGE.

SECTION 14.8. SATISFACTION OF JUDGMENT. The obligations of Landlord do not constitute the personal obligations of the individual partners, trustees, directors, officers or shareholders of Landlord or its constituent partners. Should Tenant recover a money judgment against Landlord, such judgment shall be satisfied only out of the proceeds of sale received upon execution of such judgment and levied thereon against the right, title and interest of Landlord in the Project and out of the rent or other income from such property receivable by Landlord or out of consideration received by Landlord from the sale or other disposition of all or any part of Landlord's right, title or interest in the Project and no action for any deficiency may be sought or obtained by Tenant.

SECTION 14.9. LIMITATION OF ACTIONS AGAINST LANDLORD. Any claim, demand or right of any kind by Tenant which is based upon or arises in connection with this Lease shall be barred unless Tenant commences an action thereon within six (6) months after the date that the act, omission, event or default upon which the claim, demand or right arises, has occurred.

ARTICLE XV. END OF TERM

SECTION 15.1. HOLDING OVER. This Lease shall terminate without further notice upon the expiration of the Term, and any holding over by Tenant after the expiration shall not constitute a renewal or extension of this Lease, or give Tenant any rights under this Lease, except when in writing signed by both parties. If Tenant holds over for any period after the expiration (or earlier termination) of the Term without the prior written consent of Landlord, such possession shall constitute a tenancy at sufferance only; such holding over with the prior written consent of Landlord shall constitute a month-to-month tenancy commencing on the first (1st) day following the termination of this Lease. In either of such events, possession shall be subject to all of the terms of this Lease, except that the monthly Basic Rent shall be the greater of (a) one hundred twenty-five percent (125%) of the Basic Rent for the month immediately preceding the date of termination for the initial two (2) month of holdover, and one hundred fifty percent (150%) of the Basic Rent for the month immediately preceding the date of termination for each month of holdover thereafter, or (b) the then currently scheduled Basic Rent for comparable space in the Project. If Tenant fails to surrender the Premises upon the expiration of this Lease despite demand to do so by Landlord, Tenant shall indemnify and hold Landlord harmless from all loss or liability, including without limitation, any claims made by any succeeding tenant relating to such failure to surrender. Acceptance by Landlord of rent after the termination shall not constitute a consent to a holdover or result in a renewal of this Lease. The foregoing provisions of this Section are in addition to and do not affect Landlord's right of re-entry or any other rights of Landlord under this Lease or at law.

SECTION 15.2. MERGER ON TERMINATION. The voluntary or other surrender of this Lease by Tenant, or a mutual termination of this Lease, shall terminate any or all existing subleases unless Landlord, at its option, elects in writing to treat the surrender or termination as an assignment to it of any or all subleases affecting the Premises.

SECTION 15.3. SURRENDER OF PREMISES; REMOVAL OF PROPERTY. Upon the Expiration Date or upon any earlier termination of this Lease, Tenant shall quit and surrender possession of the Premises to Landlord in as good order, condition and repair as when received or as hereafter may be improved by Landlord or Tenant, reasonable wear and tear and repairs which are Landlord's obligation excepted, and shall, without expense to Landlord, remove or cause to be removed from the Premises all personal property and debris, except for any items that Landlord may by written authorization allow to remain. Tenant shall repair all damage to the Premises resulting from the removal, which repair shall include the patching and filling of holes and repair of structural damage, provided that Landlord may instead elect to repair any structural damage at Tenant's expense. If Tenant shall fail to comply with the provisions of this Section, Landlord may effect the removal and/or make any repairs, and the cost to Landlord shall be additional rent payable by Tenant upon demand. If Tenant fails to remove Tenant's personal property from the Premises upon the expiration of the Term, Landlord may remove, store, dispose of and/or retain such personal property, at Landlord's option, in accordance with then applicable laws, all at the expense of Tenant. If requested by Landlord, Tenant shall execute, acknowledge and deliver to Landlord an instrument in writing releasing and quitclaiming to Landlord all right, title and interest of Tenant in the Premises.

ARTICLE XVI. PAYMENTS AND NOTICES

All sums payable by Tenant to Landlord shall be paid, without deduction or offset (except as expressly otherwise provided in this Lease), in lawful money of the United States to Landlord at its address set forth in Item 12 of the Basic Lease Provisions, or at any other place as Landlord may designate in writing. Unless this Lease expressly provides otherwise, as for example in the payment of rent pursuant to Section 4.1, all payments shall be due and payable within five (5) days after demand. All payments requiring proration shall be prorated on the basis of a thirty (30) day month and a three hundred sixty (360) day year. Any notice, election, demand, consent, approval or other communication to be given or other document to be delivered by either party to the other may be delivered in person or by courier or overnight delivery service to the other party, or may be deposited in the United States mail, duly registered or certified, postage prepaid, return receipt requested, and addressed to the other party at the address set forth in Item 12 of the Basic Lease Provisions, or if to Tenant, at that address or, from and after the Commencement Date, at the Premises (whether or not Tenant has departed from, abandoned or vacated the Premises), or may be delivered by telegram, telex or telecopy, provided that receipt thereof is telephonically confirmed. Either party may, by written notice to the other, served in the manner provided in this Article, designate a different address. If any notice or other document is sent by mail, it shall be deemed served or delivered twenty-four (24) hours after mailing. If more than one person or entity is named as Tenant under this Lease, service of any notice upon any one of them shall be deemed as service upon all of them.

ARTICLE XVII. RULES AND REGULATIONS

Tenant agrees to observe faithfully and comply strictly with the Rules and Regulations, attached as Exhibit E, and any reasonable and nondiscriminatory amendments, modifications and/or additions as may be adopted and published by written notice to tenants by Landlord for the safety, care, security, good order, or cleanliness of the Premises, Building, Project and Common Areas. Landlord shall enforce the Rules and Regulations in a good faith and non-discriminatory manner; provided that Landlord shall not be liable to Tenant for any violation of the Rules and Regulations or the breach of any covenant or condition in any lease by any other tenant or such tenant's agents, employees, contractors, guests or invitees. One or more waivers by Landlord of any breach of the Rules and Regulations by Tenant or by any other tenant(s) shall not be a waiver of any subsequent breach of that rule or any other. Tenant's failure to keep and observe the

Rules and Regulations shall constitute a default under this Lease. In the case of any conflict between the Rules and Regulations and this Lease, this Lease shall be controlling.

ARTICLE XVIII. BROKER'S COMMISSION

The parties recognize as the broker(s) who negotiated this Lease the firm(s), if any, whose name(s) is (are) stated in Item 10 of the Basic Lease Provisions, and agree that Landlord shall be responsible for the payment of brokerage commissions to those broker(s) unless otherwise provided in this Lease. Tenant warrants that it has had no dealings with any other real estate broker or agent in connection with the negotiation of this Lease, and Tenant agrees to indemnify and hold Landlord harmless from any cost, expense or liability (including reasonable attorneys' fees) for any compensation, commissions or charges claimed by any other real estate broker or agent employed or claiming to represent or to have been employed by Tenant in connection with the negotiation of this Lease. The foregoing agreement shall survive the termination of this Lease. If Tenant fails to take possession of the Premises or if this Lease otherwise terminates prior to the Expiration Date as the result of failure of performance by Tenant, Landlord shall be entitled to recover from Tenant the unamortized portion of any brokerage commission funded by Landlord in addition to any other damages to which Landlord may be entitled.

ARTICLE XIX. TRANSFER OF LANDLORD'S INTEREST

In the event of any transfer of Landlord's interest in the Premises, the transferor shall be automatically relieved of all obligations on the part of Landlord accruing under this Lease from and after the date of the transfer, provided that any funds held by the transferor in which Tenant has an interest (including, notwithstanding anything contained herein to the contrary, the Security Deposit referenced in Section 4.3) shall be turned over, subject to that interest, to the transferee and Tenant is notified of the transfer as required by law. No holder of a mortgage and/or deed of trust to which this Lease is or may be subordinate, and no landlord under a so-called sale-leaseback, shall be responsible in connection with the Security Deposit, unless the mortgagee or holder of the deed of trust or the landlord actually receives the Security Deposit. It is intended that the covenants and obligations contained in this Lease on the part of Landlord shall, subject to the foregoing, be binding on Landlord, its successors and assigns, only during and in respect to their respective successive periods of ownership.

ARTICLE XX. INTERPRETATION

SECTION 20.1. GENDER AND NUMBER. Whenever the context of this Lease requires, the words "Landlord" and "Tenant" shall include the plural as well as the singular, and words used in neuter, masculine or feminine genders shall include the others.

SECTION 20.2. HEADINGS. The captions and headings of the articles and sections of this Lease are for convenience only, are not a part of this Lease and shall have no effect upon its construction or interpretation.

SECTION 20.3. JOINT AND SEVERAL LIABILITY. If more than one person or entity is named as Tenant, the obligations imposed upon each shall be joint and several and the act of or notice from, or notice or refund to, or the signature of, any one or more of them shall be binding on all of them with respect to the tenancy of this Lease, including, but not limited to, any renewal, extension, termination or modification of this Lease.

SECTION 20.4. SUCCESSORS. Subject to Articles IX and XIX, all rights and liabilities given to or imposed upon Landlord and Tenant shall extend to and bind their respective heirs, executors, administrators, successors and assigns. Nothing contained in this Section is intended, or shall be construed, to grant to any person other than Landlord and Tenant and their successors and assigns any rights or remedies under this Lease.

SECTION 20.5. TIME OF ESSENCE. Time is of the essence with respect to the performance of every provision of this Lease.

SECTION 20.6. CONTROLLING LAW. This Lease shall be governed by and interpreted in accordance with the laws of the State of California.

SECTION 20.7. SEVERABILITY. If any term or provision of this Lease, the deletion of which would not adversely affect the receipt of any material benefit by either party or the deletion of which is consented to by the party adversely affected, shall be held invalid or unenforceable to any extent, the remainder of this Lease shall not be affected and each term and provision of this Lease shall be valid and enforceable to the fullest extent permitted by law.

SECTION 20.8. WAIVER AND CUMULATIVE REMEDIES. One or more waivers by Landlord or Tenant of any breach of any term, covenant or condition contained in this Lease shall not be a waiver of any subsequent breach of the same or any other term, covenant or condition. Consent to any act by one of the parties shall not be deemed to render unnecessary the obtaining of that party's consent to any subsequent act. No breach by Tenant of this Lease shall

be deemed to have been waived by Landlord unless the waiver is in a writing signed by Landlord. The rights and remedies of Landlord under this Lease shall be cumulative and in addition to any and all other rights and remedies which Landlord may have.

SECTION 20.9. INABILITY TO PERFORM. In the event that either party shall be delayed or hindered in or prevented from the performance of any work or in performing any act required under this Lease by reason of any cause beyond the reasonable control of that party, then the performance of the work or the doing of the act shall be excused for the period of the delay and the time for performance shall be extended for a period equivalent to the period of the delay. The provisions of this Section shall not operate to excuse Tenant from the prompt payment of rent or from the timely performance of any other obligation under this Lease within Tenant's reasonable control.

SECTION 20.10. ENTIRE AGREEMENT. This Lease and its exhibits and other attachments cover in full each and every agreement of every kind between the parties concerning the Premises, the Building, and the Project, and all preliminary negotiations, oral agreements, understandings and/or practices, except those contained in this Lease, are superseded and of no further effect. Tenant waives its rights to rely on any representations or promises made by Landlord or others which are not contained in this Lease. No verbal agreement or implied covenant shall be held to modify the provisions of this Lease, any statute, law, or custom to the contrary notwithstanding.

SECTION 20.11. QUIET ENJOYMENT. Upon the observance and performance of all the covenants, terms and conditions on Tenant's part to be observed and performed, and subject to the other provisions of this Lease, Tenant shall peaceably and quietly hold and enjoy the Premises for the Term without hindrance or interruption by Landlord or any other person claiming by or through Landlord.

SECTION 20.12. SURVIVAL. All covenants of Landlord or Tenant which reasonably would be intended to survive the expiration or sooner termination of this Lease, including without limitation any warranty or indemnity hereunder, shall so survive and continue to be binding upon and inure to the benefit of the respective parties and their successors and assigns.

ARTICLE XXI. EXECUTION AND RECORDING

SECTION 21.1. COUNTERPARTS. This Lease may be executed in one or more counterparts, each of which shall constitute an original and all of which shall be one and the same agreement.

SECTION 21.2. CORPORATE AND PARTNERSHIP AUTHORITY. If Tenant is a corporation or partnership, each individual executing this Lease on behalf of the corporation or partnership represents and warrants that he is duly authorized to execute and deliver this Lease on behalf of the corporation or partnership, and that this Lease is binding upon the corporation or partnership in accordance with its terms. Tenant shall, at Landlord's request, deliver a certified copy of its board of directors' resolution or partnership agreement or certificate authorizing or evidencing the execution of this Lease.

SECTION 21.3. EXECUTION OF LEASE; NO OPTION OR OFFER. The submission of this Lease to Tenant shall be for examination purposes only, and shall not constitute an offer to or option for Tenant to lease the Premises. Execution of this Lease by Tenant and its return to Landlord shall not be binding upon Landlord, notwithstanding any time interval, until Landlord has in fact executed and delivered this Lease to Tenant, it being intended that this Lease shall only become effective upon execution by Landlord and delivery of a fully executed counterpart to Tenant.

SECTION 21.4. RECORDING. Tenant shall not record this Lease without the prior written consent of Landlord. Tenant, upon the request of Landlord, shall execute and acknowledge a "short form" memorandum of this Lease for recording purposes.

SECTION 21.5. AMENDMENTS. No amendment or termination of this Lease shall be effective unless in writing signed by authorized signatories of Tenant and Landlord, or by their respective successors in interest. No actions, policies, oral or informal arrangements, business dealings or other course of conduct by or between the parties shall be deemed to modify this Lease in any respect.

SECTION 21.6. EXECUTED COPY. Any fully executed photocopy or similar reproduction of this Lease shall be deemed an original for all purposes.

SECTION 21.7. ATTACHMENTS. All exhibits, amendments, riders and addenda attached to this Lease are hereby incorporated into and made a part of this Lease.

ARTICLE XXII. MISCELLANEOUS

SECTION 22.1. NONDISCLOSURE OF LEASE TERMS. Tenant acknowledges and agrees that the terms of this Lease are confidential and constitute proprietary information of Landlord. Disclosure of the terms could adversely affect the ability of Landlord to negotiate other leases and impair Landlord's relationship with other tenants. Accordingly, Tenant agrees that it, and its partners, officers, directors, employees and attorneys, shall not intentionally and voluntarily disclose the terms and conditions of this Lease to any other tenant or apparent prospective tenant of the Building or Project, either directly or indirectly, without the prior written consent of Landlord, provided, however, that Tenant may disclose the terms to prospective subtenants or assignees under this Lease. The foregoing restriction shall not apply if Tenant is required to disclose the Confidential Information in connection with any private or public financing, merger or acquisition, or pursuant to any other governmental requirement including public reporting requirements.

SECTION 22.2. GUARANTY. As a condition to the execution of this Lease by Landlord, the obligations, covenants and performance of the Tenant as herein provided shall be guaranteed in writing by the Guarantor(s) listed in Item 7 of the Basic Lease Provisions, if any, on a form of guaranty provided by Landlord.

SECTION 22.3. CHANGES REQUESTED BY LENDER. If, in connection with obtaining financing for the Project, the lender shall request reasonable modifications in this Lease as a condition to the financing, Tenant will not unreasonably withhold or delay its consent, provided that the modifications do not materially increase the obligations of Tenant or materially and adversely affect the leasehold interest created by this Lease.

SECTION 22.4. MORTGAGEE PROTECTION. No act or failure to act on the part of Landlord which would otherwise entitle Tenant to be relieved of its obligations hereunder or to terminate this Lease shall result in such a release or termination unless (a) Tenant has given notice by registered or certified mail to any beneficiary of a deed of trust or mortgage covering the Building whose address has been furnished to Tenant and (b) such beneficiary is afforded a reasonable opportunity to cure the default by Landlord (which in no event shall be less than sixty (60) days), including, if necessary to effect the cure, time to obtain possession of the Building by power of sale or judicial foreclosure provided that such foreclosure remedy is diligently pursued. Tenant agrees that each beneficiary of a deed of trust or mortgage covering the Building is an express third party beneficiary hereof, Tenant shall have no right or claim for the collection of any deposit from such beneficiary or from any purchaser at a foreclosure sale unless such beneficiary or purchaser shall have actually received and not refunded the deposit, and Tenant shall comply with any written directions by any beneficiary to pay rent due hereunder directly to such beneficiary without determining whether an event of default exists under such beneficiary's deed of trust.

SECTION 22.5. COVENANTS AND CONDITIONS. All of the provisions of this Lease shall be construed to be conditions as well as covenants as though the words specifically expressing or imparting covenants and conditions were used in each separate provision.

SECTION 22.6. SECURITY MEASURES. Tenant hereby acknowledges that Landlord shall have no obligation whatsoever to provide guard service or other security measures for the benefit of the Premises or the Project. Tenant assumes all responsibility for the protection of Tenant, its agents, invitees and property from acts of third parties. Nothing herein contained shall prevent Landlord, at its sole option, from providing security protection for the Project or any part thereof, in which event the cost thereof shall be included within the definition of Project Costs.

SECTION 22.7 JAMS.

(a) All claims or disputes between Landlord and Tenant arising out of, or relating to the Lease which either party is expressly authorized by a provision hereof to submit to arbitration, shall be decided by the JAMS/ENDISPUTE, or its successor, in Orange, California ("JAMS"), unless the parties mutually agree otherwise. Within ten (10) business days following submission to JAMS, JAMS shall designate three arbitrators and each party may, within five (5) business days thereafter, veto one of the three persons so designated. If two different designated arbitrators have been vetoed, the third arbitrator shall hear and decide the matter. Any arbitration pursuant to this Section 22.7 shall be decided within thirty (30) days of submission of JAMS. The decision of the arbitrator shall be final and binding on the parties. All costs associated with arbitration shall be awarded to the prevailing party as determined by the arbitrator.

(b) Notice of the demand for arbitration by either party to the Lease shall be filed in writing with the other party to the Lease and with JAMS and shall be made within a reasonable time after the dispute has arisen. The award rendered by the arbitrators shall be final, and judgment may be entered upon it in accordance with applicable law in any court having jurisdiction thereof. Except by written consent of the person or entity sought to be joined, no arbitration arising out of or relating to the Lease shall include, by consolidation, joinder or in any other manner, any person or entity not a party to the Lease under which such arbitration is filed unless (1) such person or entity is substantially involved in a common question of fact or law, (2) the presence of such person or entity is required if complete relief is to be accorded in the arbitration, or (3) the interest or responsibility of such person or entity in the matter is not insubstantial.

(c) The agreement herein among the parties to the Lease and any other written agreement to arbitrate referred to herein shall be specifically enforceable under prevailing law.


SECTION 22.8. TERMINATION OF EXISTING LEASE. It is understood that Tenant is presently leasing from Landlord approximately 20, 343 rentable square feet of space in a building located at 7525 Irvine Center Drive,

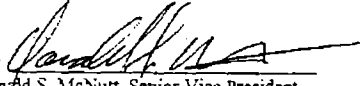
Irvine, California, pursuant to a lease dated March 29, 2000 (the "Existing Lease"). The parties agree that the Existing Lease shall expire in accordance with its terms as of the day preceding the Commencement Date of this Lease, provided that such termination shall not relieve Tenant of (a) any accrued obligation or liability under the Existing Lease as of said termination date, or (b) any obligation under the Existing Lease which was reasonably intended to survive the expiration or termination thereof.

SECTION 22.9. CONTINGENCY. Tenant understands and agrees that the effectiveness of this Lease is contingent upon: (i) the mutual execution of a lease surrender and termination agreement between Landlord and T-Tec Labs, Inc., a Delaware corporation ("T-Tec") terminating T-Tec's lease dated January 7, 1999 (the "7505 Lease") for leased premises of approximately 22,097 rentable square feet of space in a building located at 7505 Irvine Center Drive, Irvine, California (the "7505 Premises"), and (ii) the termination of Tenant's sublease from T-Tec of the 7505 Premises on terms acceptable to Landlord, including, without limitation, the proviso that such sublease shall be assigned to Landlord (and subrent payable under such sublease shall be payable by Tenant to Landlord) effective as of, and in the event that, the actual Commencement Date of this Lease shall occur after September 1, 2003.

LANDLORD:

THE IRVINE COMPANY

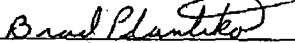
By: 
William R. Harford
President, Office Properties

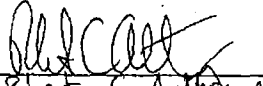
By: 
Donald S. McNutt, Senior Vice President
Leasing, Office Properties



TENANT:

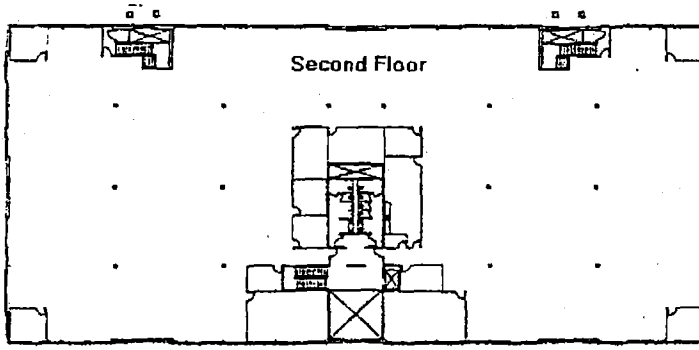
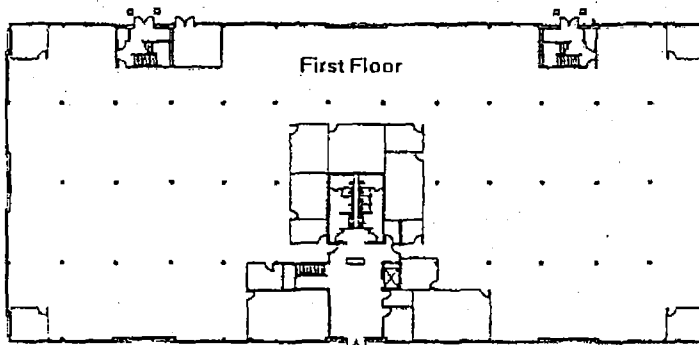
PEOPLE'S CHOICE HOME LOAN, INC.,
a Wyoming corporation

By: 
Name (Print): Brad Plantiko
Title (Print): EVP & CFO

By: 
Name: Robert C. Anthony
Title: EVP & CFO



**IRVINE BUSINESS CENTER
7515 Irvine Center Drive
Suites 100 & 200**




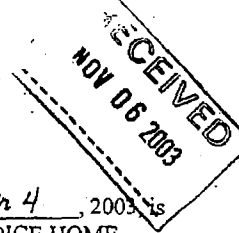
 Stevenson Systems, Inc.
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EXHIBIT A

EXHIBIT A

ORIGINAL



FIRST AMENDMENT TO LEASE

I. PARTIES AND DATE.

This First Amendment to Lease (the "Amendment") dated November 4, 2003, is by and between THE IRVINE COMPANY ("Landlord"), and PEOPLE'S CHOICE HOME LOAN, INC., a Wyoming corporation ("Tenant").

II. RECITALS.

On June 30, 2003, Landlord and Tenant entered into a lease ("Lease") for space in a building located at 7515 Irvine Center Drive, Irvine, California (the "7515 "Premises").

Landlord and Tenant each desire to modify the Lease to add approximately 22,097 rentable square feet of space in a building located at 7505 Irvine Center Drive, Irvine, California, more particularly described on EXHIBIT A attached to this Amendment and herein referred to as the "7505 Premises", to adjust the Basic Rent, and to make such other modifications as are set forth in "III. MODIFICATIONS" next below.

III. MODIFICATIONS.

A. Building. Effective as of the "Commencement Date for the 7505 Premises" (as defined below), all references to the "Building" in the Lease shall be amended to refer to the two (2) buildings located at 7515 Irvine Center Drive (the "7515 Building") and 7505 Irvine Center Drive (the "7505 Building"), Irvine, California, either collectively or individually as the context may reasonably require.

B. Basic Lease Provisions. The Basic Lease Provisions are hereby amended as follows:

1. Effective as of the Commencement Date for the 7505 Premises, Item 1 shall be deleted in its entirety and substituted therefor shall be the following:

"1. Premises: The Premises are more particularly described in Section 2.1.

Address of Buildings: 7505 Irvine Center Drive, Suite 200, and 7515 Irvine Center Drive, Irvine, California"

2. Item 4 is hereby amended by adding the following:

"Commencement Date for the 7505 Premises": December 13, 2003"

3. Item 5 is hereby deleted in its entirety and substituted therefor shall be the following:

"5. Lease Term: The Term of this Lease shall expire at midnight on October 31, 2009"

4. Item 6 is hereby deleted in its entirety and substituted therefor shall be the following:

Basic Rent for the 7515 Premises: Commencing on the Commencement Date of the Lease, the Basic Rent for the 7515 Premises shall be Ninety Six Thousand Three Hundred Eighty-Six Dollars (\$96,386.00) per month, based on \$1.52 per rentable square foot.

Basic Rent for the 7515 Premises is subject to adjustment as follows:

Commencing November 1, 2004, the Basic Rent for the 7515 Premises shall be One Hundred Thousand Eight Hundred Twenty-Five Dollars (\$100,825.00) per month, based on \$1.59 per rentable square foot.

Commencing November 1, 2005, the Basic Rent for the 7515 Premises shall be One Hundred Five Thousand Two Hundred Sixty-Four Dollars (\$105,264.00) per month, based on \$1.66 per rentable square foot.

Commencing November 1, 2006, the Basic Rent for the 7515 Premises shall be One Hundred Nine Thousand Seven Hundred Three Dollars (\$109,703.00) per month, based on \$1.73 per rentable square foot.

Commencing November 1, 2007, the Basic Rent for the 7515 Premises shall be One Hundred Fourteen Thousand One Hundred Forty-Two Dollars (\$114,142.00) per month, based on \$1.80 per rentable square foot.

Commencing November 1, 2008, the Basic Rent for the 7515 Premises shall be One Hundred Eighteen Thousand Five Hundred Eighty Dollars (\$118,580.00) per month, based on \$1.87 per rentable square foot.

Basic Rent for the 7505 Premises: Commencing on the Commencement Date for the 7505 Premises, the Basic Rent for the 7505 Premises shall be Thirty Thousand Seven Hundred Fifteen Dollars (\$30,715.00) per month, based on \$1.39 per rentable square foot.

Basic Rent for the 7505 Premises is subject to adjustment as follows:

Commencing November 1, 2004, the Basic Rent for the 7505 Premises shall be Thirty One Thousand Eight Hundred Twenty Dollars (\$31,820.00) per month, based on \$1.44 per rentable square foot.

Commencing November 1, 2005, the Basic Rent for the 7505 Premises shall be Thirty Two Thousand Nine Hundred Twenty-Five Dollars (\$32,925.00) per month, based on \$1.49 per rentable square foot.

Commencing November 1, 2006, the Basic Rent for the 7505 Premises shall be Thirty Four Thousand Twenty-Nine Dollars (\$34,029.00) per month, based on \$1.54 per rentable square foot.

Commencing November 1, 2007, the Basic Rent for the 7505 Premises shall be Thirty Five Thousand One Hundred Thirty-Four Dollars (\$35,134.00) per month, based on \$1.59 per rentable square foot.

Commencing November 1, 2008, the Basic Rent for the 7505 Premises shall be Thirty Six Thousand Two Hundred Thirty-Nine Dollars (\$36,239.00) per month, based on \$1.64 per rentable square foot."

5. Effective as of the Commencement Date for 7505 Premises, Item 8 shall be deleted in its entirety and substituted therefor shall be the following:

"8. Floor Area of Premises: Approximately 85,509 rentable square feet comprised of the following:

7515 Premises: approximately 63,412 rentable square feet (and approximately 58,598 usable square feet)

7505 Premises: approximately 22,097 rentable square feet (and approximately 19,912 usable square feet)"

6. Item 9 is hereby deleted in its entirety and substituted therefor shall be the following:

"9. Security Deposit: \$113,732.00 (Initial Security Deposit)
\$39,863.00 (Additional Security Deposit)
\$194,994.00 (Aggregate Security Deposit)
(see also Section 4.4 for Letter of Credit Requirements)

7. Effective as of the Commencement Date for the 7505 Premises, Item 14 shall be deleted in its entirety and substituted therefor shall be the following:

"14. Vehicle Parking Spaces: Three Hundred Forty Two (342)"

C. Early Occupancy of the 7505 Premises. Without in any way representing or warranting the compliance of Tenant's use of the 7505 Premises with the applicable zoning thereof, Landlord agrees that Tenant shall be permitted to occupy and use the 7505 Premises for the purpose stated in Item 3 of the Basic Lease Provisions of the Lease, prior to the Commencement Date of the 7505 Premises Commencement Date, subject to the following terms and conditions: (a) concurrently with the execution and delivery of this Amendment, Tenant shall deliver to Landlord (i) the first installment of Basic Rent and Operating Expenses due under the Lease as to the 7505 Premises, and (ii) the "Additional Security Deposit" set forth in Paragraph E below; and (b) Tenant's occupancy of the 7505 Premises prior to the Commencement Date for the 7505 Premises shall be subject to all of the covenants and conditions on Tenant's part contained in the Lease (including, without limitation, the covenants contained in Sections 5.3, 6.1, 7.1, 7.3, 7.4, 10.1 and 10.3 of the Lease), except for the obligation to pay Basic Rent and Operating Expenses.

D. Tenant's Right to Terminate the 7505 Premises. Provided that no "event of default" has occurred (as defined in Section 14.1 of the Lease) under any provision of the Lease, either at the time of Tenant's exercise of its Right to Terminate herein provided or as of the Termination Date herein provided, Tenant shall have a one-time right to terminate the Lease as to the 7505 Premises on the terms and conditions more particularly provided herein (the "Right to Terminate") as of April 30, 2006 (the "Termination Date"). Tenant shall exercise its Right to Terminate by and only by delivery to Landlord, not later than October 1, 2005, Tenant's irrevocable written notice of its exercise of the Right to Terminate (the "Termination Notice"). Following Tenant's delivery of the Termination Notice and within thirty (30) days of written notice from Landlord supplying Tenant with the actual amount of such Termination Fee, Tenant shall pay to Landlord a termination fee (the "Termination Fee") as consideration for Tenant's exercise of its Right to Terminate, comprised of the sum of the following: (i) an amount equal to the difference between (A) the Basic Rent actually paid by Tenant through the Termination Date, and (B) the Basic Rent that would have been paid for the same period if the Premises had been leased at a fixed basic rental rate for the initial Lease Term which is the same rate as the average rate per rentable square foot payable pursuant to the Lease over the entire initial Lease Term; plus (ii) two (2) months Basic Rent and estimated Operating Expenses payable as of the Termination Date; plus (iii) Forty-Seven Thousand Five Hundred Forty-Nine Dollars (\$47,549.00) (that is, an amount equal to the Basic Rent and estimated Operating Expenses that would have been paid

during Tenant's early occupancy of the 7505 Premises prorated as of the Termination Date); plus (iv) the unamortized portion (amortized on a straight-line basis over the initial Term) as of the Termination Date of (A) brokerage commissions paid by Landlord in connection with Tenant's lease of the 7505 Premises, and (B) Tenant Improvements funded by Landlord pursuant to the Work Letter attached hereto. The payment of the Termination Fee shall not excuse Tenant from the payment of its Basic Rent and Operating Expenses as to the 7505 Premises due and payable by the terms of the Lease through the Termination Date, nor from the performance of its other obligations under the Lease as to the 7505 Premises, through the Termination Date, nor release Tenant from any obligations under the Lease as to the 7505 Premises which are intended to survive the expiration of the Term. If Tenant fails to timely comply with any of the provisions of this paragraph, Tenant's Right to Terminate shall thereupon be automatically extinguished.

E. Security Deposit. Concurrently with Tenant's delivery of this Amendment, Tenant shall deliver the sum of Thirty Nine Thousand Eight Hundred Sixty-Three (\$39,863.00) to Landlord, which sum (the "Additional Security Deposit") shall be added to the Initial Security Deposit presently being held by Landlord in accordance with the provisions of Section 4.3 of the Lease.

F. Signs. The reference in the first (1st) sentence of Section 5.2 of the Lease to "two (2) exterior building-top signs on the Building" is hereby revised to "two (2) exterior building-top signs on the 7515 Building, and one (1) exterior building-top sign on the 7505 Building."

G. Utilities and Services. The following provisions are hereby added to the end of the initial paragraph of Section 6.1 of the Lease entitled "Utilities and Services":

"Tenant shall also pay to Landlord as an item of additional rent, within ten (10) days after receipt of Landlord's statement or invoice therefor, a reasonable charge (which shall be in addition to the electricity charge paid to the utility provider) for Tenant's "after hours" usage of each HVAC unit servicing the Premises. If the HVAC unit(s) servicing the Premises also serve other leased premises in the Building, "after hours" shall mean usage of said unit(s) before or after the hours of 6:00 A.M. to 6:00 P.M. on Mondays through Fridays, and for more than four (4) hours at any time during any weekend period (that is, from midnight on Friday through midnight on Sunday), subject to reasonable adjustment of said hours by Landlord. If the HVAC unit(s) serve only the Premises, "after hours" shall mean more than two hundred eighty-three (283) hours of usage during any month during the Term. "After hours" usage shall be determined based upon the operation of the applicable HVAC unit during each of the foregoing periods on a "non-cumulative" basis (that is, without regard to Tenant's usage or nonusage of other unit(s) serving the Premises, or of the applicable unit during other periods of the Term). Tenant acknowledges that the costs incurred by Landlord related to providing above-standard utilities to Tenant, including, without limitation, telephone lines, may be charged to Tenant."

H. Parking. The reference in the first (1st) sentence of the second (2nd) paragraph of Section 6.4 of the Lease to "up to fifty-nine (59) unreserved spaces" is hereby revised to "up to eighty-one (81) unreserved spaces".

I. Landlord's Maintenance and Repair. Section 7.2 of the Lease entitled "Landlord's Maintenance and Repair" is hereby amended to provide that Landlord shall not provide service, maintenance and repair with respect to any supplemental HVAC equipment installed by Tenant and serving only the Premises, which shall be Tenant's responsibility solely.

J. Floor Plan of the 7505 Premises. As used herein, the "7505 Premises" shall mean the space described in Exhibit A attached to this Amendment. From and after the date of this Amendment, the 7505 Premises collectively with the 7515 Premises described on EXHIBIT A attached to the Lease, shall constitute the "Premises" as defined in Section 2.1 of the Lease.

K. Tenant Improvements. Landlord hereby agrees to complete the Tenant Improvements for the 7505 Premises in accordance with the provisions of Exhibit X, Work Letter, attached hereto.

IV. GENERAL.

A. Effect of Amendments. The Lease shall remain in full force and effect except to the extent that it is modified by this Amendment.

B. Entire Agreement. This Amendment embodies the entire understanding between Landlord and Tenant with respect to the modifications set forth in "III. MODIFICATIONS" above and can be changed only by a writing signed by Landlord and Tenant.

C. Counterparts. If this Amendment is executed in counterparts, each is hereby declared to be an original; all, however, shall constitute but one and the same amendment. In any action or proceeding, any photographic, photostatic, or other copy of this Amendment may be introduced into evidence without foundation.

D. Defined Terms. All words commencing with initial capital letters in this Amendment and defined in the Lease shall have the same meaning in this Amendment as in the Lease, unless they are otherwise defined in this Amendment.

E. Corporate and Partnership Authority. If Tenant is a corporation or partnership, or is comprised of either or both of them, each individual executing this Amendment for the corporation or partnership represents that he or she is duly authorized to execute and deliver this Amendment on behalf of the corporation or partnership and that this Amendment is binding upon the corporation or partnership in accordance with its terms.

F. Attorneys' Fees. The provisions of the Lease respecting payment of attorneys' fees shall also apply to this Amendment.

V. EXECUTION.

Landlord and Tenant executed this Amendment on the date as set forth in "I. PARTIES AND DATE." above.

LANDLORD:

THE IRVINE COMPANY



By Donald S. McNutt
Donald S. McNutt, Senior Vice President
Leasing, Office Properties

TENANT:

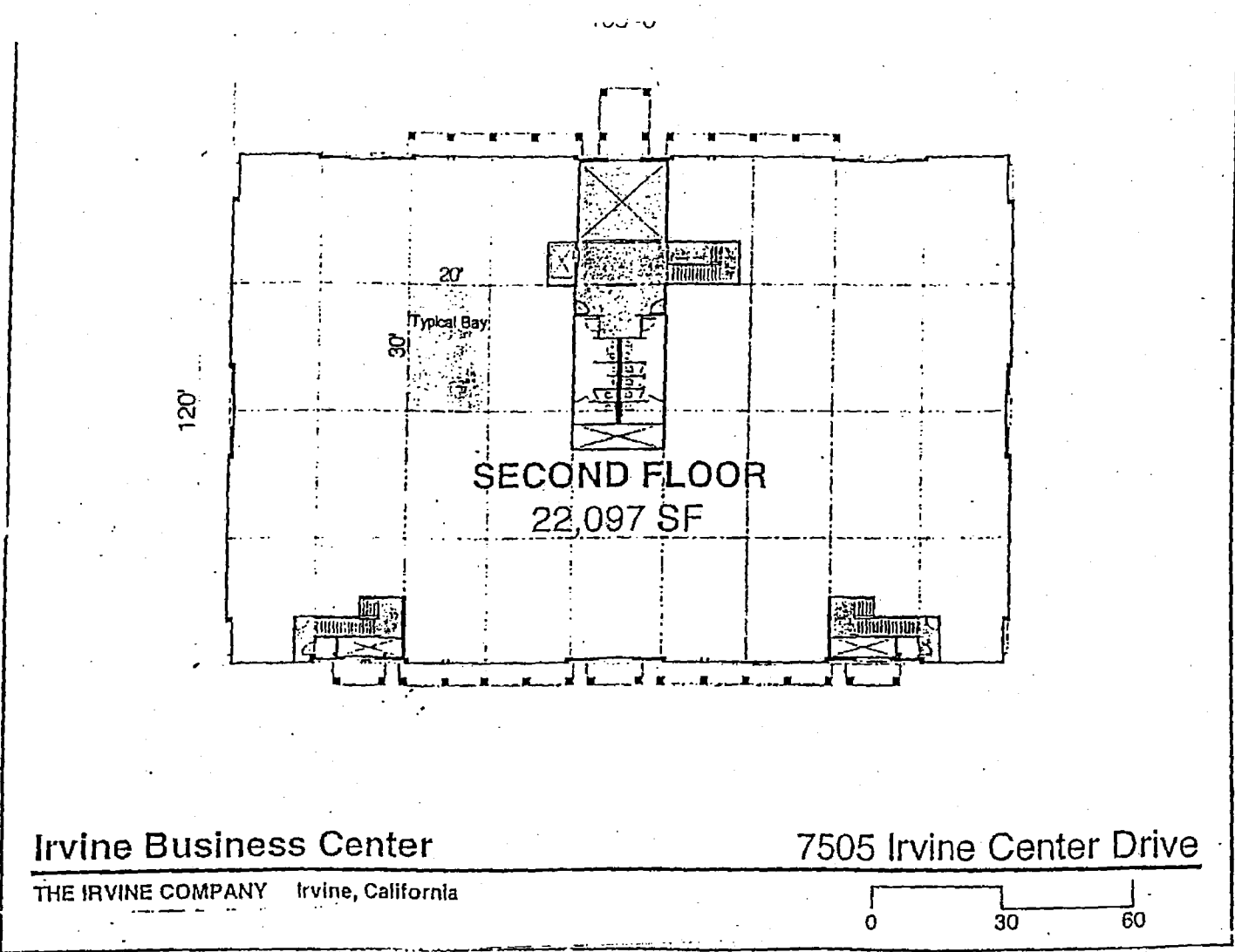
PEOPLE'S CHOICE HOME LOAN, INC.,
a Wyoming corporation

By Brad Plantika
Name Brad Plantika
Title VP & CFO

By Steven E. Claton
Steven E. Claton, Vice President
Operations, Office Properties

By Neil B. Korman
Name Neil B. Korman
Title PRESIDENT

EXHIBIT A



Case 8:07-bk-10765-RK Claim 447-1

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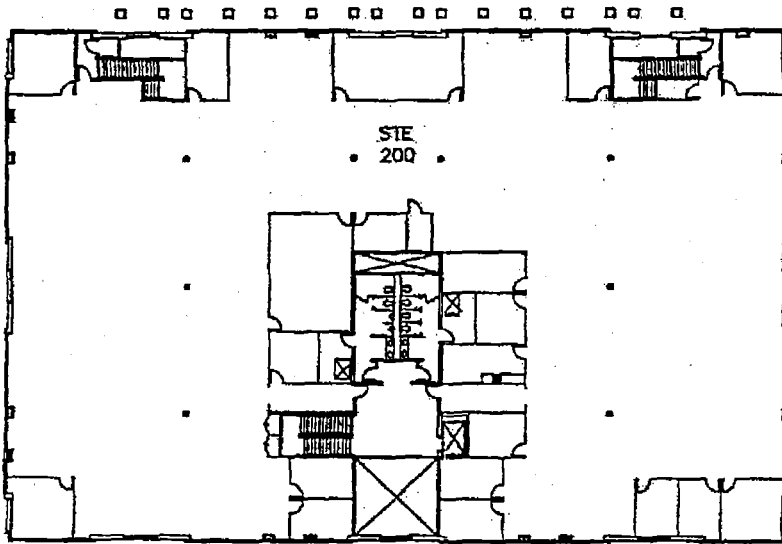
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Page 40

Lot 3



7505 Irvine Center Drive
Suite 200



Stevenson Systems, Inc.
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Exhibit A

EXHIBIT X

WORK LETTER

7505 PREMISES

The tenant improvement work ("Tenant Improvements") shall consist of the work required to complete certain improvements to the 7505 Premises pursuant to approved "Working Drawings and Specifications" (as defined below). The Tenant Improvements work shall be undertaken and prosecuted in accordance with the following requirements:

I. ARCHITECTURAL AND CONSTRUCTION PROCEDURES.

A. Tenant shall submit the following to Landlord: (i) a detailed preliminary space plan for the Tenant Improvements, which shall include interior partitions, ceilings, interior finishes, interior doors, suite entrance, floor coverings, window coverings, lighting, electrical and telephone outlets, plumbing connections, heavy floor loads and other special requirements ("Preliminary Plan"), and (ii) working drawings and specifications based on the approved Preliminary Plan (the "Working Drawings and Specifications"). Within five (5) business days following its submission to Landlord, Landlord shall approve (by signing a copy thereof) or shall disapprove the Preliminary Plan and the Working Drawings and Specifications. If Landlord disapproves the Preliminary Plan or Working Drawings and Specifications, Landlord shall specify in detail the reasons for disapproval and Tenant shall cause the Architect to modify the Preliminary Plan or Working Drawings and Specifications to incorporate Landlord's suggested revisions in a mutually satisfactory manner. Tenant agrees and acknowledges that Landlord will not check the Preliminary Plan or the Working Drawings and Specifications for building code compliance (or other federal, state or local law, ordinance or regulations compliance), and that Tenant and its Architect shall be solely responsible for such matters.

B. It is understood that except as provided below, the Tenant Improvements shall only include actual improvements to the 7505 Premises approved by Landlord as provided above, and shall exclude (but not by way of limitation) Tenant's furniture, trade fixtures, partitions, equipment and signage improvements, if any. Further, the Tenant Improvements shall incorporate Landlord's building standard materials and specifications, together with such other materials, specifications and finishes paid for by Landlord and incorporated in the tenant improvement buildout of the 7515 Building (but excluding the private restroom and reception desk) (collectively, the "Standards"). No deviations from the Standards may be required by Tenant with respect to doors and frames, finish hardware, entry graphics, the ceiling system, light fixtures and switches, mechanical systems, life and safety systems, and/or window coverings; provided that Landlord may, in its sole discretion, authorize in writing one or more of such deviations, in which event Tenant shall be solely responsible for the cost of replacing same with the applicable Standard item(s) upon the expiration or termination of this Lease. All other non-standard items ("Non-Standard Improvements") shall be subject to the prior approval of Landlord, which may be withheld in Landlord's sole discretion. Landlord shall in no event be required to approve any Non-Standard Improvement if Landlord determines that such improvements (i) is of a lesser quality than the corresponding Standard, (ii) fails to conform to applicable governmental requirements, (iii) requires building services beyond the level Landlord has agreed to provide Tenant under this Lease, or (iv) would have an adverse aesthetic impact from the exterior of the 7505 Premises.

C. Landlord may consent in writing, in its sole and absolute discretion, to Tenant's request for a revision to the approved Plan or Working Drawings and Specifications (a "Change"), including any modification of a Standard Improvement in the Plan to a Non-Standard Improvement, if requested in writing by Tenant. In addition, Landlord agrees that it shall not unreasonably withhold its consent to Tenant's requested Changes to previously approved Non-Standard Improvements, unless Landlord determines, in its sole and absolute discretion, that such requested Change to the Non-Standard Improvements (i) is of a lesser quality than the Non-Standard Improvements previously approved by Landlord, (ii) fails to conform to applicable governmental requirements, (iii) would result in the 7505 Premises requiring building services beyond the level normally provided to other tenants, (iv) interferes in any manner with the proper functioning of, or Landlord's access to, any mechanical, electrical, plumbing or HVAC systems, facilities or equipment in or serving the Building, or (v) would have an adverse aesthetic impact to the 7505 Premises or cause additional expenses to Landlord in reletting the 7505 Premises. Unless Landlord otherwise agrees in writing, in its sole and absolute discretion, all Standard Improvements and Non-Standard Improvements shall become the property of Landlord and shall be surrendered with the 7505 Premises at the end of the Term; except that Landlord may, by notice to Tenant given either prior to or following the expiration or termination of the Lease, require Tenant either to remove all or any of the Non-Standard Improvements, to repair any damage to the 7505 Premises or the Common Area arising from such removal, and to replace such Non-Standard Improvements with the applicable Standard Improvement, or to reimburse Landlord for the reasonable cost of such removal, repair and replacement upon demand. Any such removals, repairs and replacements by Tenant shall be completed by the Expiration Date, or sooner termination of this Lease, or within ten (10) days following notice to Tenant if such notice is given following the Expiration Date or sooner termination.

E. Tenant hereby designates Rob Anthony and Brad Plantiko ("Tenant's Construction Representative"), Telephone No. (949) 341-2012, as its representative, agent and attorney-in-fact for all matters related to the Tenant Improvement Work, including but not by way of limitation, for purposes of receiving notices,

EXHIBIT X

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October 24, 2003

EXHIBIT A

approving submittals and issuing requests for Changes, and Landlord shall be entitled to rely upon authorizations and directives of such person(s) as if given directly by Tenant. The foregoing authorization is intended to provide assurance to Landlord that it may rely upon the directives and decision making of the Tenant's Construction Representative with respect to the Tenant Improvement Work and is not intended to limit or reduce Landlord's right to reasonably rely upon any decisions or directives given by other officers or representatives of Tenant. Tenant may amend the designation of its Tenant's Construction Representative(s) at any time upon delivery of written notice to Landlord.

II. COST OF THE TENANT IMPROVEMENTS WORK.

A. Landlord shall submit the approved Working Drawings and Specifications to a competitive bidding process involving the following four (4) general contractors (or such other licensed and reputable general contractors as are designated by Landlord and reasonably approved by Tenant): Swinerton, DBAC, Howard Building Corp. and Turek. Promptly following receipt of such bid responses, Landlord shall provide copies of the bid responses to Tenant. After adjustments for any inconsistent assumptions to reflect an "apples to apples" comparison, Landlord shall select the lowest qualified bidder and that bid so selected shall be referred to as the "Bid Amount". In the event Landlord selects other than the lowest bidder, it shall do so based on commercially reasonable factors which it shall demonstrate to Tenant. Upon selection of the bidder, Landlord shall enter into a "lump sum" or "fixed price" construction contract (the "TI Contract") in the Bid Amount with the contractor so selected (the "TI Contractor") for construction of the Tenant Improvements in accordance with the approved and final Working Drawings and Specifications.

B. Landlord shall provide an allowance towards the cost of constructing the Tenant Improvements work in the amount of One Hundred Ninety Nine Thousand One Hundred Twenty Dollars (\$199,120.00) (the "Landlord's Contribution") based on \$10.00 per useable square foot of the 7505 Premises, with any excess cost of the Tenant Improvements Work in accordance with the approved Working Drawings and Specifications to be borne solely by Tenant. Landlord's Contribution may be applied toward all hard and soft costs incurred in connection with the design and construction of the Tenant Improvements, including without limitation, preparation of the Preliminary Plan and the Working Drawings and Specifications, engineering and permitting fees and costs and all construction and fees payable to the TI Contractor pursuant to the TI Contract. Notwithstanding anything to the contrary contained herein, Tenant shall be entitled to use an amount of the Landlord's Contribution not to exceed \$3.00 per useable square foot of the 7505 Premises (the "\$3.00 Allowance") towards Tenant's cabling, signage, security, Non-Standard Improvements approved by Landlord and moving costs. It is further understood and agreed that Landlord's construction manager shall be entitled to a supervision/administrative fee equal to five percent (5%) of the cost of the Tenant Improvements work, which fee shall be paid from the Landlord's Contribution. All Tenant Improvements towards which Landlord's Contribution shall be utilized shall be installed not later than December 31, 2004. If the actual cost of completion of the Tenant Improvements is less than the maximum amount provided for the Landlord's Contribution, such savings shall inure to the benefit of Landlord and Tenant shall not be entitled to any credit or payment, except for the \$3.00 Allowance provided for in this paragraph.

III. DISPUTE RESOLUTION

A. All claims or disputes between Landlord and Tenant arising out of, or relating to, this Work Letter shall be decided by the JAMS/ENDISPUTE ("JAMS"), or its successor, with such arbitration to be held in Orange County, California, unless the parties mutually agree otherwise. Within ten (10) business days following submission to JAMS, JAMS shall designate three arbitrators and each party may, within five (5) business days thereafter, veto one of the three persons so designated. If two different designated arbitrators have been vetoed, the third arbitrator shall hear and decide the matter. If less than two (2) arbitrators are timely vetoed, JAMS shall select a single arbitrator from the non-vetoed arbitrators originally designated by JAMS, who shall hear and decide the matter. Any arbitration pursuant to this section shall be decided within thirty (30) days of submission to JAMS. The decision of the arbitrator shall be final and binding on the parties. All costs associated with the arbitration shall be awarded to the prevailing party as determined by the arbitrator.

B. Notice of the demand for arbitration by either party to the Work Letter shall be filed in writing with the other party to the Work Letter and with JAMS and shall be made within a reasonable time after the dispute has arisen. The award rendered by the arbitrator shall be final, and judgment may be entered upon it in accordance with applicable law in any court having jurisdiction thereof. Except by written consent of the person or entity sought to be joined, no arbitration arising out of or relating to this Work Letter shall include, by consolidation, joinder or in any other manner, any person or entity not a party to the Work Letter unless (1) such person or entity is substantially involved in a common question of fact or law, (2) the presence of such person or entity is required if complete relief is to be accorded in the arbitration, or (3) the interest or responsibility of such person or entity in the matter is not insubstantial.

C. The agreement herein among the parties to arbitrate shall be specifically enforceable under prevailing law. The agreement to arbitrate hereunder shall apply only to disputes arising out of, or relating to, this Work Letter, and shall not apply to other matters of dispute under the Lease except as may be expressly provided in the Lease.

EXHIBIT X
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October 24, 2003

IV. CONSTRUCTION PROCEDURES.

It is understood that all or a portion of the Tenant Improvements may be done during Tenant's occupancy of the 7505 Premises. In this regard, Tenant agrees to assume any risk of injury, loss or damage to Tenant to the extent not the result of Landlord's negligence or willful misconduct. While Landlord agrees to employ construction practices reasonably intended to minimize disruptions to the operation of Tenant's business in the 7505 Premises, Tenant acknowledges and agrees that some disruptions may occur during the course of construction of the Tenant Improvements, and in no event shall rent abate as the result of the construction of the Tenant Improvements. Tenant further agrees that Commencement Date for the 7505 Premises shall not be affected and/or conditioned upon completion of the Tenant Improvements work in the 7505 Premises.

EXHIBIT X
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October 24, 2003

 **THE IRVINE COMPANY**

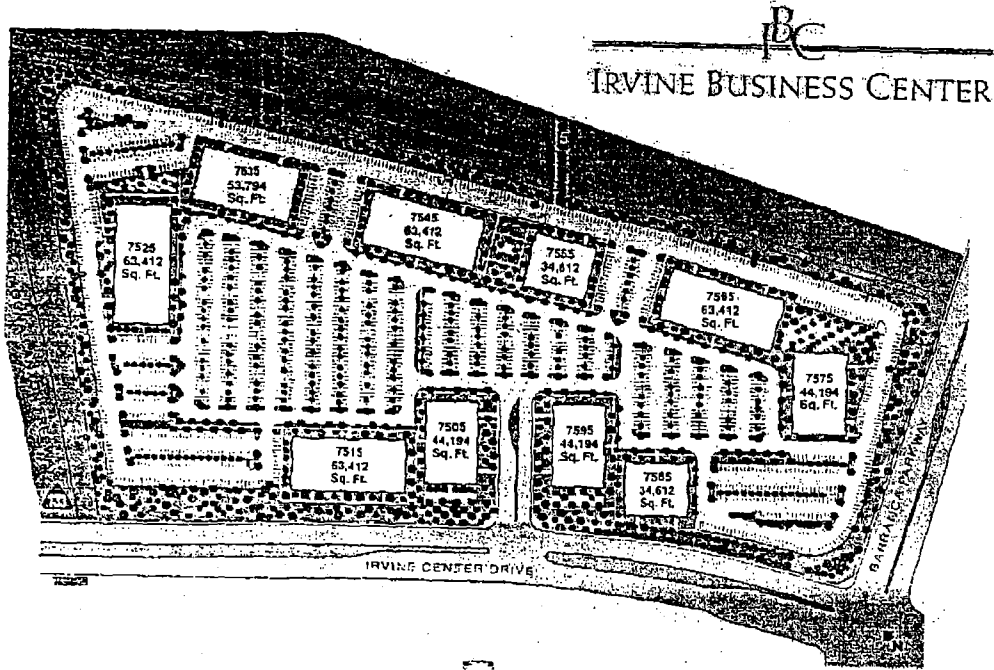


Exhibit Y

SECOND AMENDMENT TO LEASE ORIGINAL

I. PARTIES AND DATE.

This Second Amendment to Lease (the "Amendment") dated October 6, 2004, is by and between THE IRVINE COMPANY ("Landlord"), and PEOPLE'S CHOICE HOME LOAN, INC., a Wyoming corporation ("Tenant").

II. RECITALS.

A. On June 30, 2003, Landlord and Tenant entered into a lease (the "Initial Lease") for space in a building located at 7515 Irvine Center Drive, Irvine, California (the "7515 Premises").

B. On November 4, 2003, Landlord and Tenant entered into that certain First Amendment to Lease pursuant to which a portion of the building located at 7505 Irvine Center Drive (the "7505 Building") was added to the Premises. The Initial Lease as modified by the First Amendment is referred to herein collectively as the Lease.

C. Landlord and Tenant now desire to modify the Lease to add to the Premises approximately thirteen thousand six hundred sixty eight (13,668) rentable square feet of space in the 7505 Building as more particularly described on Exhibit A attached hereto (the "7505 Expansion Space"), to adjust the Basic Rent to reflect the addition of the 7505 Expansion Space to the Premises and to make such other modifications as are set forth herein. All capitalized terms not specifically defined in this Amendment are used as defined in the Lease.

III. MODIFICATIONS.

A. Basic Lease Provisions. The Basic Lease Provisions are hereby amended as follows:

1. Item 4 is hereby amended by adding the following:

"Commencement Date for the 7505 Expansion Space: December 1, 2004"
2. Item 6 is hereby deleted in its entirety and substituted therefor shall be the following:

Rent Adjustment Date	7515 Premises	7505 Premises	7505 Expansion Space	Total Base Rent
December 1, 2004	\$100,825.00	\$31,820.00	\$19,682.00	\$152,327.00
November 1, 2005	\$105,264.00	\$32,925.00	\$20,365.00	\$158,554.00
November 1, 2006	\$109,703.00	\$34,029.00	\$21,049.00	\$164,781.00
November 1, 2007	\$114,142.00	\$35,134.00	\$21,732.00	\$171,008.00
November 1, 2008	\$118,580.00	\$36,239.00	\$22,416.00	\$177,235.00

Commencing December 1, 2004, the Total Basic Rent shall be One Hundred Fifty Two Thousand Three Hundred Twenty-Seven Dollars (\$152,327.00) per month.

Commencing November 1, 2005, the Total Basic Rent shall be One Hundred Fifty-Eight Thousand Five Hundred Fifty Four Dollars (\$158,554.00) per month.

Commencing November 1, 2006, the Total Basic Rent shall be One Hundred Sixty-Four Thousand Seven Hundred Eighty-One Dollars (\$164,781.00) per month.

Commencing November 1, 2007, the Total Basic Rent shall be One Hundred Seventy-One Thousand Eight Dollars (\$171,008.00) per month.

Commencing November 1, 2008, the Total Basic Rent shall be One Hundred Seventy-Seven Thousand Two Hundred Thirty-Five Dollars (\$177,235.00) per month.

- 3. Effective as of the Commencement Date for 7505 Expansion Space, Item 8 shall be deleted in its entirety and substituted therefor shall be the following:

"8. Floor Area of Premises: Approximately 99,177 rentable square feet comprised of the following:

7515 Premises: approximately 63,412 rentable square feet (and approximately 58,598 usable square feet)

7505 Premises: approximately 22,097 rentable square feet (and approximately 19,912 usable square feet)

7505 Expansion Premises: approximately 13,668 rentable square feet"

- 4. Item 9 is hereby deleted in its entirety and substituted therefor shall be the following:

"9. Security Deposit: \$113,732.00 (Initial Security Deposit)
\$24,657.00 (Additional Security Deposit (7505 Premises))
\$24,657.00 (Additional Security Deposit ((7505 Expansion Space))
\$163,046.00 (Aggregate Security Deposit (7505 Expansion Premises))
(see also Section 4.4 for Letter of Credit Requirements)

- 5. Effective as of the Commencement Date for the 7505 Premises, Item 14 shall be deleted in its entirety and substituted therefor shall be the following:

"14. Vehicle Parking Spaces: Three Hundred Eighty Nine (389)"

B. Early Occupancy of the 7505 Expansion Space. Without in any way representing or warranting the compliance of Tenant's use of the 7505 Expansion Space with the applicable zoning thereof, Landlord agrees that Tenant shall be permitted to occupy and use the 7505 Expansion Space for the purpose stated in Item 3 of the Basic Lease Provisions of the Lease, prior to the Commencement Date of the 7505 Expansion Space Commencement Date, subject to the following terms and conditions: (a) concurrently with the execution and delivery of this Amendment, Tenant shall deliver to Landlord (i) the first installment of Basic Rent and Operating Expenses due under the Lease as to the 7505 Expansion Space, and (ii) the "Additional Security Deposit" set forth in Paragraph E below; and (b) Tenant's occupancy of the 7505 Expansion Space prior to the Commencement Date for the 7505 Expansion Space shall be subject to all of the covenants and conditions on Tenant's part contained in the Lease (including, without limitation, the covenants contained in Sections 5.3, 6.1, 7.1, 7.3, 7.4, 10.1 and 10.3 of the Lease), except for the obligation to pay Basic Rent and Operating Expenses.

C. Security Deposit. Concurrently with Tenant's delivery of this Amendment, Tenant shall deliver the sum of Twenty Four Thousand Six Hundred Fifty Seven Dollars (\$24,657.00) to Landlord, which sum (the "Additional Security Deposit") shall be added to the Initial Security Deposit presently being held by Landlord in accordance with the provisions of Section 4.3 of the Lease.

D. Utilities and Services. The following provisions are hereby added to the end of the initial paragraph of Section 6.1 of the Lease entitled "Utilities and Services":

"Tenant shall also pay to Landlord as an item of additional rent, within ten (10) days after receipt of Landlord's statement or invoice therefor, a reasonable charge (which shall be in addition to the electricity charge paid to the utility provider) for Tenant's "after hours" usage of each HVAC unit servicing the Premises. If the HVAC unit(s) servicing the Premises also serve other leased premises in the Building, "after hours" shall mean usage of said unit(s) before or after the hours of 6:00 A.M. to 6:00 P.M. on Mondays through Fridays, and for more than four (4) hours at any time during any weekend period (that is, from midnight on Friday through midnight on Sunday), subject to reasonable adjustment of said hours by Landlord. If the HVAC unit(s) serve only the Premises, "after hours" shall mean more than two hundred eighty-three (283) hours of usage during any month during the Term. "After hours" usage shall be determined based upon the operation of the applicable HVAC unit during each of the foregoing periods on a "non-cumulative" basis (that is, without regard to Tenant's usage or nonusage of other unit(s) serving the Premises, or of the applicable unit during other periods of the Term). Tenant acknowledges that the costs incurred by Landlord related to providing above-standard utilities to Tenant, including, without limitation, telephone lines, may be charged to Tenant."

E. Landlord's Maintenance and Repair. Section 7.2 of the Lease entitled "Landlord's Maintenance and Repair" is hereby amended to provide that Landlord shall not provide service, maintenance and repair with respect to any supplemental HVAC equipment installed by Tenant and serving only the Premises, which shall be Tenant's responsibility solely.

F. Suite 150 Must Take Space. A portion of the 7505 Building, commonly referred to as Suite 150, which is depicted on Exhibit A and which contains approximately eight thousand four hundred twenty-nine (8,429) rentable square feet (the "Suite 150 Must Take Space") is currently subject to a Sublease to an unrelated third (3rd) party. If at any time during the term of the Lease, Landlord obtains control of the Suite 150 Must Take Space, by termination of the existing Sublease, Landlord shall provide Tenant with written notice (the "Suite 150 Must Take Notice") and then the Suite 150 Must Take Space shall be added to the Premises by written amendment. The Suite 150 Must Take Notice shall indicate the rentable and useable square footage of the Suite 150 Must Take Space. The Suite 150 Must Take Space shall also be subject to all the terms and conditions of the Lease as modified by this Amendment including without limitation payment of Base Rent (on a rentable square foot basis) and additional rent and a proportionate increase in the Security Deposit. The term as to the Suite 150 Must Take Space shall commence upon the earlier to occur of: (i) ninety (90) days after the Suite 150 Must Take Space is made available to Tenant; or (ii) the date Tenant commences use of the Suite 150 Must Take Space for the conduct of its business therein.

G. Termination of Tenant's Right to Terminate. In Section III.D. of the First Amendment, Landlord granted Tenant a Right to Terminate the 7505 Premises. Upon execution of this Amendment, Tenant's Right to Terminate is hereby deleted from the Lease in its entirety.

H. Tenant Improvements. Landlord agrees to complete tenant improvements for the 7505 Expansion Space and the Suite 150 Must Take Space in accordance with the provisions of the Work Letter attached hereto as Exhibit X. The Landlord Contribution (as defined in the Work Letter) for each space shall be as follows:

1. 7505 Expansion Space shall be Eighty Four Thousand Eight Hundred Fifty Nine Dollars (\$84,859.00); provided, however, that with respect to the space shown on Exhibit A as the Suite 100 space, which is in shell condition, Landlord shall cause the Suite 100 Space to be improved with Tenant Improvements pursuant to a mutually acceptable space plan which shall incorporate

improvements which are comparable to those generally incorporated into the 7505 Building.

2. Suite 150 Must Take Space will be Ten Dollars (\$10.00) per useable square foot multiplied by a fraction, the numerator of which is the number of months remaining in the Lease Term as of the Commencement Date for the Suite 150 Must Take Space and the denominator of which is sixty (60). So, for example, if as of the Commencement Date for the Suite 150 Must Take Space there were thirty (30) months remaining in the Lease Term, Landlord's Contribution for each useable square foot of the Suite 100 Must Take Space would be Five Dollars (\$5.00) [(30/60) x \$10 = \$5.00].

IV. GENERAL.

A. Effect of Amendments. The Lease shall remain in full force and effect except to the extent that it is modified by this Amendment.

B. Entire Agreement. This Amendment embodies the entire understanding between Landlord and Tenant with respect to the modifications set forth in "III. MODIFICATIONS" above and can be changed only by a writing signed by Landlord and Tenant.

C. Counterparts. If this Amendment is executed in counterparts, each is hereby declared to be an original; all, however, shall constitute but one and the same amendment. In any action or proceeding, any photographic, photostatic, or other copy of this Amendment may be introduced into evidence without foundation.

D. Defined Terms. All words commencing with initial capital letters in this Amendment and defined in the Lease shall have the same meaning in this Amendment as in the Lease, unless they are otherwise defined in this Amendment.

E. Corporate and Partnership Authority. If Tenant is a corporation or partnership, or is comprised of either or both of them, each individual executing this Amendment for the corporation or partnership represents that he or she is duly authorized to execute and deliver this Amendment on behalf of the corporation or partnership and that this Amendment is binding upon the corporation or partnership in accordance with its terms.

F. Attorneys' Fees. The provisions of the Lease respecting payment of attorneys' fees shall also apply to this Amendment.

G. Condition to Effectiveness. The effectiveness of this Amendment is wholly conditioned upon Landlord entering into a Lease Termination and Surrender Agreement with T-Tec Labs, Inc., the current tenant of the 7505 Expansion Space.

V. EXECUTION.

Landlord and Tenant executed this Amendment on the date as set forth in "I. PARTIES AND DATE." above.

LANDLORD:
THE IRVINE COMPANY



TENANT:
PEOPLE'S CHOICE HOME LOAN, INC.,
a Wyoming corporation

By: [Signature]
Steven Case
Senior Vice President, Office Properties

[Signature]
Steven Claton
Vice President, Operations

By: [Signature]
Name: Brad Planiko
Title: CEO

By: [Signature]
Name: Neil Kornsviet
Title: President

EXHIBIT X
WORK LETTER

TO SECOND AMENDMENT TO LEASE

The tenant improvement work ("Tenant Improvements") shall consist of the work required to complete certain improvements to the 7505 Expansion Space and the Suite 150 Must Take Space pursuant to approved "Working Drawings and Specifications" (as defined below). The Tenant Improvements may be completed for each space separately or collectively and the provisions of this Work Letter shall be applicable to each space accordingly. The Tenant Improvements work shall be undertaken and prosecuted in accordance with the following requirements:

I. ARCHITECTURAL AND CONSTRUCTION PROCEDURES.

A. Tenant shall submit the following to Landlord: (i) a detailed preliminary space plan for the Tenant Improvements, which shall include interior partitions, ceilings, interior finishes, interior doors, suite entrance, floor coverings, window coverings, lighting, electrical and telephone outlets, plumbing connections, heavy floor loads and other special requirements ("Preliminary Plan"), and (ii) working drawings and specifications based on the approved Preliminary Plan (the "Working Drawings and Specifications"). Within five (5) business days following its submission to Landlord, Landlord shall approve (by signing a copy thereof) or shall disapprove the Preliminary Plan and the Working Drawings and Specifications. If Landlord disapproves the Preliminary Plan or Working Drawings and Specifications, Landlord shall specify in detail the reasons for disapproval and Tenant shall cause the Architect to modify the Preliminary Plan or Working Drawings and Specifications to incorporate Landlord's suggested revisions in a mutually satisfactory manner. Tenant agrees and acknowledges that Landlord will not check the Preliminary Plan or the Working Drawings and Specifications for building code compliance (or other federal, state or local law, ordinance or regulations compliance), and that Tenant and its Architect shall be solely responsible for such matters.

B. It is understood that except as provided below, the Tenant Improvements shall only include actual improvements to the respective portion of the 7505 Building approved by Landlord as provided above, and shall exclude (but not by way of limitation) Tenant's furniture, trade fixtures, partitions, equipment and signage improvements, if any. Further, the Tenant Improvements shall incorporate Landlord's building standard materials and specifications, together with such other materials, specifications and finishes paid for by Landlord and incorporated in the tenant improvement buildout of the 7515 Building (but excluding the private restroom and reception desk) (collectively, the "Standards"). No deviations from the Standards may be required by Tenant with respect to doors and frames, finish hardware, entry graphics, the ceiling system, light fixtures and switches, mechanical systems, life and safety systems, and/or window coverings, provided that Landlord may, in its sole discretion, authorize in writing one or more of such deviations, in which event Tenant shall be solely responsible for the cost of replacing same with the applicable Standard item(s) upon the expiration or termination of this Lease. All other non-standard items ("Non-Standard Improvements") shall be subject to the prior approval of Landlord, which may be withheld in Landlord's sole discretion. Landlord shall in no event be required to approve any Non-Standard Improvement if Landlord determines that such improvements (i) is of a lesser quality than the corresponding Standard, (ii) fails to conform to applicable governmental requirements, (iii) requires building services beyond the level Landlord has agreed to provide Tenant under this Lease, or (iv) would have an adverse aesthetic impact from the exterior of the 7505 Premises.

C. Landlord may consent in writing, in its sole and absolute discretion, to Tenant's request for a revision to the approved Plan or Working Drawings and Specifications (a "Change"), including any modification of a Standard Improvement in the Plan to a Non-Standard Improvement, if requested in writing by Tenant. In addition, Landlord agrees that it shall not unreasonably withhold its consent to Tenant's requested Changes to previously approved Non-Standard Improvements, unless Landlord determines, in its sole and absolute discretion, that such requested Change to the Non-Standard Improvements (i) is of a lesser quality than the Non-Standard Improvements previously approved by Landlord, (ii) fails to conform to applicable governmental requirements, (iii) would result in the Premises requiring building services beyond the level normally provided to other tenants, (iv) interferes in any manner with the proper functioning of, or Landlord's access to, any mechanical, electrical, plumbing or HVAC systems, facilities or equipment in or serving the Building, or (v) would have an adverse aesthetic impact to the 7505 Building or cause additional expenses to Landlord in reletting the 7505 Building. Unless Landlord otherwise agrees in writing, in its sole and absolute discretion, all Standard Improvements and Non-Standard Improvements shall become the property of Landlord and shall be surrendered with the Premises at the end of the Term; except that Landlord may, by notice to Tenant given either prior to or following the expiration or termination of the Lease, require Tenant either to remove all or any of the Non-Standard Improvements, to repair any damage to the Premises or the Common Area arising from such removal, and to replace such Non-Standard Improvements with the applicable Standard Improvement, or to reimburse Landlord for the reasonable cost of such removal, repair and replacement upon demand. Any such removals, repairs and replacements by Tenant shall be completed by the Expiration Date, or sooner termination of this Lease, or within ten (10) days following notice to Tenant if such notice is given following the Expiration Date or sooner termination.

D. Tenant hereby designates Maryann D'Amico ("Tenant's Construction Representative"), Telephone No. (949) 265-1850, as its representative, agent and attorney-in-fact for all matters related to the Tenant Improvement Work, including but not by way of limitation, for purposes of receiving notices, approving submittals and issuing requests for Changes, and Landlord shall be entitled to rely upon authorizations and directives of such person(s) as if given directly by Tenant. The foregoing authorization is intended to provide assurance to Landlord that it may

rely upon the directives and decision making of the Tenant's Construction Representative with respect to the Tenant Improvement Work and is not intended to limit or reduce Landlord's right to reasonably rely upon any decisions or directives given by other officers or representatives of Tenant. Tenant may amend the designation of its Tenant's Construction Representative(s) at any time upon delivery of written notice to Landlord.

II. COST OF THE TENANT IMPROVEMENTS WORK.

A. Landlord shall submit the approved Working Drawings and Specifications to a competitive bidding process involving the following four (4) general contractors (or such other licensed and reputable general contractors as are designated by Landlord and reasonably approved by Tenant): Swinerton, DBAC, Howard Building Corp. and Turek. Promptly following receipt of such bid responses, Landlord shall provide copies of the bid responses to Tenant. After adjustments for any inconsistent assumptions to reflect an "apples to apples" comparison, Landlord shall select the lowest qualified bidder and that bid so selected shall be referred to as the "Bid Amount". In the event Landlord selects other than the lowest bidder, it shall do so based on commercially reasonable factors which it shall demonstrate to Tenant. Upon selection of the bidder, Landlord shall enter into a "lump sum" or "fixed price" construction contract (the "TI Contract") in the Bid Amount with the contractor so selected (the "TI Contractor") for construction of the Tenant Improvements in accordance with the approved and final Working Drawings and Specifications.

B. Landlord shall provide an allowance towards the cost of constructing the Tenant Improvements (the "Landlord's Contribution") within each space as set forth in the Second Amendment, with any excess cost of the Tenant Improvements Work in accordance with the approved Working Drawings and Specifications to be borne solely by Tenant. Landlord's Contribution may be applied toward all hard and soft costs incurred in connection with the design and construction of the Tenant Improvements, including without limitation, preparation of the Preliminary Plan and the Working Drawings and Specifications, engineering and permitting fees and costs and all construction and fees payable to the TI Contractor pursuant to the TI Contract. Notwithstanding anything to the contrary contained herein, Tenant shall be entitled to use an amount of the Landlord's Contribution not to exceed \$3.00 per useable square foot of the space being improved (the "\$3.00 Allowance") towards Tenant's cabling, signage, security, Non-Standard Improvements approved by Landlord and moving costs; provided, however, that the \$3.00 Allowance shall not be available for the Suite 100 Space. It is further understood and agreed that Landlord's construction manager shall be entitled to a supervision/administrative fee equal to five percent (5%) of the cost of the Tenant Improvements work, which fee shall be paid from the Landlord's Contribution. If the actual cost of completion of the Tenant Improvements is less than the maximum amount provided for the Landlord's Contribution, such savings shall inure to the benefit of Landlord and Tenant shall not be entitled to any credit or payment, except for the \$3.00 Allowance provided for in this paragraph.

III. DISPUTE RESOLUTION

A. All claims or disputes between Landlord and Tenant arising out of, or relating to, this Work Letter shall be decided by the JAMS/ENDISPUTE ("JAMS"), or its successor, with such arbitration to be held in Orange County, California, unless the parties mutually agree otherwise. Within ten (10) business days following submission to JAMS, JAMS shall designate three arbitrators and each party may, within five (5) business days thereafter, veto one of the three persons so designated. If two different designated arbitrators have been vetoed, the third arbitrator shall hear and decide the matter. If less than two (2) arbitrators are timely vetoed, JAMS shall select a single arbitrator from the non-vetoed arbitrators originally designated by JAMS, who shall hear and decide the matter. Any arbitration pursuant to this section shall be decided within thirty (30) days of submission to JAMS. The decision of the arbitrator shall be final and binding on the parties. All costs associated with the arbitration shall be awarded to the prevailing party as determined by the arbitrator.

B. Notice of the demand for arbitration by either party to the Work Letter shall be filed in writing with the other party to the Work Letter and with JAMS and shall be made within a reasonable time after the dispute has arisen. The award rendered by the arbitrator shall be final, and judgment may be entered upon it in accordance with applicable law in any court having jurisdiction thereof. Except by written consent of the person or entity sought to be joined, no arbitration arising out of or relating to this Work Letter shall include, by consolidation, joinder or in any other manner, any person or entity not a party to the Work Letter unless (1) such person or entity is substantially involved in a common question of fact or law, (2) the presence of such person or entity is required if complete relief is to be accorded in the arbitration, or (3) the interest or responsibility of such person or entity in the matter is not insubstantial.

C. The agreement herein among the parties to arbitrate shall be specifically enforceable under prevailing law. The agreement to arbitrate hereunder shall apply only to disputes arising out of, or relating to, this Work Letter, and shall not apply to other matters of dispute under the Lease except as may be expressly provided in the Lease.

IV. CONSTRUCTION PROCEDURES.

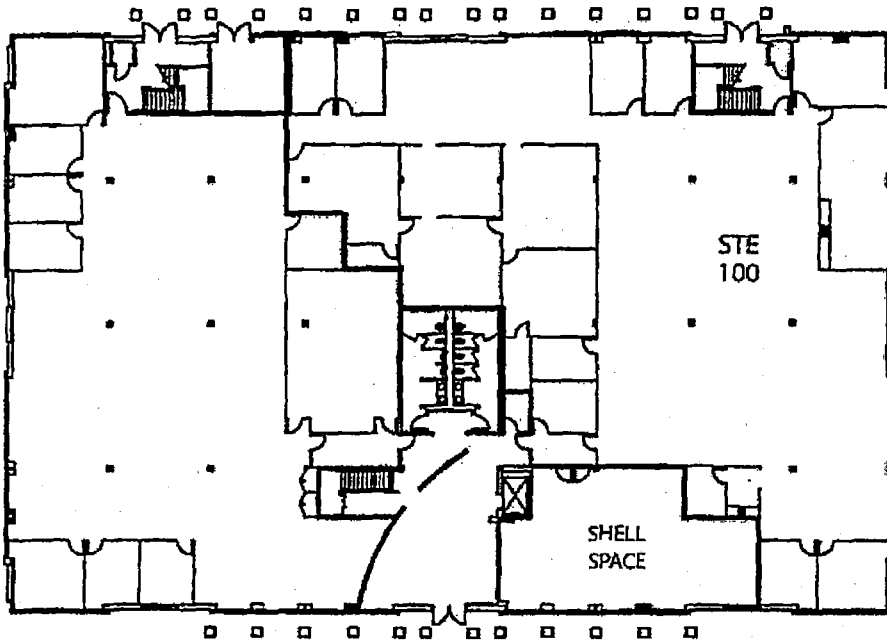
A. It is understood that all or a portion of the Tenant Improvements may be done during Tenant's occupancy of the 7505 Premises. In this regard, Tenant agrees to assume any risk of injury, loss or damage to Tenant to the extent not the result of Landlord's negligence or willful misconduct. While Landlord agrees to employ construction practices reasonably intended to minimize disruptions to the operation of Tenant's business in the 7505 Premises, Tenant acknowledges and agrees that some disruptions may occur during the course of construction of the Tenant Improvements, and in no event shall rent abate as the result of the construction of the Tenant Improvements. Tenant further agrees that Commencement Date for the 7505 Premises shall not be affected and/or conditioned upon completion of the Tenant Improvements work in the 7505 Premises.

EXHIBIT X

- 6 -



7505 Irvine Center Drive
Suite 100



Stevenson Systems, Inc.
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EXHIBIT A

THIRD AMENDMENT TO LEASE

ORIGINAL

I. PARTIES AND DATE.

This Third Amendment to Lease (the "Amendment") dated ~~January 11~~²⁰⁰⁵, 2005, is by and between THE IRVINE COMPANY ("Landlord"), and PEOPLE'S CHOICE HOME LOAN, INC., a Wyoming corporation ("Tenant").

II. RECITALS.

A. On June 30, 2003, Landlord and Tenant entered into a lease (the "Initial Lease") for space in a building located at 7515 Irvine Center Drive, Irvine, California (the "7515 Premises").

B. On November 4, 2003, Landlord and Tenant entered into that certain First Amendment to Lease pursuant to which a portion of the building located at 7505 Irvine Center Drive (the "7505 Building") was added to the Premises.

C. On October 6, 2004, Landlord and Tenant entered into that certain Second Amendment to Lease pursuant to which approximately 13,668 rentable square feet of space in the 7505 Building (the "7505 Expansion Space") was added to the Premises. The Initial Lease, as amended by the referenced First and Second Amendments, is referred to herein collectively as the Lease.

D. Landlord and Tenant now desire to modify the Lease to add approximately 16,001 rentable square feet of space in a building located at 7525 Irvine Center Drive, Irvine, California, more particularly described on EXHIBIT A attached to this Amendment and herein referred to as the "7525 Expansion Space", to adjust the Basic Rent, and to make such other modifications as are set forth in "III. MODIFICATIONS" next below.

III. MODIFICATIONS.

A. Building. Effective as of the "Commencement Date for the 7525 Expansion Space" (as defined below), all references to the "Building" in the Lease shall be amended to refer to the three (3) buildings located at 7515 Irvine Center Drive (the "7515 Building"), 7505 Irvine Center Drive (the "7505 Building"), and 7525 Irvine Center Drive (the "7525 Building"), Irvine, California, either collectively or individually as the context may reasonably require.

B. Premises. From and after the Commencement Date for the 7525 Expansion Space, the 7525 Premises, together with the 7515 Premises and the 7505 Premises shall collectively constitute the "Premises" under the Lease.

C. Basic Lease Provisions. The Basic Lease Provisions are hereby amended as follows:

1. Effective as of the Commencement Date for the 7525 Expansion Space, Item 1 shall be deleted in its entirety and substituted therefor shall be the following:

"1. Premises: The Premises are more particularly described in Section 2.1.

Address of Buildings: 7505 Irvine Center Drive
7515 Irvine Center Drive, and
7525 Irvine Center Drive, Irvine, California"

2. Item 4 is hereby amended by adding the following:

"Commencement Date for the 7525 Expansion Space: January 6, 2005"

3. Item 6 is hereby amended by adding the following:

"Basic Rent for the 7525 Expansion Space:

From and after the Commencement Date of the 7525 Expansion Space through April 30, 2005 (and subject to the provisions of Section 14.2(d) of the Lease), Tenant shall not be obligated to pay Basic Rent for the 7525 Expansion Space, but shall be obligated to pay its Tenant's Share of Operating Expenses for the 7525 Expansion Space.

Basic Rent for the 7525 Expansion Space is subject to adjustment as follows:

Commencing on May 1, 2005, the Basic Rent for the 7525 Expansion Space shall be Twenty Three Thousand Forty-One Dollars (\$23,041.00) per month, based on \$1.44 per rentable square foot.

Commencing November 1, 2005, the Basic Rent for the 7525 Expansion Space shall be Twenty Three Thousand Eight Hundred Forty-One Dollars (\$23,841.00) per month, based on \$1.49 per rentable square foot.

Commencing November 1, 2006, the Basic Rent for the 7525 Expansion Space shall be Twenty Four Thousand Six Hundred Forty-Two Dollars (\$24,642.00) per month, based on \$1.54 per rentable square foot.

Commencing November 1, 2007, the Basic Rent for the 7525 Expansion Space shall be Twenty Five Thousand Four Hundred Forty-Two Dollars (\$25,442.00) per month, based on \$1.59 per rentable square foot.

Commencing November 1, 2008, the Basic Rent for the 7525 Expansion Space shall be Twenty Six Thousand Two Hundred Forty-Two Dollars (\$26,242.00) per month, based on \$1.64 per rentable square foot."

4. Effective as of the Commencement Date for the 7525 Expansion Space, Item 8 shall be deleted in its entirety and substituted therefor shall be the following:

"8. Floor Area of Premises: Approximately 115,178 rentable square feet comprised of the following:

7515 Premises: approximately 63,412 rentable square feet
7505 Premises: approximately 22,097 rentable square feet
7505 Expansion Space: approximately 13,668 rentable square feet
7525 Expansion Space: approximately 16,001 rentable square feet"

5. Item 9 is hereby deleted in its entirety and substituted therefor shall be the following:

"9. Security Deposit: \$113,732.00 (Initial Security Deposit)
\$ 24,657.00 (Additional Security Deposit – 7505
Premises)
\$ 24,657.00 (Additional Security Deposit – 7505
Expansion Space)
\$ 28,866.00 (Additional Security Deposit – 7525
Expansion Space)
\$191,912.00 (Total Security Deposit)
(see also Section 4.4 for Letter of Credit
Requirements)

6. Item 12 is hereby amended by deleting Landlord's address for payments and notices and substituted therefor shall be the following:

"LANDLORD

THE IRVINE COMPANY
550 Newport Center Drive
Newport Beach, CA 92660
Attn: Senior Vice President, Operations
Irvine Office Properties

with a copy of notices to:

THE IRVINE COMPANY
550 Newport Center Drive
Newport Beach, CA 92660
Attn: Vice President, Operations
Irvine Office Properties, Technology Portfolio"

7. Effective as of the Commencement Date for the 7525 Expansion Space, Item 14 shall be deleted in its entirety and substituted therefor shall be the following:

"14. Vehicle Parking Spaces: Four Hundred Fifty-Three Dollars (453)"

D. Suite 150 Must Take Space. As clarification, the provisions of Section III.F of the Second Amendment to Lease regarding the "Suite 150 Must Take Space" shall remain subject to the same Basic Rent (on a rentable square foot basis) as the 7505 Expansion Space (Suite 100).

E. Security Deposit. Concurrently with Tenant's delivery of this Amendment, Tenant shall deliver the sum of Twenty Eight Thousand Eight Hundred Sixty-Six Dollars (\$28,866.00) to Landlord, which sum shall be added to the Security Deposit presently being held by Landlord in accordance with Section 4.3 of the Lease.

F. Signs. The reference in the first (1st) sentence of Section 5.2 of the Lease to "two (2) exterior building-top signs on the Building" is hereby revised to "two (2) exterior building-top signs on the 7515 Building, one (1) exterior building-top sign on the 7505 Building, and one (1) exterior building-top sign on the 7525 Building". Tenant signage rights as to the 7525 Building contained in the foregoing shall be further subject to the condition that such signage shall be installed, if at all, not later than December 31, 2005.

G. Parking. The reference in the first (1st) sentence of the second (2nd) paragraph of Section 6.4 of the Lease (as amended by the First Amendment to the Lease) to "up to eighty-one (81) unreserved spaces" is hereby revised to "up to ninety-seven (97) unreserved spaces".

H. Tenant Improvements for the 7525 Premises. Landlord hereby agrees to complete the Tenant Improvements for the 7525 Expansion Space in accordance with the provisions of Exhibit X, Work Letter, attached hereto.

IV. GENERAL.

A. Effect of Amendments. The Lease shall remain in full force and effect except to the extent that it is modified by this Amendment.

B. Entire Agreement. This Amendment embodies the entire understanding between Landlord and Tenant with respect to the modifications set forth in "III. MODIFICATIONS" above and can be changed only by a writing signed by Landlord and Tenant.

C. Counterparts. If this Amendment is executed in counterparts, each is hereby declared to be an original; all, however, shall constitute but one and the same amendment. In any action or proceeding, any photographic, photostatic, or other copy of this Amendment may be introduced into evidence without foundation.

D. Defined Terms. All words commencing with initial capital letters in this Amendment and defined in the Lease shall have the same meaning in this Amendment as in the Lease, unless they are otherwise defined in this Amendment.

E. Corporate and Partnership Authority. If Tenant is a corporation or partnership, or is comprised of either or both of them, each individual executing this Amendment for the corporation or partnership represents that he or she is duly authorized to execute and deliver this Amendment on behalf of the corporation or partnership and that this Amendment is binding upon the corporation or partnership in accordance with its terms.

F. Attorneys' Fees. The provisions of the Lease respecting payment of attorneys' fees shall also apply to this Amendment.

V. EXECUTION.

Landlord and Tenant executed this Amendment on the date as set forth in "I. PARTIES AND DATE." above.

LANDLORD:

TENANT:

THE IRVINE COMPANY



PEOPLE'S CHOICE HOME LOAN, INC.,
a Wyoming corporation

By Steven E. Case
Steven E. Case, Senior Vice President
Leasing, Office Properties

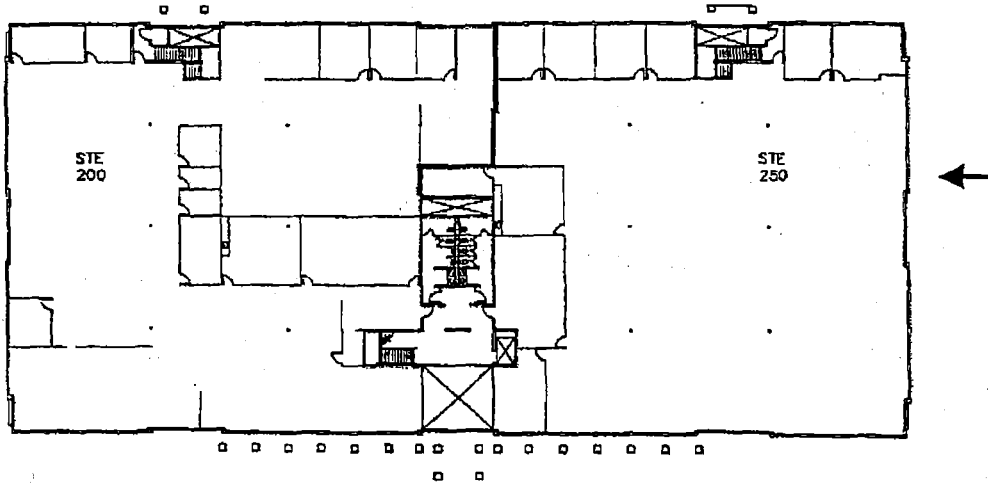
By Neil B. Koenig
Name Neil B. Koenig
Title CEO / PRESIDENT

By Christopher J. Popma
Christopher J. Popma, Vice President
Operations, Office Properties

By Irwin Subman
Name Irwin Subman
Title General Counsel



**IRVINE BUSINESS CENTER
7525 Irvine Center Drive
Suite 250**




 Stevenson Systems, Inc.
© 1985-2004 All Rights Reserved

EXHIBIT A

EXHIBIT X

WORK LETTER

TO THIRD AMENDMENT TO LEASE

The tenant improvement work ("Tenant Improvements") shall consist of the work required to complete certain improvements to the 7525 Expansion Space pursuant to approved "Working Drawings and Specifications" (as defined below). The Tenant Improvements may be completed for each space separately or collectively and the provisions of this Work Letter shall be applicable to each space accordingly. The Tenant Improvements work shall be undertaken and prosecuted in accordance with the following requirements:

I. ARCHITECTURAL AND CONSTRUCTION PROCEDURES.

A. Tenant shall submit the following to Landlord: (i) a detailed preliminary space plan for the Tenant Improvements, which shall include interior partitions, ceilings, interior finishes, interior doors, suite entrance, floor coverings, window coverings, lighting, electrical and telephone outlets, plumbing connections, heavy floor loads and other special requirements ("Preliminary Plan"), and (ii) working drawings and specifications based on the approved Preliminary Plan (the "Working Drawings and Specifications"). Within five (5) business days following its submission to Landlord, Landlord shall approve (by signing a copy thereof) or shall disapprove the Preliminary Plan and the Working Drawings and Specifications. If Landlord disapproves the Preliminary Plan or Working Drawings and Specifications, Landlord shall specify in detail the reasons for disapproval and Tenant shall cause the Architect to modify the Preliminary Plan or Working Drawings and Specifications to incorporate Landlord's suggested revisions in a mutually satisfactory manner. Tenant agrees and acknowledges that Landlord will not check the Preliminary Plan or the Working Drawings and Specifications for building code compliance (or other federal, state or local law, ordinance or regulations compliance), and that Tenant and its Architect shall be solely responsible for such matters.

B. It is understood that except as provided below, the Tenant Improvements shall only include actual improvements to the respective portion of the 7525 Building approved by Landlord as provided above, and shall exclude (but not by way of limitation) Tenant's furniture, trade fixtures, partitions, equipment and signage improvements, if any. Further, the Tenant Improvements shall incorporate Landlord's building standard materials and specifications, together with such other materials, specifications and finishes paid for by Landlord and incorporated in the tenant improvement buildout of the 7515 Building (but excluding the private restroom and reception desk) (collectively, the "Standards"). No deviations from the Standards may be required by Tenant with respect to doors and frames, finish hardware, entry graphics, the ceiling system, light fixtures and switches, mechanical systems, life and safety systems, and/or window coverings; provided that Landlord may, in its sole discretion, authorize in writing one or more of such deviations, in which event Tenant shall be solely responsible for the cost of replacing same with the applicable Standard item(s) upon the expiration or termination of this Lease. All other non-standard items ("Non-Standard Improvements") shall be subject to the prior approval of Landlord, which may be withheld in Landlord's sole discretion. Landlord shall in no event be required to approve any Non-Standard Improvement if Landlord determines that such improvements (i) is of a lesser quality than the corresponding Standard, (ii) fails to conform to applicable governmental requirements, (iii) requires building services beyond the level Landlord has agreed to provide Tenant under the Lease, or (iv) would have an adverse aesthetic impact from the exterior of the 7525 Expansion Space.

C. Landlord may consent in writing, in its sole and absolute discretion, to Tenant's request for a revision to the approved Plan or Working Drawings and Specifications (a "Change"), including any modification of a Standard Improvement in the Plan to a Non-Standard Improvement, if requested in writing by Tenant. In addition, Landlord agrees that it shall not unreasonably withhold its consent to Tenant's requested Changes to previously approved Non-Standard Improvements, unless Landlord determines, in its sole and absolute discretion, that such requested Change to the Non-Standard Improvements (i) is of a lesser quality than the Non-Standard Improvements previously approved by Landlord, (ii) fails to conform to applicable governmental requirements, (iii) would result in the Premises requiring building services beyond the level normally provided to other tenants, (iv) interferes

EXHIBIT X

- 1 -

in any manner with the proper functioning of, or Landlord's access to, any mechanical, electrical, plumbing or HVAC systems, facilities or equipment in or serving the Building, or (v) would have an adverse aesthetic impact to the 7525 Building or cause additional expenses to Landlord in reletting the 7525 Building. Unless Landlord otherwise agrees in writing, in its sole and absolute discretion, all Standard Improvements and Non-Standard Improvements shall become the property of Landlord and shall be surrendered with the Premises at the end of the Term; except that Landlord may, by notice to Tenant given either prior to or following the expiration or termination of the Lease, require Tenant either to remove all or any of the Non-Standard Improvements, to repair any damage to the Premises or the Common Area arising from such removal, and to replace such Non-Standard Improvements with the applicable Standard Improvement, or to reimburse Landlord for the reasonable cost of such removal, repair and replacement upon demand. Any such removals, repairs and replacements by Tenant shall be completed by the Expiration Date, or sooner termination of this Lease, or within ten (10) days following notice to Tenant if such notice is given following the Expiration Date or sooner termination.

D. Tenant hereby designates Maryann D'Amico ("Tenant's Construction Representative"), Telephone No. (949) 265-1850, as its representative, agent and attorney-in-fact for all matters related to the Tenant Improvement Work, including but not by way of limitation, for purposes of receiving notices, approving submittals and issuing requests for Changes, and Landlord shall be entitled to rely upon authorizations and directives of such person(s) as if given directly by Tenant. The foregoing authorization is intended to provide assurance to Landlord that it may rely upon the directives and decision making of the Tenant's Construction Representative with respect to the Tenant Improvement Work and is not intended to limit or reduce Landlord's right to reasonably rely upon any decisions or directives given by other officers or representatives of Tenant. Tenant may amend the designation of its Tenant's Construction Representative(s) at any time upon delivery of written notice to Landlord.

II. COST OF THE TENANT IMPROVEMENTS WORK.

A. Landlord shall submit the approved Working Drawings and Specifications to a competitive bidding process involving the following four (4) general contractors (or such other licensed and reputable general contractors as are designated by Landlord and reasonably approved by Tenant): Swinerton, DBAC, Howard Building Corp. and Turelk. Promptly following receipt of such bid responses, Landlord shall provide copies of the bid responses to Tenant. After adjustments for any inconsistent assumptions to reflect an "apples to apples" comparison, Landlord shall select the lowest qualified bidder and that bid so selected shall be referred to as the "Bid Amount". In the event Landlord selects other than the lowest bidder, it shall do so based on commercially reasonable factors which it shall demonstrate to Tenant. Upon selection of the bidder, Landlord shall enter into a "lump sum" or "fixed price" construction contract (the "TI Contract") in the Bid Amount with the contractor so selected (the "TI Contractor") for construction of the Tenant Improvements in accordance with the approved and final Working Drawings and Specifications.

B. Landlord shall provide an allowance towards the cost of constructing the Tenant Improvements in the amount of Two Hundred Twenty Three Thousand Five Hundred Thirty Dollars (\$223,530.00) (based on \$15.00 per usable square foot of the 7525 Expansion Space) (the "Landlord's Contribution"), with any excess cost of the Tenant Improvements Work in accordance with the approved Working Drawings and Specifications to be borne solely by Tenant. Landlord's Contribution may be applied toward all hard and soft costs incurred in connection with the design and construction of the Tenant Improvements, including without limitation, preparation of the Preliminary Plan and the Working Drawings and Specifications, engineering and permitting fees and costs and all construction and fees payable to the TI Contractor pursuant to the TI Contract. Notwithstanding anything to the contrary contained herein, Tenant shall be entitled to use an amount of the Landlord's Contribution not to exceed \$3.00 per useable square foot of the space being improved (the "\$3.00 Allowance") towards Tenant's cabling, signage, security, Non-Standard Improvements approved by Landlord and moving costs; provided, however, that no portion of the "Landlord's Amortizing Contribution" (as hereinafter defined) may be used for the \$3.00 Allowance. It is further understood and agreed that Landlord's construction manager shall be entitled to a supervision/administrative fee equal to five percent (5%) of the cost of the Tenant Improvements work, which fee shall be paid from the Landlord's Contribution. If the actual cost of completion of the Tenant Improvements is less than the maximum amount provided for the Landlord's Contribution, such savings shall inure to the benefit of Landlord and Tenant shall not be entitled to any credit or payment, subject, however, to the provisions for the \$3.00 Allowance as

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provided for in this paragraph.

C. Any portion of the "Landlord's Amortizing Contribution" (as hereinafter defined) funded by Landlord towards the Completion Cost shall be amortized over the initial 58-month Term of the Lease as to the 7525 Expansion Space using an interest factor of eight percent (8%) per annum, and the Basic Rent payable during the initial fifty-eight (58) months of the Lease as to the 7525 Expansion Space by Tenant shall be increased by said amortized payments, retroactive to the Commencement Date of the 7525 Expansion Space. Upon request by Landlord, the amount of such rental adjustment shall be memorialized on a form provided by Landlord. In the event that the amount of the rental adjustment is finally determined subsequent to the Commencement Date of the 7525 Expansion Space, Tenant shall promptly pay to Landlord a lump sum amount equal to the total accrued sums owing due to the retroactive adjustment. As used herein, the "Landlord's Amortizing Contribution" shall mean that portion of the Landlord's Contribution in excess of the amount of One Hundred Forty Nine Thousand Twenty Dollars (\$149,020.00), based on \$10.00 per rentable square foot of the 7525 Expansion Space, actually funded by Landlord towards the Completion Cost of the Tenant Improvements for the 7525 Expansion Space.

III. DISPUTE RESOLUTION

A. All claims or disputes between Landlord and Tenant arising out of, or relating to, this Work Letter shall be decided by the JAMS/ENDISPUTE ("JAMS"), or its successor, with such arbitration to be held in Orange County, California, unless the parties mutually agree otherwise. Within ten (10) business days following submission to JAMS, JAMS shall designate three arbitrators and each party may, within five (5) business days thereafter, veto one of the three persons so designated. If two different designated arbitrators have been vetoed, the third arbitrator shall hear and decide the matter. If less than two (2) arbitrators are timely vetoed, JAMS shall select a single arbitrator from the non-vetoed arbitrators originally designated by JAMS, who shall hear and decide the matter. Any arbitration pursuant to this section shall be decided within thirty (30) days of submission to JAMS. The decision of the arbitrator shall be final and binding on the parties. All costs associated with the arbitration shall be awarded to the prevailing party as determined by the arbitrator.

B. Notice of the demand for arbitration by either party to the Work Letter shall be filed in writing with the other party to the Work Letter and with JAMS and shall be made within a reasonable time after the dispute has arisen. The award rendered by the arbitrator shall be final, and judgment may be entered upon it in accordance with applicable law in any court having jurisdiction thereof. Except by written consent of the person or entity sought to be joined, no arbitration arising out of or relating to this Work Letter shall include, by consolidation, joinder or in any other manner, any person or entity not a party to the Work Letter unless (1) such person or entity is substantially involved in a common question of fact or law, (2) the presence of such person or entity is required if complete relief is to be accorded in the arbitration, or (3) the interest or responsibility of such person or entity in the matter is not insubstantial.

C. The agreement herein among the parties to arbitrate shall be specifically enforceable under prevailing law. The agreement to arbitrate hereunder shall apply only to disputes arising out of, or relating to, this Work Letter, and shall not apply to other matters of dispute under the Lease except as may be expressly provided in the Lease.

IV. CONSTRUCTION PROCEDURES.

A. It is understood that all or a portion of the Tenant Improvements may be done during Tenant's occupancy of the 7525 Premises. In this regard, Tenant agrees to assume any risk of injury, loss or damage to Tenant to the extent not the result of Landlord's negligence or willful misconduct. While Landlord agrees to employ construction practices reasonably intended to minimize disruptions to the operation of Tenant's business in the 7525 Premises, Tenant acknowledges and agrees that some disruptions may occur during the course of construction of the Tenant Improvements, and in no event shall rent abate as the result of the construction of the Tenant Improvements. Tenant further agrees that Commencement Date for the 7525 Premises shall not be affected and/or conditioned upon completion of the Tenant Improvements work in the 7525 Premises.

EXHIBIT X

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ORIGINAL

FOURTH AMENDMENT TO LEASE

I. PARTIES AND DATE.

This Fourth Amendment to Lease (the "Amendment") dated July 1, 2005, is by and between THE IRVINE COMPANY ("Landlord"), and PEOPLE'S CHOICE HOME LOAN, INC., a Wyoming corporation ("Tenant").

II. RECITALS.

A. On June 30, 2003, Landlord and Tenant entered into a lease for space in a building located at 7515 Irvine Center Drive, Irvine, California. Said Lease has been amended as follows: by a First Amendment to Lease dated November 4, 2003, by a Second Amendment to Lease dated October 6, 2004, and by a Third Amendment to Lease dated January 3, 2005 (said lease, as so amended, the "Lease").

B. Landlord and Tenant now desire to modify the Lease to add approximately 11,866 rentable square feet of space in a building located at 7545 Irvine Center Drive, Suite 250, Irvine, California, more particularly described on EXHIBIT A attached to this Amendment and herein referred to as the "7545 Premises", to adjust the Basic Rent, and to make such other modifications as are set forth in "III. MODIFICATIONS" next below.

III. MODIFICATIONS.

A. Building. Effective as of the "Commencement Date for the 7545 Premises" (as defined below), all references to the "Building" in the Lease shall be amended to refer to the four (4) buildings located at 7515 Irvine Center Drive (the "7515 Building"), 7505 Irvine Center Drive (the "7505 Building"), 7525 Irvine Center Drive (the "7525 Building"), and 7545 Irvine Center Drive (the "7545 Building"), Irvine, California, either collectively or individually as the context may reasonably require.

B. Premises. From and after the Commencement Date for the 7545 Premises, the 7545 Premises together with the leased premises currently subject to the Lease, shall collectively constitute the "Premises" under the Lease.

C. Basic Lease Provisions. The Basic Lease Provisions are hereby amended as follows:

1. Effective as of the Commencement Date for the 7545 Premises, Item 1 shall be deleted in its entirety and substituted therefor shall be the following:

"1. Premises: The Premises are more particularly described in Section 2.1.

Address of Buildings: 7505 Irvine Center Drive
7515 Irvine Center Drive,
7525 Irvine Center Drive, and
7545 Irvine Center Drive, Irvine, California"

2. Item 4 is hereby amended by adding the following:

"Commencement Date for the 7545 Premises" shall mean the earlier of (a) Landlord's tender of possession of the 7545 Premises to Tenant with the Tenant Improvements for the 7545 Premises substantially completed but for minor punch list items, or (b) the date Tenant acquires possession of the 7545 Premises for its business operations. Prior to Tenant's taking possession of the 7545 Premises, the parties shall memorialize on a form provided by Landlord the actual Commencement Date for the 7545 Premises, provided that Tenant's failure to execute that form shall not

affect the validity of Landlord's determination of said date."

3. Item 6 is hereby amended by adding the following:

"Basic Rent for the 7545 Premises:

Commencing on the Commencement Date of the 7545 Premises, the Basic Rent for the 7545 Premises shall be Seventeen Thousand Eighty-Seven Dollars (\$17,087.00) per month, based on \$1.44 per rentable square foot.

Commencing on the first day of the second (2nd) month following the Commencement Date of the 7545 Premises, the Basic Rent for the 7545 Premises shall be Seventeen Thousand Six Hundred Eighty Dollars (\$17,680.00) per month, based on \$1.49 per rentable square foot.

Commencing on the first day of the fourteenth (14th) month following the Commencement Date of the 7545 Premises, the Basic Rent for the 7545 Premises shall be Eighteen Thousand Two Hundred Seventy-Four Dollars (\$18,274.00) per month, based on \$1.54 per rentable square foot.

Commencing on the first day of the twenty-sixth (26th) month following the Commencement Date of the 7545 Premises, the Basic Rent for the 7545 Premises shall be Eighteen Thousand Eight Hundred Sixty-Seven Dollars (\$18,867.00) per month, based on \$1.59 per rentable square foot.

Commencing on the first day of the thirty-eighth (38th) month following the Commencement Date of the 7545 Premises, the Basic Rent for the 7545 Premises shall be Nineteen Thousand Four Hundred Sixty Dollars (\$19,460.00) per month, based on \$1.64 per rentable square foot."

4. Effective as of the Commencement Date for the 7545 Premises, Item 8 shall be deleted in its entirety and substituted therefor shall be the following:

"8. Floor Area of Premises: Approximately 127,044 rentable square feet."

5. Item 9 is hereby deleted in its entirety and substituted therefor shall be the following:

"9. Security Deposit: \$213,318.00 (see also Section 4.4 for Letter of Credit Requirements)

6. Effective as of the Commencement Date for the 7545 Premises, Item 14 shall be deleted in its entirety and substituted therefor shall be the following:

"14. Vehicle Parking Spaces: Four Hundred Ninety-Six (496)"

D. Expiration Date. Landlord and Tenant hereby confirm that the Expiration Date of the Lease is October 31, 2009.

E. Right of First Refusal. The provisions of Section 2.5 of the Lease entitled Right of First Refusal are hereby deleted in their entirety and shall have no further force or effect. Notwithstanding the foregoing the rights and obligations of Landlord and Tenant under the Lease with respect to the Suite 150 MUST TAKE shall remain in full force and effect.

F. Security Deposit. Concurrently with Tenant's delivery of this Amendment, Tenant shall deliver the sum of Twenty One Thousand Four Hundred Six Dollars (\$21,406.00) to Landlord, which sum shall be added to the Security Deposit presently being held by Landlord in accordance with Section 4.3 of the Lease.

G. Parking Violations. In the event that Tenant fails to comply with the provisions of Section 6.4 of the Lease, and provided that Landlord has provided Tenant with not less than three (3) written notices of violations within any calendar month during the Term, including, but not limited to, notices of violations described in Section 6.4 for utilizing vehicle spaces in excess of those allocated to Tenant, parking in spaces specifically marked for other tenant's use, parking in fire zones or other areas specifically designated as no parking areas, parking on portions of the Common Areas other than in striped parking spaces, or other violations of the Rules and Regulations then Tenant acknowledges that such continued violations will cause Landlord to incur costs not contemplated by this Lease, the exact amount of which shall be extremely difficult and impracticable to ascertain. Said costs may include, but are not limited to, administrative, processing and accounting charges, and additional property management costs and expenses. Accordingly, commencing with any third (3rd) notice of violation of the provisions of Section 6.4 in any calendar month, Tenant shall pay to Landlord the sum of One Thousand Dollars (\$1,000.00) per day for each day thereafter that such violation continues. Acceptance of such sums by Landlord shall not prevent Landlord from exercising any of its other right and remedies for default under this Lease.

H. Spectrumotion. Tenant shall use its best efforts through the Term of this Lease to be an active participant in programs offered by Spectrumotion.

I. Tenant Improvements for the 7545 Premises. Landlord hereby agrees to complete the Tenant Improvements for the 7545 Premises in accordance with the provisions of Exhibit X, Work Letter, attached hereto.

IV. GENERAL.

A. Effect of Amendments. The Lease shall remain in full force and effect except to the extent that it is modified by this Amendment.

B. Entire Agreement. This Amendment embodies the entire understanding between Landlord and Tenant with respect to the modifications set forth in "III. MODIFICATIONS" above and can be changed only by a writing signed by Landlord and Tenant.

C. Counterparts. If this Amendment is executed in counterparts, each is hereby declared to be an original; all, however, shall constitute but one and the same amendment. In any action or proceeding, any photographic, photostatic, or other copy of this Amendment may be introduced into evidence without foundation.

D. Defined Terms. All words commencing with initial capital letters in this Amendment and defined in the Lease shall have the same meaning in this Amendment as in the Lease, unless they are otherwise defined in this Amendment.

E. Corporate and Partnership Authority. If Tenant is a corporation or partnership, or is comprised of either or both of them, each individual executing this Amendment for the corporation or partnership represents that he or she is duly authorized to execute and deliver this Amendment on behalf of the corporation or partnership and that this Amendment is binding upon the corporation or partnership in accordance with its terms.

F. Attorneys' Fees. The provisions of the Lease respecting payment of attorneys' fees shall also apply to this Amendment.

V. EXECUTION.

Landlord and Tenant executed this Amendment on the date as set forth in "I. PARTIES AND DATE." above.

LANDLORD:

TENANT:

THE IRVINE COMPANY

PEOPLE'S CHOICE HOME LOAN, INC.,
a Wyoming corporation

By *St M. Case*
Steven E. Case, Senior Vice President
Leasing, Office Properties

By *Brad Plantepko*
Name _____
Title _____

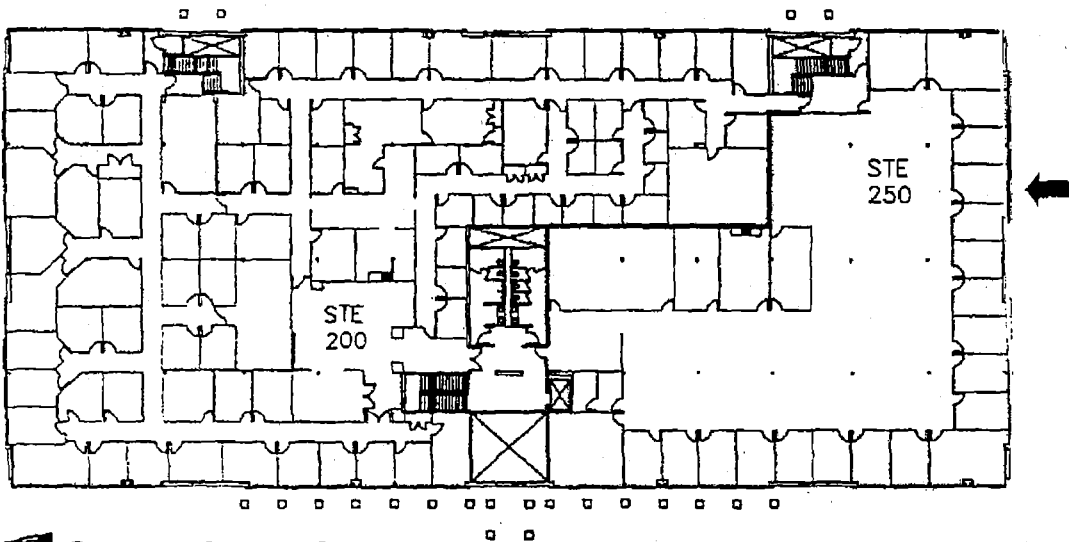
By *CJ Popma*
Christopher J. Popma, Vice President
Operations, Office Properties

By *Trish Gubman*
Name *Trish Gubman*
Title *Secretary*



 **THE IRVINE COMPANY**

7545 Irvine Center Drive, Suite 250




 Stevenson Systems, Inc.
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Exhibit A

EXHIBIT X

WORK LETTER

TO FOURTH AMENDMENT TO LEASE

7545 Premises

The tenant improvement work (the "Tenant Improvement" and the "Tenant Improvements Work") shall consist of the work, including work in place as of the date hereof, required to complete the improvements to the 7545 Premises as shown in the space plan (the "Plan") prepared by LPA, Inc., dated June 23, 2005. The Tenant Improvement Work shall be performed by a contractor selected by Landlord and in accordance with the requirements and procedures set forth below.

I. ARCHITECTURAL AND CONSTRUCTION PROCEDURES.

A. Landlord shall pay up to the amount of the "Landlord's Contribution" (as defined below) towards the cost of the Tenant Improvements Work. Any additional cost of the Tenant Improvements Work, including costs resulting from Changes (as hereinafter defined) requested by Tenant shall be borne solely by Tenant and paid to Landlord as hereinafter provided. Tenant shall also be responsible for one hundred percent (100%) of the costs of any strengthening or reinforcing of the slab or other structural components of the Building required due to Tenant Improvements and/or Tenant's fixturization requirements (the "Load Requirements"), which shall be paid to Landlord as hereinafter provided. Unless otherwise specified in the Plan or Cost Estimate, all materials, specifications and finishes utilized in constructing the Tenant Improvements shall be Landlord's building standard tenant improvements, materials and specifications for the Project as set forth in Schedule I attached hereto ("Standard Improvements"). Provided, however, that the Tenant Improvements shall include up to four (4) lock sets as part of the Tenant Improvements Work. Should Landlord submit any additional plans, equipment specification sheets, or other matters to Tenant for approval or completion in connection with the Tenant Improvement Work (including, without limitation, in connection with the Load Requirements), Tenant shall respond in writing, as appropriate, within five (5) days unless a shorter period is provided herein. Tenant shall not unreasonably withhold its approval of any matter, and any disapproval shall be limited to items not previously approved by Tenant in the Plan or otherwise.

B. In the event that Tenant requests in writing a revision to the Plan ("Change"), and Landlord so approves such Change as provided in Section I.C below, Landlord shall advise Tenant by written change order as soon as is practical of any increase in the cost to complete the Tenant Improvement Work that such Change would cause. Tenant shall approve or disapprove such change order in writing within two (2) days following Tenant's receipt of such change order. If Tenant approves any such change order, Landlord, at its election, may either (i) require as a condition to the effectiveness of such change order that Tenant pay the increase in the cost to complete attributable to such change order concurrently with delivery of Tenant's approval of the change order, or (ii) defer Tenant's payment of such increase until the date ten (10) days after delivery of invoices for same. If Tenant disapproves any such change order, Tenant shall nonetheless be responsible for the reasonable architectural and/or planning fees incurred in preparing such change order. Landlord shall have no obligation to interrupt or modify the Tenant Improvement Work pending Tenant's approval of a change order, but if Tenant fails to timely approve a change order, Landlord may (but shall not be required to) suspend the applicable Tenant Improvement Work.

C. Landlord may consent in writing, in its sole and absolute discretion, to Tenant's request for a Change, including any modification of a Standard Improvement in the Plan to a non-standard improvement ("Non-Standard Improvement"), if requested in writing by Tenant. In addition, Landlord agrees that it shall not unreasonably withhold its consent to Tenant's requested Changes to previously approved Non-Standard Improvements, unless Landlord determines, in its sole and absolute discretion, that such requested Change to the Non-Standard Improvements (i) is of a lesser quality than the Non-Standard Improvements previously approved by Landlord, (ii) fails to conform to applicable governmental requirements, (iii) would result in the 7545 Premises requiring building services beyond

EXHIBIT X

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the level normally provided to other tenants, (iv) interferes in any manner with the proper functioning of, or Landlord's access to, any mechanical, electrical, plumbing or HVAC systems, facilities or equipment in or serving the Building, or (v) would have an adverse aesthetic impact to the 7545 Premises or cause additional expenses to Landlord in reletting the 7545 Premises. Unless Landlord otherwise agrees in writing, in its sole and absolute discretion: (a) the cost to complete any Non-Standard Improvements shall be borne by Tenant, and (b) all Standard Improvements and Non-Standard Improvements shall become the property of Landlord and shall be surrendered with the 7545 Premises at the end of the Term; except that Landlord may, by notice to Tenant given either prior to or following the expiration or termination of the Lease, require Tenant either to remove all or any of the Non-Standard Improvements, to repair any damage to the 7545 Premises or the Common Area arising from such removal, and to replace such Non-Standard Improvements with the applicable Standard Improvement, or to reimburse Landlord for the reasonable cost of such removal, repair and replacement upon demand. Any such removals, repairs and replacements by Tenant shall be completed by the Expiration Date, or sooner termination of the Lease as to the 7545 Premises, or within ten (10) days following notice to Tenant if such notice is given following the Expiration Date or sooner termination of the 7545 Premises.

D. Notwithstanding any provision in the Lease to the contrary, and not by way of limitation of any other rights or remedies of Landlord, if Tenant fails to comply with any of the time periods specified in this Work Letter, fails otherwise to approve or reasonably disapprove any submittal within the time period specified herein for such response (or if no time period is so specified, within five (5) days following Tenant's receipt thereof), requests any Changes, furnishes inaccurate or erroneous specifications or other information, or otherwise delays in any manner the completion of the Tenant Improvements (including without limitation by specifying materials that are not readily available) or the issuance of an occupancy certificate (any of the foregoing being referred to in this Lease as a "Tenant Delay"), then Tenant shall bear any resulting additional construction cost or other expenses, and the Commencement Date of the 7545 Premises shall be deemed to have occurred for all purposes, including without limitation Tenant's obligation to pay rent, as of the date Landlord reasonably determines that it would have been able to deliver the 7545 Premises to Tenant but for the collective Tenant Delays. Should Landlord determine that the Commencement Date of the 7545 Premises be advanced in accordance with the foregoing, it shall so notify Tenant in writing. Landlord's determination shall be conclusive unless Tenant notifies Landlord in writing, within five (5) days thereafter, of Tenant's election to contest same by arbitration pursuant to the provisions of Section II below. Pending the outcome of such arbitration proceedings, Tenant shall make timely payment of all rent due under this Lease based upon the Commencement Date of the 7545 Premises set forth in the aforesaid notice from Landlord.

E. Landlord shall permit Tenant and its agents to enter the 7545 Premises prior to the Commencement Date of the 7545 Premises in order that Tenant may install fixtures, furniture and cabling through Tenant's own contractors prior to the Commencement Date of the 7545 Premises. Any such work shall be subject to Landlord's prior written approval, and shall be performed in a manner and upon terms and conditions and at times satisfactory to Landlord's representative. The foregoing license to enter the 7545 Premises prior to the Commencement Date of the 7545 Premises is, however, conditioned upon Tenant's contractors and their subcontractors and employees working in harmony and not interfering with the work being performed by Landlord as determined by Landlord in Landlord's sole and absolute discretion. If at any time that entry shall cause disharmony or interfere with the work being performed by Landlord as defined by Landlord in Landlord's sole and absolute discretion, this license may be withdrawn by Landlord upon twenty-four (24) hours written notice to Tenant. That license is further conditioned upon the compliance by Tenant's contractors with all requirements imposed by Landlord on third party contractors, including without limitation the maintenance by Tenant and its contractors and subcontractors of workers' compensation and public liability and property damage insurance in amounts and with companies and on forms satisfactory to Landlord, with certificates of such insurance being furnished to Landlord prior to proceeding with any such entry. The entry shall be deemed to be under all of the provisions of the Lease except as to the covenants to pay rent. Landlord shall not be liable in any way for any injury, loss or damage which may occur to any such work being performed by Tenant, the same being solely at Tenant's risk. In no event shall the failure of Tenant's contractors to complete any work in the 7545 Premises extend the Commencement Date of the 7545 Premises beyond the date that Landlord has completed its Tenant Improvement Work and tendered the 7545 Premises to Tenant.

EXHIBIT X

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F. Tenant hereby designates Brad Plantiko (Tenant's Construction Representative"), Telephone No. (949) 341-2010, as its representative, agent and attorney-in-fact for all matters related to the Tenant Improvement Work, including but not by way of limitation, for purposes of receiving notices, approving submittals and issuing requests for Changes, and Landlord shall be entitled to rely upon authorizations and directives of such person(s) as if given directly by Tenant. The foregoing authorization is intended to provide assurance to Landlord that it may rely upon the directives and decision making of the Tenant's Construction Representative with respect to the Tenant Improvement Work and is not intended to limit or reduce Landlord's right to reasonably rely upon any decisions or directives given by other officers or representatives of Tenant. Tenant may amend the designation of its Tenant's Construction Representative(s) at any time upon delivery of written notice to Landlord.

II. COST OF THE TENANT IMPROVEMENTS WORK

A. Subject to the provisions of Section II.B below, Landlord shall provide an allowance towards the "Completion Cost" (as defined below) of constructing the Tenant Improvement Work in the amount of One Hundred Eighteen Thousand Six Hundred Sixty Dollars (\$118,660.00) (the "Landlord's Contribution"), based on \$10.00 per rentable square foot of the 7545 Premises, with any excess cost of the Tenant Improvements Work in accordance with the approved Working Drawings and Specifications to be borne solely by Tenant. If the actual cost of completion of the Tenant Improvements is less than the maximum amount provided for the Landlord's Contribution, such savings shall inure to the benefit of Landlord and Tenant shall not be entitled to any credit or payment.

B. Tenant shall pay all Completion Costs attributable to: (i) the Load Requirements, (ii) any costs attributable to Tenant Delays, and (iii) the amount, if any, by which aggregate Completion Cost of the Tenant Improvements Work exceeds the Landlord's Contribution. The amounts to be paid by Tenant for the Tenant Improvements pursuant to this Section II.B. are sometimes cumulatively referred to herein as the "Tenant's Contribution."

C. The "Completion Cost" shall mean all costs of Landlord in completing the Tenant Improvements Work, including but not limited to the following: (i) payments made to architects, engineers, contractors, subcontractors and other third party consultants in the performance of the Work, (ii) permit fees and other sums paid to governmental agencies, and (iii) costs of all materials incorporated into the Work or used in connection with the Work. The Completion Cost shall also include an administrative/supervision fee to be paid to Landlord or to Landlord's management agent in the amount of five percent (5%) of the Completion Cost. Unless expressly authorized in writing by Landlord, the Completion Cost shall not include (and no portion of the Landlord Contribution shall be paid for) any costs incurred by Tenant, including without limitation, any costs for space planners, managers, advisors or consultants retained by Tenant in connection with the Tenant Improvements.

D. Prior to start of construction of the Tenant Improvements, Tenant shall pay to Landlord in full the amount of the Tenant's Contribution set forth in the approved Cost Estimate, together with the full amount of the estimated cost of the Load Requirements. Following completion of the Tenant Improvements Work, Tenant shall pay (or be refunded) any difference between (i) the estimated and the actual amount of the Tenant's Contribution towards the Completion Cost, which difference shall be calculated by first applying Landlord's Contribution, in full, to the actual amount of the final Completion Cost, and (ii) the estimated and actual cost of the Load Requirements. The balance of all sums due and owing and not otherwise paid by Tenant shall be due and payable on or before the Commencement Date of the 7545 Premises. If Tenant defaults in the payment of any sums due under this Work Letter, Landlord shall (in addition to all other remedies) have the same rights as in the case of Tenant's failure to pay rent under the Lease, including, without limitation, the right to terminate this Lease and recover damages from Tenant and/or to charge a late payment fee and to collect interest on delinquent payments, and Landlord may (but shall not be required to) suspend the Tenant Improvement Work following such default, in which event any delays because of such suspension shall constitute Tenant Delays hereunder.

III. DISPUTE RESOLUTION

EXHIBIT X

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A. All claims or disputes between Landlord and Tenant arising out of, or relating to, this Work Letter shall be decided by the JAMS/ENDISPUTE ("JAMS"), or its successor, with such arbitration to be held in Orange County, California, unless the parties mutually agree otherwise. Within ten (10) business days following submission to JAMS, JAMS shall designate three arbitrators and each party may, within five (5) business days thereafter, veto one of the three persons so designated. If two different designated arbitrators have been vetoed, the third arbitrator shall hear and decide the matter. If less than two (2) arbitrators are timely vetoed, JAMS shall select a single arbitrator from the non-vetoed arbitrators originally designated by JAMS, who shall hear and decide the matter. Any arbitration pursuant to this section shall be decided within thirty (30) days of submission to JAMS. The decision of the arbitrator shall be final and binding on the parties. All costs associated with the arbitration shall be awarded to the prevailing party as determined by the arbitrator.

B. Notice of the demand for arbitration by either party to the Work Letter shall be filed in writing with the other party to the Work Letter and with JAMS and shall be made within a reasonable time after the dispute has arisen. The award rendered by the arbitrator shall be final, and judgment may be entered upon it in accordance with applicable law in any court having jurisdiction thereof. Except by written consent of the person or entity sought to be joined, no arbitration arising out of or relating to this Work Letter shall include, by consolidation, joinder or in any other manner, any person or entity not a party to the Work Letter unless (1) such person or entity is substantially involved in a common question of fact or law, (2) the presence of such person or entity is required if complete relief is to be accorded in the arbitration, or (3) the interest or responsibility of such person or entity in the matter is not insubstantial.

C. The agreement herein among the parties to arbitrate shall be specifically enforceable under prevailing law. The agreement to arbitrate hereunder shall apply only to disputes arising out of, or relating to, this Work Letter, and shall not apply to other matters of dispute under the Lease except as may be expressly provided in the Lease.

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EXHIBIT "F"

EXHIBIT A

ORIGINAL
FILE COPY

FIFTH AMENDMENT TO LEASE

I. PARTIES AND DATE.

This Fifth Amendment to Lease (the "Amendment") dated May 23, 2006, is by and between THE IRVINE COMPANY LLC, a Delaware limited liability company, formerly The Irvine Company, a Delaware corporation ("Landlord"), and PEOPLE'S CHOICE HOME LOAN, INC., a Wyoming corporation ("Tenant").

II. RECITALS.

On June 30, 2003, Landlord and Tenant entered into a lease for space in a building located at 7515 Irvine Center Drive, Irvine, California. Said lease has been amended as follows: by a First Amendment to Lease dated November 4, 2003, by a Second Amendment to Lease dated October 6, 2004 (the "Second Amendment"), by a Third Amendment to Lease dated January 3, 2005, and by a Fourth Amendment to Lease dated July 1, 2005. Said lease, as so amended, is herein referred to as the "Lease."

Pursuant to the applicable provisions of Section III.F of the Second Amendment, Landlord and Tenant desire to modify the Lease to add approximately 8,429 rentable square feet of space in the 7505 Building, more particularly described on EXHIBIT A attached to this Amendment and herein referred to as the "Suite 150 Must Take Space", to adjust the Basic Rent, and to make such other modifications as are set forth in "III. MODIFICATIONS" next below.

III. MODIFICATIONS.

A. Premises. From and after the "Commencement Date of the Suite 150 Must Take Space" (as hereinafter defined), the Suite 150 Must Take Space together with the leased premises subject to the Lease as of the date of this Amendment, shall collectively constitute the "Premises" under the Lease.

B. Basic Lease Provisions. The Basic Lease Provisions are hereby amended as follows:

1. Item 4 is hereby amended by adding the following:

"Commencement Date of the Suite 150 Must Take Space" shall mean the earlier of (a) August 1, 2006, or (b) the date Tenant commences use of the Suite 150 Must Take Space for the conduct of its business operations therein. Within five (5) days following Landlord's written request, the parties shall memorialize on a form provided by Landlord the actual Commencement Date of the Suite 150 Must Take Space, provided that Tenant's failure to execute that form shall not affect the validity of Landlord's determination of said date."

2. Item 6 is hereby amended by adding the following:

"Basic Rent for the Suite 150 Must Take Space: Commencing on the Commencement Date of the Suite 150 Must Take Space, the Basic Rent for the Suite 150 Must Take Space shall be Twelve Thousand Five Hundred Fifty-Nine Dollars (\$12,559.00) per month, based on \$1.49 per rentable square foot.

Commencing on the first day of the third (3rd) month following the Commencement Date of the Suite 150 Must Take Space, the Basic Rent for the Suite 150 Must Take Space shall be Twelve Thousand Nine Hundred Eighty One Dollars (\$12,981.00) per month, based on \$1.54 per rentable square foot.

Commencing on the first day of the fifteenth (15th) month following the Commencement Date of the Suite 150 Must Take Space, the Basic Rent for the Suite 150 Must Take Space shall be Thirteen Thousand Four Hundred Two Dollars (\$13,402.00) per month, based on \$1.59 per rentable square foot.

Commencing on the first day of the twenty-seventh (27th) month following the Commencement Date of the Suite 150 Must Take Space, the Basic Rent for the Suite 150 Must Take Space shall be Thirteen Thousand Eight Hundred Twenty-Four Dollars (\$13,824.00) per month, based on \$1.64 per rentable square foot."

3. Effective as of the Commencement Date of the Suite 150 Must Take Space, Item 8 shall be deleted in its entirety and substituted therefor shall be the following:

"8. Floor Area of Premises: Approximately 135,473 rentable square feet"

4. Item 9 is hereby deleted in its entirety and substituted therefor shall be the following:

"9. Security Deposit: \$228,524.00
(see also Section 4.4 for Letter of Credit requirements)"

200 - 24,657
100 - 24,657
100 - 15,206

5. Effective as of the Commencement Date of the Suite 150 Must Take Space, Item 14 shall be deleted in its entirety and substituted therefor shall be the following:

"14. Vehicle Parking Spaces: Five Hundred Forty-Four (544)"

C. Security Deposit. Concurrently with Tenant's delivery of this Amendment, Tenant shall deliver the sum of Fifteen Thousand Two Hundred Six Dollars (\$15,206.00) to Landlord, which sum shall be added to the Security Deposit presently being held by Landlord in accordance with Section 4.3 of the Lease, to equal the amount set forth in Item 9 of the Basic Lease Provisions (added by this Amendment) to be held by Landlord as the Security Deposit hereafter.

D. Waiver of Jury Trial. Section 14.7 of the Lease is hereby deleted in its entirety and substituted therefor shall be the following:

SECTION 14.7. WAIVER OF JURY TRIAL/JUDICIAL REFERENCE.

(a) LANDLORD AND TENANT EACH ACKNOWLEDGES THAT IT IS AWARE OF AND HAS HAD THE ADVICE OF COUNSEL OF ITS CHOICE WITH RESPECT TO ITS RIGHTS TO TRIAL BY JURY, AND, TO THE EXTENT ENFORCEABLE UNDER CALIFORNIA LAW, EACH PARTY DOES HEREBY EXPRESSLY AND KNOWINGLY WAIVE AND RELEASE ALL SUCH RIGHTS TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM BROUGHT BY EITHER PARTY HERETO AGAINST THE OTHER (AND/OR AGAINST ITS OFFICERS, DIRECTORS, EMPLOYEES, AGENTS, OR SUBSIDIARY OR AFFILIATED ENTITIES) ON ANY MATTERS WHATSOEVER ARISING OUT OF OR IN ANY WAY CONNECTED WITH THIS LEASE, TENANT'S USE OR OCCUPANCY OF THE PREMISES, AND/OR ANY CLAIM OF INJURY OR DAMAGE. FURTHERMORE, THIS WAIVER AND RELEASE OF ALL RIGHTS TO A JURY TRIAL IS DEEMED TO BE INDEPENDENT OF EACH AND EVERY OTHER PROVISION, COVENANT, AND/OR CONDITION SET FORTH IN THIS LEASE.

(b) IN THE EVENT THAT THE JURY WAIVER PROVISIONS OF SECTION 14.7(a) ARE NOT ENFORCEABLE UNDER CALIFORNIA LAW, THEN THE

PROVISIONS OF THIS SECTION 14.7(b) SHALL APPLY. IT IS THE DESIRE AND INTENTION OF THE PARTIES TO AGREE UPON A MECHANISM AND PROCEDURE UNDER WHICH CONTROVERSIES AND DISPUTES ARISING OUT OF THIS LEASE OR RELATED TO THE PREMISES WILL BE RESOLVED IN A PROMPT AND EXPEDITIOUS MANNER. ACCORDINGLY, EXCEPT WITH RESPECT TO ACTIONS FOR UNLAWFUL OR FORCIBLE DETAINER OR WITH RESPECT TO THE PREJUDGMENT REMEDY OF ATTACHMENT, ANY ACTION, PROCEEDING OR COUNTERCLAIM BROUGHT BY EITHER PARTY HERETO AGAINST THE OTHER (AND/OR AGAINST ITS OFFICERS, DIRECTORS, EMPLOYEES, AGENTS OR SUBSIDIARY OR AFFILIATED ENTITIES) ON ANY MATTERS WHATSOEVER ARISING OUT OF OR IN ANY WAY CONNECTED WITH THIS LEASE, TENANT'S USE OR OCCUPANCY OF THE PREMISES AND/OR ANY CLAIM OF INJURY OR DAMAGE, SHALL BE HEARD AND RESOLVED BY A REFEREE UNDER THE PROVISIONS OF THE CALIFORNIA CODE OF CIVIL PROCEDURE, SECTIONS 638 - 645.1, INCLUSIVE (AS SAME MAY BE AMENDED, OR ANY SUCCESSOR STATUTE(S) THERETO) (THE "REFEREE SECTIONS"). ANY FEE TO INITIATE THE JUDICIAL REFERENCE PROCEEDINGS SHALL BE PAID BY THE PARTY INITIATING SUCH PROCEDURE; PROVIDED HOWEVER, THAT THE COSTS AND FEES, INCLUDING ANY INITIATION FEE, OF SUCH PROCEEDING SHALL ULTIMATELY BE BORNE IN ACCORDANCE WITH SECTION 14.6 ABOVE. THE VENUE OF THE PROCEEDINGS SHALL BE IN THE COUNTY IN WHICH THE PREMISES ARE LOCATED. WITHIN TEN (10) DAYS OF RECEIPT BY ANY PARTY OF A WRITTEN REQUEST TO RESOLVE ANY DISPUTE OR CONTROVERSY PURSUANT TO THIS SECTION 14.7(b), THE PARTIES SHALL AGREE UPON A SINGLE REFEREE WHO SHALL TRY ALL ISSUES, WHETHER OF FACT OR LAW, AND REPORT A FINDING AND JUDGMENT ON SUCH ISSUES AS REQUIRED BY THE REFEREE SECTIONS. IF THE PARTIES ARE UNABLE TO AGREE UPON A REFEREE WITHIN SUCH TEN (10) DAY PERIOD, THEN ANY PARTY MAY THEREAFTER FILE A LAWSUIT IN THE COUNTY IN WHICH THE PREMISES ARE LOCATED FOR THE PURPOSE OF APPOINTMENT OF A REFEREE UNDER CALIFORNIA CODE OF CIVIL PROCEDURE SECTIONS 638 AND 640, AS SAME MAY BE AMENDED OF ANY SUCCESSOR STATUTE(S) THERETO. IF THE REFEREE IS APPOINTED BY THE COURT, THE REFEREE SHALL BE A NEUTRAL AND IMPARTIAL RETIRED JUDGE WITH SUBSTANTIAL EXPERIENCE IN THE RELEVANT MATTERS TO BE DETERMINED, FROM JAMS/ENDISPUTE, INC., THE AMERICAN ARBITRATION ASSOCIATION OR SIMILAR MEDIATION/ARBITRATION ENTITY. THE PROPOSED REFEREE MAY BE CHALLENGED BY ANY PARTY FOR ANY OF THE GROUNDS LISTED IN SECTION 641 OF THE CALIFORNIA CODE OF CIVIL PROCEDURE, AS SAME MAY BE AMENDED OR ANY SUCCESSOR STATUTE(S) THERETO. THE REFEREE SHALL HAVE THE POWER TO DECIDE ALL ISSUES OF FACT AND LAW AND REPORT HIS OR HER DECISION ON SUCH ISSUES, AND TO ISSUE ALL RECOGNIZED REMEDIES AVAILABLE AT LAW OR IN EQUITY FOR ANY CAUSE OF ACTION THAT IS BEFORE THE REFEREE, INCLUDING AN AWARD OF ATTORNEYS' FEES AND COSTS IN ACCORDANCE WITH CALIFORNIA LAW. THE REFEREE SHALL NOT, HOWEVER, HAVE THE POWER TO AWARD PUNITIVE DAMAGES, NOR ANY OTHER DAMAGES WHICH ARE NOT PERMITTED BY THE EXPRESS PROVISIONS OF THIS LEASE, AND THE PARTIES HEREBY WAIVE ANY RIGHT TO RECOVER ANY SUCH DAMAGES. THE PARTIES SHALL BE ENTITLED TO CONDUCT ALL DISCOVERY AS PROVIDED IN THE CALIFORNIA CODE OF CIVIL PROCEDURE, AND THE REFEREE SHALL OVERSEE DISCOVERY AND MAY ENFORCE ALL DISCOVERY ORDERS IN THE SAME MANNER AS ANY TRIAL COURT JUDGE, WITH RIGHTS TO REGULATE DISCOVERY AND TO ISSUE AND ENFORCE SUBPOENAS, PROTECTIVE ORDERS AND OTHER LIMITATIONS ON DISCOVERY AVAILABLE UNDER CALIFORNIA LAW. THE REFERENCE PROCEEDING SHALL BE CONDUCTED IN ACCORDANCE WITH CALIFORNIA LAW (INCLUDING THE RULES OF EVIDENCE), AND IN ALL REGARDS, THE REFEREE SHALL FOLLOW CALIFORNIA LAW APPLICABLE AT THE TIME OF THE REFERENCE PROCEEDING. IN ACCORDANCE WITH SECTION 644 OF THE CALIFORNIA CODE OF CIVIL PROCEDURE, THE DECISION OF THE REFEREE UPON THE WHOLE ISSUE MUST STAND AS THE DECISION OF THE COURT, AND

UPON THE FILING OF THE STATEMENT OF DECISION WITH THE CLERK OF THE COURT, OR WITH THE JUDGE IF THERE IS NO CLERK, JUDGMENT MAY BE ENTERED THEREON IN THE SAME MANNER AS IF THE ACTION HAD BEEN TRIED BY THE COURT. THE PARTIES SHALL PROMPTLY AND DILIGENTLY COOPERATE WITH ONE ANOTHER AND THE REFEREE, AND SHALL PERFORM SUCH ACTS AS MAY BE NECESSARY TO OBTAIN A PROMPT AND EXPEDITIOUS RESOLUTION OF THE DISPUTE OR CONTROVERSY IN ACCORDANCE WITH THE TERMS OF THIS SECTION 14.7(b). TO THE EXTENT THAT NO PENDING LAWSUIT HAS BEEN FILED TO OBTAIN THE APPOINTMENT OF A REFEREE, ANY PARTY, AFTER THE ISSUANCE OF THE DECISION OF THE REFEREE, MAY APPLY TO THE COURT OF THE COUNTY IN WHICH THE PREMISES ARE LOCATED FOR CONFIRMATION BY THE COURT OF THE DECISION OF THE REFEREE IN THE SAME MANNER AS A PETITION FOR CONFIRMATION OF AN ARBITRATION AWARD PURSUANT TO CODE OF CIVIL PROCEDURE SECTION 1285 ET SEQ. (AS SAME MAY BE AMENDED OR ANY SUCCESSOR STATUTE(S) THERETO).

E. Tenant Improvements. Landlord hereby agrees to complete the Tenant Improvements for the Suite 150 Must Take Space in accordance with the provisions of Exhibit X, Work Letter, attached hereto.

IV. GENERAL.

A. Effect of Amendments. The Lease shall remain in full force and effect except to the extent that it is modified by this Amendment.

B. Entire Agreement. This Amendment embodies the entire understanding between Landlord and Tenant with respect to the modifications set forth in "III. MODIFICATIONS" above and can be changed only by a writing signed by Landlord and Tenant.

C. Counterparts. If this Amendment is executed in counterparts, each is hereby declared to be an original; all, however, shall constitute but one and the same amendment. In any action or proceeding, any photographic, photostatic, or other copy of this Amendment may be introduced into evidence without foundation.

D. Defined Terms. All words commencing with initial capital letters in this Amendment and defined in the Lease shall have the same meaning in this Amendment as in the Lease, unless they are otherwise defined in this Amendment.

E. Corporate and Partnership Authority. If Tenant is a corporation or partnership, or is comprised of either or both of them, each individual executing this Amendment for the corporation or partnership represents that he or she is duly authorized to execute and deliver this Amendment on behalf of the corporation or partnership and that this Amendment is binding upon the corporation or partnership in accordance with its terms.

F. Attorneys' Fees. The provisions of the Lease respecting payment of attorneys' fees shall also apply to this Amendment.

V. EXECUTION.

Landlord and Tenant executed this Amendment on the date as set forth in "I. PARTIES AND DATE." above.

LANDLORD:

THE IRVINE COMPANY LLC

By *St M. Case*
Steven M. Case, Senior Vice President
Leasing, Office Properties

By *Chris J. Popma*
Christopher J. Popma, Vice President
Operations, Office Properties

TENANT:

PEOPLE'S CHOICE HOME LOAN, INC.,
a Wyoming corporation

By *Brendt Plantika*
Name *Brendt Plantika*
Title *EVP Operations & Finance*

By *Irwin Gubman*
Name *Irwin Gubman*
Title *General Counsel*





7505 Irvine Center Drive, Suite 150

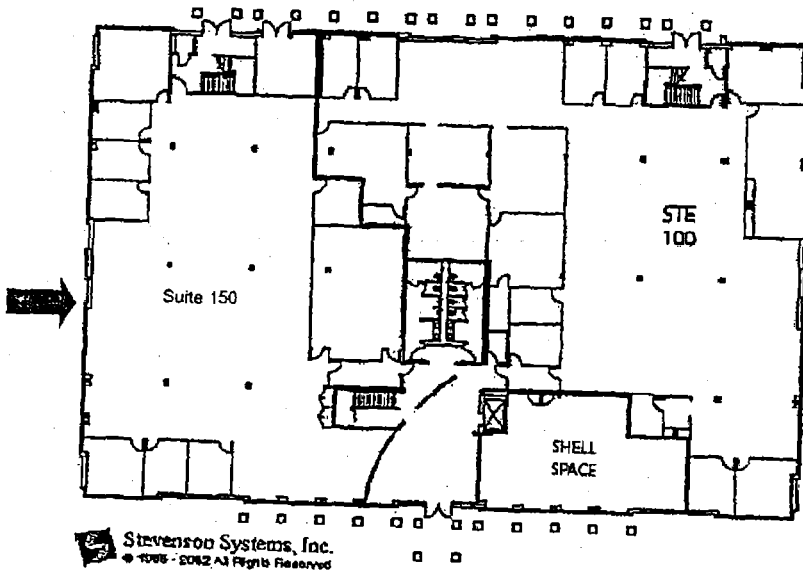


Exhibit A

3 of 3

EXHIBIT X

WORK LETTER

TO FIFTH AMENDMENT TO LEASE

(Suite 150 Must Take Space)

The tenant improvement work (the "Tenant Improvements" and the "Tenant Improvement Work") shall consist of the work, including work in place as of the date hereof, required to complete the improvements to the Suite 150 Must Take Space as shown in the space plan (the "Plan") prepared by LPA Inc, dated April 21, 2006. The Tenant Improvement Work shall be performed by a contractor selected by Landlord and in accordance with the requirements and procedures set forth below.

I. ARCHITECTURAL AND CONSTRUCTION PROCEDURES.

A. Landlord shall pay up to the amount of the "Landlord's Contribution" (as defined below) towards the cost of the Tenant Improvement Work. Any additional cost of the Tenant Improvement Work, including costs resulting from Changes (as hereinafter defined) requested by Tenant shall be borne solely by Tenant and paid to Landlord as hereinafter provided. Tenant shall also be responsible for one hundred percent (100%) of the costs of any strengthening or reinforcing of the slab or other structural components of the Building required due to Tenant Improvements and/or Tenant's fixturing requirements (the "Load Requirements"), which shall be paid to Landlord as hereinafter provided. Unless otherwise specified in the Plan or Cost Estimate, all materials, specifications and finishes utilized in constructing the Tenant Improvements shall be Landlord's building standard tenant improvements, materials and specifications for the Project as set forth in Schedule I attached hereto ("Standard Improvements"). Should Landlord submit any additional plans, equipment specification sheets, or other matters to Tenant for approval or completion in connection with the Tenant Improvement Work (including, without limitation, in connection with the Load Requirements), Tenant shall respond in writing, as appropriate, within five (5) days unless a shorter period is provided herein. Tenant shall not unreasonably withhold its approval of any matter, and any disapproval shall be limited to items not previously approved by Tenant in the Plan or otherwise.

B. In the event that Tenant requests in writing a revision to the Plan ("Change"), and Landlord so approves such Change as provided in Section I.C below, Landlord shall advise Tenant by written change order as soon as is practical of any increase in the cost to complete the Tenant Improvement Work that such Change would cause. Tenant shall approve or disapprove such change order in writing within two (2) days following Tenant's receipt of such change order. If Tenant approves any such change order, Landlord, at its election, may either (i) require as a condition to the effectiveness of such change order that Tenant pay the increase in the cost to complete attributable to such change order concurrently with delivery of Tenant's approval of the change order, or (ii) defer Tenant's payment of such increase until the date ten (10) days after delivery of invoices for same. If Tenant disapproves any such change order, Tenant shall nonetheless be responsible for the reasonable architectural and/or planning fees incurred in preparing such change order. Landlord shall have no obligation to interrupt or modify the Tenant Improvement Work pending Tenant's approval of a change order, but if Tenant fails to timely approve a change order, Landlord may (but shall not be required to) suspend the applicable Tenant Improvement Work.

C. Landlord may consent in writing, in its sole and absolute discretion, to Tenant's request for a Change, including any modification of a Standard Improvement in the Plan to a non-standard improvement ("Non-Standard Improvement"), if requested in writing by Tenant. In addition, Landlord agrees that it shall not unreasonably withhold its consent to Tenant's requested Changes to previously approved Non-Standard Improvements, unless Landlord determines, in its sole and absolute discretion, that such requested Change to the Non-Standard Improvements (i) is of a lesser quality than the Non-Standard Improvements previously approved by Landlord, (ii) fails to conform to applicable governmental requirements, (iii) would result in the Suite 150 Must Take Space requiring building services beyond the level normally provided to other tenants, (iv) interferes in any manner with the

proper functioning of, or Landlord's access to, any mechanical, electrical, plumbing or HVAC systems, facilities or equipment in or serving the Building, or (v) would have an adverse aesthetic impact to the Suite 150 Must Take Space or cause additional expenses to Landlord in reletting the Suite 150 Must Take Space. Unless Landlord otherwise agrees in writing, in its sole and absolute discretion: (a) the cost to complete any Non-Standard Improvements shall be borne by Tenant, and (b) all Standard Improvements and Non-Standard Improvements shall become the property of Landlord and shall be surrendered with the Suite 150 Must Take Space at the end of the Term; except that Landlord may, by notice to Tenant given either prior to or following the expiration or termination of the Lease, require Tenant either to remove all or any of the Non-Standard Improvements, to repair any damage to the Suite 150 Must Take Space or the Common Area arising from such removal, and to replace such Non-Standard Improvements with the applicable Standard Improvement, or to reimburse Landlord for the reasonable cost of such removal, repair and replacement upon demand. Any such removals, repairs and replacements by Tenant shall be completed by the Expiration Date, or sooner termination of the Lease as to the Suite 150 Must Take Space, or within ten (10) days following notice to Tenant if such notice is given following the Expiration Date or sooner termination of the Suite 150 Must Take Space.

D. It is understood and agreed that the completion of the Tenant Improvement Work is not a condition of, nor shall extend or otherwise affect, the Commencement Date of the Suite 150 Must Take Space. It is further understood and agreed that all or a portion of the Tenant Improvements may be done during Tenant's occupancy of the Suite 150 Must Take Space. In this regard, Tenant acknowledges that certain disruptions of its business operations may occur as a result of such Tenant Improvement Work, and Tenant agrees that no rental abatement shall result while the Tenant Improvements are completed in the Suite 150 Must Take Space.

E. Landlord shall permit Tenant and its agents to enter the Suite 150 Must Take Space prior to the Commencement Date of the Suite 150 Must Take Space in order that Tenant may install fixtures, furniture and cabling through Tenant's own contractors prior to the Commencement Date of the Suite 150 Must Take Space. Any such work shall be subject to Landlord's prior written approval, and shall be performed in a manner and upon terms and conditions and at times satisfactory to Landlord's representative. The foregoing license to enter the Suite 150 Must Take Space prior to the Commencement Date of the Suite 150 Must Take Space is, however, conditioned upon Tenant's contractors and their subcontractors and employees working in harmony and not interfering with the work being performed by Landlord as determined by Landlord in Landlord's sole and absolute discretion. If at any time that entry shall cause disharmony or interfere with the work being performed by Landlord as defined by Landlord in Landlord's sole and absolute discretion, this license may be withdrawn by Landlord upon twenty-four (24) hours written notice to Tenant. That license is further conditioned upon the compliance by Tenant's contractors with all requirements imposed by Landlord on third party contractors, including without limitation the maintenance by Tenant and its contractors and subcontractors of workers' compensation and public liability and property damage insurance in amounts and with companies and on forms satisfactory to Landlord, with certificates of such insurance being furnished to Landlord prior to proceeding with any such entry. The entry shall be deemed to be under all of the provisions of the Lease except as to the covenants to pay rent. Landlord shall not be liable in any way for any injury, loss or damage which may occur to any such work being performed by Tenant, the same being solely at Tenant's risk. In no event shall the failure of Tenant's contractors to complete any work in the Suite 150 Must Take Space extend the Commencement Date of the Suite 150 Must Take Space beyond the date that Landlord has completed its Tenant Improvement Work and tendered the Suite 150 Must Take Space to Tenant.

F. Tenant hereby designates _____ (Tenant's Construction Representative"), Telephone No. (949) _____, as its representative, agent and attorney-in-fact for all matters related to the Tenant Improvement Work, including but not by way of limitation, for purposes of receiving notices, approving submittals and issuing requests for Changes, and Landlord shall be entitled to rely upon authorizations and directives of such person(s) as if given directly by Tenant. The foregoing authorization is intended to provide assurance to Landlord that it may rely upon the directives and decision making of the Tenant's Construction Representative with respect to the Tenant Improvement Work and is not intended to limit or reduce Landlord's right to reasonably rely upon any decisions or directives given by other officers or representatives of Tenant. Tenant may

amend the designation of its Tenant's Construction Representative(s) at any time upon delivery of written notice to Landlord.

II. COST OF THE TENANT IMPROVEMENT WORK

A. Subject to the provisions of Section II.B below, Landlord shall provide an allowance towards the "Completion Cost" (as defined below) of constructing the Tenant Improvement Work in the amount of Forty Six Thousand Nine Hundred Eighty-Four Dollars (\$46,984.00) (the "Landlord's Contribution"), based on \$6.33 per usable square foot of the Suite 150 Must Take Space, with any excess cost of the Tenant Improvement Work in accordance with the approved Working Drawings and Specifications to be borne solely by Tenant. If the actual cost of completion of the Tenant Improvements is less than the maximum amount provided for the Landlord's Contribution, such savings shall inure to the benefit of Landlord and Tenant shall not be entitled to any credit or payment.

B. Tenant shall pay all Completion Costs attributable to: (i) the Load Requirements, and (ii) the amount, if any, by which aggregate Completion Cost of the Tenant Improvement Work exceeds the Landlord's Contribution. The amounts to be paid by Tenant for the Tenant Improvements pursuant to this Section II.B. are sometimes cumulatively referred to herein as the "Tenant's Contribution."

C. The "Completion Cost" shall mean all costs of Landlord in completing the Tenant Improvement Work, including but not limited to the following: (i) payments made to architects, engineers, contractors, subcontractors and other third party consultants in the performance of the Work, (ii) permit fees and other sums paid to governmental agencies, and (iii) costs of all materials incorporated into the Work or used in connection with the Work. The Completion Cost shall also include an administrative/supervision fee to be paid to Landlord or to Landlord's management agent in the amount of five percent (5%) of the Completion Cost. Unless expressly authorized in writing by Landlord, the Completion Cost shall not include (and no portion of the Landlord Contribution shall be paid for) any costs incurred by Tenant, including without limitation, any costs for space planners, managers, advisors or consultants retained by Tenant in connection with the Tenant Improvements.

D. Prior to start of construction of the Tenant Improvements, Tenant shall pay to Landlord in full the amount of the Tenant's Contribution set forth in the approved Cost Estimate, together with the full amount of the estimated cost of the Load Requirements. Following completion of the Tenant Improvement Work, Tenant shall pay (or be refunded) any difference between (i) the estimated and the actual amount of the Tenant's Contribution towards the Completion Cost, which difference shall be calculated by first applying Landlord's Contribution, in full, to the actual amount of the final Completion Cost, and (ii) the estimated and actual cost of the Load Requirements. The balance of all sums due and owing and not otherwise paid by Tenant shall be due and payable on or before the Commencement Date of the Suite 150 Must Take Space. If Tenant defaults in the payment of any sums due under this Work Letter, Landlord shall (in addition to all other remedies) have the same rights as in the case of Tenant's failure to pay rent under the Lease, including, without limitation, the right to terminate this Lease and recover damages from Tenant and/or to charge a late payment fee and to collect interest on delinquent payments, and Landlord may (but shall not be required to) suspend the Tenant Improvement Work following such default.

III. DISPUTE RESOLUTION

A. All claims or disputes between Landlord and Tenant arising out of, or relating to, this Work Letter shall be decided by the JAMS/ENDISPUTE ("JAMS"), or its successor, with such arbitration to be held in Orange County, California, unless the parties mutually agree otherwise. Within ten (10) business days following submission to JAMS, JAMS shall designate three arbitrators and each party may, within five (5) business days thereafter, veto one of the three persons so designated. If two different designated arbitrators have been vetoed, the third arbitrator shall hear and decide the matter. If less than two (2) arbitrators are timely vetoed, JAMS shall select a single arbitrator from the non-vetoed arbitrators originally designated by JAMS, who shall hear and decide the matter. Any arbitration pursuant to this section shall be decided within thirty (30) days of submission to JAMS. The decision of the arbitrator shall be final and binding on the parties. All

costs associated with the arbitration shall be awarded to the prevailing party as determined by the arbitrator.

B. Notice of the demand for arbitration by either party to the Work Letter shall be filed in writing with the other party to the Work Letter and with JAMS and shall be made within a reasonable time after the dispute has arisen. The award rendered by the arbitrator shall be final, and judgment may be entered upon it in accordance with applicable law in any court having jurisdiction thereof. Except by written consent of the person or entity sought to be joined, no arbitration arising out of or relating to this Work Letter shall include, by consolidation, joinder or in any other manner, any person or entity not a party to the Work Letter unless (1) such person or entity is substantially involved in a common question of fact or law, (2) the presence of such person or entity is required if complete relief is to be accorded in the arbitration, or (3) the interest or responsibility of such person or entity in the matter is not insubstantial.

C. The agreement herein among the parties to arbitrate shall be specifically enforceable under prevailing law. The agreement to arbitrate hereunder shall apply only to disputes arising out of, or relating to, this Work Letter, and shall not apply to other matters of dispute under the Lease except as may be expressly provided in the Lease.

SIXTH AMENDMENT TO LEASE

I. PARTIES AND DATE.

This Sixth Amendment to Lease (the "Amendment") dated May 10, 2007, is by and between THE IRVINE COMPANY LLC, a Delaware limited liability company, formerly The Irvine Company, a Delaware corporation ("Landlord"), and PEOPLE'S CHOICE HOME LOAN, INC., a Wyoming corporation ("Tenant").

II. RECITALS.

On June 30, 2003, Landlord and Tenant entered into a lease for space in a building located at 7515 Irvine Center Drive, Irvine, California. Said lease has been amended as follows: by a First Amendment to Lease dated November 4, 2003, by a Second Amendment to Lease dated October 6, 2004, by a Third Amendment to Lease dated January 3, 2005, by a Fourth Amendment to Lease dated July 1, 2005, and by a Fifth Amendment to Lease dated May 23, 2006. Said lease, as so amended, is herein referred to as the "Lease."

On March 20, 2007, Tenant filed a Chapter 11 Bankruptcy petition in the United States Bankruptcy Court, Central District of California (Case No. SA07-10765-RK) (the "Bankruptcy Proceeding").

Landlord and Tenant each desire to modify the Lease to terminate Tenant's leasing of a portion of the Premises, to adjust the Basic Rent, and to make such other modifications as are set forth in "III. MODIFICATIONS" next below.

III. MODIFICATIONS.

A. Termination of the 7545 Space and the 7505 Space. The parties agree that Tenant's leasing of a portion of the Premises located at 7545 Irvine Center Drive, Suite 250, Irvine, California and consisting of 11,866 rentable square feet, and that Tenant's leasing of a portion of the Premises located at 7505 Irvine Center Drive, Irvine, California and consisting of approximately 44,194 rentable square feet (collectively, the "Terminated Space") shall terminate at midnight on April 30, 2007 (the "Early Termination Date"), provided that such early termination shall not relieve Tenant of: (i) any rent or other charges owed by Tenant as to the Terminated Space, or other obligations required of Tenant as to the Terminated Space, as are set forth in the Lease from and after the date of this Amendment through and including the Early Termination Date, (ii) those obligations which are set forth in this Amendment, and (iii) any indemnity or hold harmless obligations set forth in the Lease which survives the termination of the Lease as to the Terminated Space. Not later than the Early Termination Date, Tenant shall vacate the Terminated Space and shall deliver possession thereof to Landlord all in accordance with the applicable provisions of Sections 5.2, 7.3 and 15.3 of the Lease. Not by way of limitation of the foregoing, Tenant shall remove all of its signage from the Terminated Space and shall repair all damage occasioned by said removal, as required by the applicable provisions of Section 5.2 of the Lease. From and after the Early Termination Date, the portion of the Premises located at 7515 Irvine Center Drive and consisting of approximately 63,412 rentable square feet (the "7515 Space"), and the portion of the Premises located at 7525 Irvine Center Drive, Suite 250, Irvine, California and consisting of approximately 16,001 rentable square feet (the "7525 Space"), shall collectively constitute the "Premises" under the Lease. The 7515 Space and the 7525 Space are shown on EXHIBIT A attached to this Amendment.

per month, based on \$1.73 per rentable square foot.

Commencing November 1, 2007, the Basic Rent for the 7515 Premises shall be One Hundred Fourteen Thousand One Hundred Forty-Two Dollars (\$114,142.00) per month, based on \$1.80 per rentable square foot.

Commencing November 1, 2008, the Basic Rent for the 7515 Premises shall be One Hundred Eighteen Thousand Five Hundred Eighty Dollars (\$118,580.00) per month, based on \$1.87 per rentable square foot.

Basic Rent for the 7525 Premises:

Commencing May 1, 2007, the Basic Rent for the 7525 Premises shall be Twenty Four Thousand Six Hundred Forty-Two Dollars (\$24,642.00) per month, based on \$1.73 per rentable square foot.

Commencing November 1, 2007, the Basic Rent for the 7525 Premises shall be Twenty Five Thousand Four Hundred Forty-Two Dollars (\$25,442.00) per month, based on \$1.80 per rentable square foot.

Commencing November 1, 2008, the Basic Rent for the 7525 Premises shall be Twenty Six Thousand Two Hundred Forty-Two Dollars (\$26,242.00) per month, based on \$1.87 per rentable square foot."

2. Effective as of the Early Termination Date, Item 8 shall be deleted in its entirety and substituted therefore shall be the following:

"8. Floor Area of Premises: Approximately 79,413 rentable square feet comprised of the following:

7515 Space – approximately 63,412 rentable square feet
7525 Space – approximately 16,001 rentable square feet"

3. Effective as of the Early Termination Date, Item 14 shall be deleted in its entirety and substituted therefor shall be the following:

"14. Vehicle Parking Spaces: Three Hundred Eighteen (318)"

C. Security Deposit. Section 4.3 of the Lease is hereby amended to provide that, upon any default by Tenant, Landlord may, in its discretion and notwithstanding any contrary provision of California Civil Code Section 1950.7, additionally utilize the whole or any part of the Security Deposit to pay amounts estimated by Landlord as the amount due Landlord for prospective rent and for damages pursuant to Section 14.2 (a)(i) of the Lease and/or California Civil Code Section 1951.2.

D. Sale of Furniture. The furniture, fixtures and equipment described on EXHIBIT B attached to this Amendment (collectively, the "7505 Furniture") is hereby sold, conveyed and transferred to Landlord by Tenant, free and clear of the interest of any third party, including without limitation, any of the conditions in the Bankruptcy Proceeding. Tenant represents and warrants to

Lease prior to the execution of this Amendment from and after the Early Termination Date through the Expiration Date of the Lease.

F. Condition. The effectiveness of this Amendment is subject to its final approval in the Bankruptcy Proceeding, and following its execution by Landlord and Tenant, Tenant agrees to promptly submit this Amendment for approval in the Bankruptcy Proceeding. In the event such final approval is not obtained on or before May 15, 2007, then Landlord shall have the right, at any time thereafter, upon written notice given to Tenant and to Tenant's general bankruptcy counsel of record, to terminate this Amendment in its entirety. Upon such termination, all of the obligations of Landlord and Tenant under this Amendment shall be of no further force and effect, and the rights and obligations of both parties under the Lease, unmodified by the terms of this Amendment, shall continue in full force and effect.

IV. GENERAL.

A. Effect of Amendments. The Lease shall remain in full force and effect except to the extent that it is modified by this Amendment.

B. Entire Agreement. This Amendment embodies the entire understanding between Landlord and Tenant with respect to the modifications set forth in "III. MODIFICATIONS" above and can be changed only by a writing signed by Landlord and Tenant.

C. Counterparts. If this Amendment is executed in counterparts, each is hereby declared to be an original; all, however, shall constitute but one and the same amendment. In any action or proceeding, any photographic, photostatic, or other copy of this Amendment may be introduced into evidence without foundation.

D. Defined Terms. All words commencing with initial capital letters in this Amendment and defined in the Lease shall have the same meaning in this Amendment as in the Lease, unless they are otherwise defined in this Amendment.

E. Corporate and Partnership Authority. If Tenant is a corporation or partnership, or is comprised of either or both of them, each individual executing this Amendment for the corporation or partnership represents that he or she is duly authorized to execute and deliver this Amendment on behalf of the corporation or partnership and that this Amendment is binding upon the corporation or partnership in accordance with its terms.

F. SDN List. Tenant hereby represents and warrants that neither Tenant nor any officer, director, employee, partner, member or other principal of Tenant (collectively, "Tenant Parties") is listed as a Specially Designated National and Blocked Person ("SDN") on the list of such persons and entities issued by the U.S. Treasury Office of Foreign Assets Control (OFAC). In the event Tenant or any Tenant Party is or becomes listed as an SDN, Tenant shall be deemed in breach of this Lease and Landlord shall have the right to terminate this Lease immediately upon written notice to Tenant.

G. Bankruptcy. Nothing in this Amendment shall be deemed an "assumption" of the Lease by the Tenant for purposes of Section 365 of the Bankruptcy Code. No obligations under Section 503 of the Bankruptcy Code are created by this Amendment with respect to the Lease, and each of the parties retain all of their respective rights respecting administrative claims under the Bankruptcy Code with respect to the Lease.

V. EXECUTION.

Landlord and Tenant executed this Amendment on the date as set forth in "I. PARTIES AND DATE." above.

LANDLORD:

THE IRVINE COMPANY LLC,
a Delaware limited liability company

By *S.M. Case*
Steven M. Case, Senior Vice President
Leasing, Office Properties

By *C.J. Popma*
Christopher J. Popma, Vice President
Operations, Office Properties

TENANT:

PEOPLE'S CHOICE HOME LOAN, INC.,
a Wyoming corporation

By *Brad Plantika*
Name Brad Plantika
Title VP Finance & CFO

By *Darren Greer*
Name Darren Greer
Title SVP Finance



 **THE IRVINE COMPANY**

IRVINE BUSINESS CENTER
7515 Irvine Center Drive
Suites 100 & 200

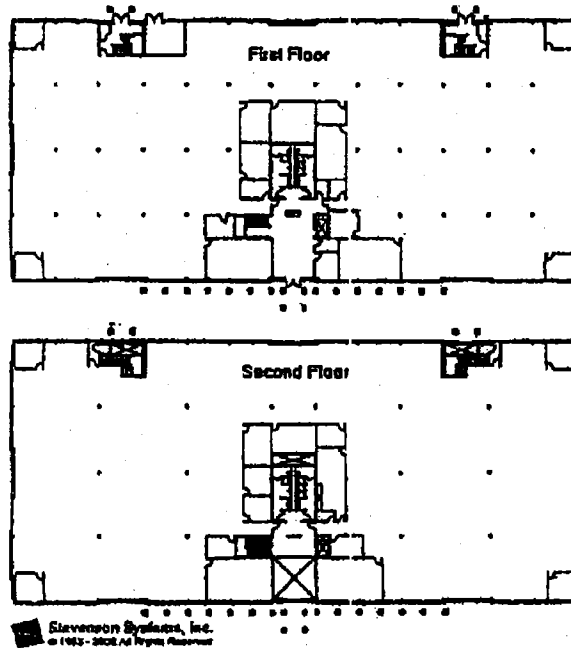
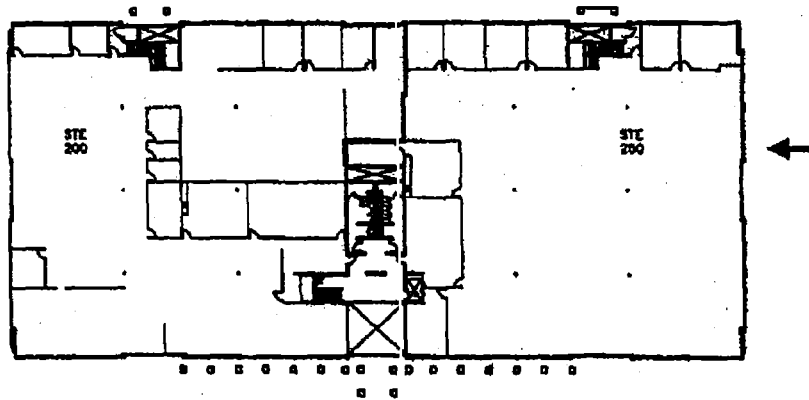


EXHIBIT A.

THE IRVINE COMPANY

**IRVINE BUSINESS CENTER
7525 Irvine Center Drive
Suite 2150**



Stevenson Systems, Inc.
©1989-2004 All Rights Reserved

EXHIBIT A

 **THE IRVINE COMPANY**

7505 Irvine Center Drive

7505 1st Floor	
Asset Description	Quantity
6 x 8 Cubes	118 each
6 x 8 Cubes	27 each
8 x 12 Supervisor Stations	6 each
Task Chairs	152 each
<u>Private Offices</u>	
"U" Shape Desks	24 each
Bookcases	25 each
Executive Chairs	24 each
Guest Chairs	25 each
Fax / Printer Stations	6 each
<u>File Cabinets</u>	
4 Drawer	4 each
3 Drawer	35 each
2 Drawer	2 each
Training Tables - Modular	11 each
Training Room Chairs	23 each
Drop Down Projector	
Screen	1 each
Steel Shelving	4 each
Refrigerators	2 each
Microwave Ovens	2 each
Conference Table	3 each
Conference Room Chairs	15 each
Folding Tables	4 each
2 Shelf Storage Cabinet	1 each
Breakroom Table	1 each
Breakroom Chairs	4 each

7505 2nd Floor	
Asset Description	Quantity
6 x 6 Cubes	74 each
6 x 8 Cubes	52 each
8 x 12 Supervisor Stations	30 each
<u>15 Private Office Desks</u>	
"U" Shape Desks	9 each
"L" Shape Desks	4 each
Double Ped Desks	1 each
Guest Chairs	65 each
Book Shelves	8 each
Executive Chairs	7 each
<u>File Cabinets</u>	
5 Drawer Lateral	1 each
4 Drawer Lateral	4 each
3 Drawer Lateral	20 each
2 Drawer Lateral	5 each
Break Room Tables	2 each
Break Room Chairs	4 each

1 **SHORT TITLE: In Re: People's Choice Home Loan, Inc.**
2 **CASE NO.: SA 07-10765-RK**

3 **PROOF OF SERVICE**

4 **STATE OF CALIFORNIA, COUNTY OF ORANGE**

5 I am employed in the City of Santa Ana, County of Orange, State of California. I am over
6 the age of 18 years and not a party to the within action. My business address is 201 East
Sandpointe, Suite 220, Santa Ana, CA. 92707-5742. On August 31, 2007, I served the
documents named below on the parties in this action as follows:

7 **DOCUMENTS(S) SERVED: PROOF OF CLAIM**

8 **SERVED UPON: "SEE ATTACHED SERVICE LIST"**

9 XX (BY MAIL) By placing a true copy in a separate envelope for each addressee named
10 above, with the name and address of each person served shown on the envelope as set
11 forth above, and by causing each such envelope, with postage thereon fully prepaid,
12 to be placed in the United States mail at Santa Ana, California. I am readily familiar
with the practice of the Law Office of Dean P. Sperling for collection and processing
of correspondence for mailing with the United States Postal Service, said practice
being that in the ordinary course of business, mail is deposited in the United States
Postal Service the same day as it is placed for collection.

13
14 — (BY FACSIMILE) My business address is located in the county where the facsimile
15 machine transmission described below took place. On the above date, I caused a
16 facsimile machine transmission from facsimile machine telephone number: (714)
438-8088 of the above documents to be sent to the parties whose facsimile numbers
are listed (below/on the attached service list). Upon completion of the said facsimile
machine transmission(s), the transmitting machine issued a transmission report
showing the transmission(s) was/were complete and without error.

17
18 — (BY FEDERAL EXPRESS) By placing a true copy in a separate envelope for each
19 addressee named above with the name and address of the person served shown on the
20 envelope as set forth above, and by sealing the envelope and placing it for collection
and delivery by Federal Express with delivery fees paid or provided for in accordance
with ordinary business practices. I am familiar with the practice at my place of
21 business for collection and processing of correspondence for overnight delivery by
Federal Express. Such correspondence will be deposited with a facility regularly
maintained by Federal Express for receipt on the same day in the ordinary course of
business.

22 XX (FEDERAL) I declare that I am employed in the office of a member of the bar of this
23 court, at whose direction this service was made.

24 Executed on August 31, 2007, at Santa Ana, California.

25 
26 Lori Ruiz
27
28

SERVICE LIST

- 1
- 2 People's Choice Home, Inc.
7515 Irvine Center Drive
- 3 Irvine, California 92618
Attention: Robert Harris, Board Member
- 4
- 5 Jeremy V. Richards, Esq.
Jeffrey W. Dulberg, Esq.
- 6 Scotta E. McFarland
J. Rudy Freeman, Esq.
- 7 Pachulski, Stang, Ziehl, Young, Jones &
Weintraub, LLP
- 8 10100 Santa Monica Boulevard, 11th Floor
Los Angeles, California 90067
- 9
- 10 Nancy S. Goldenberg, Esq.
Office of the United States Trustee
411 West Fourth Street, Suite 9041
- 11 Santa Ana, California 92701-8000
- 12 Eric E. Sagerman
Justin E. Rawlins
- 13 Winston & Strawn LLP
333 South Grand Avenue, 38th Floor
- 14 Los Angeles, California 90071
Counsel for Committee of Unsecured
- 15 Creditors
- 16 Keith A. McDaniels
Winston & Strawn LLP
- 17 101 California Street, 39th Floor
San Francisco, California 94111-5802
- 18
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EXHIBIT B

FILED
JUL 14 2007
U.S. BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA
BY Deputy Clerk

ENTERED
JUL 12 2007
CLERK, U.S. BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA
BY Deputy Clerk

1 Jeremy V. Richards (CA Bar No. 1023000)
2 Jeffrey W. Dulberg (CA Bar No. 181200)
3 Scotta E. McFarland (CA Bar No. 165391)
4 J. Rudy Freeman (CA Bar No. 188032)
5 PACHULSKI STANG ZIEHL YOUNG
6 JONES & WEINTRAUB LLP
7 10100 Santa Monica Blvd., 11th Floor
8 Los Angeles, California 90067-4100
9 Telephone: 310/277-6910
10 Facsimile: 310/201-0760

11 Attorneys For Debtors and Debtors in Possession

12 UNITED STATES BANKRUPTCY COURT
13 CENTRAL DISTRICT OF CALIFORNIA
14 SANTA ANA DIVISION

15 In re

16 PEOPLE'S CHOICE HOME LOAN,
17 INC., et al.,¹

18 Debtors.

19 Case No.: SA 07-10765-RK

20 Chapter 11

21 (Jointly Administered with Case Nos.
22 SA 07-10767-RK and 07-10772-RK)

23 **STIPULATION BY AND AMONG THE**
24 **DEBTORS AND THE IRVINE COMPANY**
25 **REJECTING NONRESIDENTIAL REAL**
26 **PROPERTY LEASE PURSUANT TO 11 U.S.C.**
27 **§ 365(A); ORDER THEREON**

28 [No Hearing Required]

The following stipulation is entered into by and among the above-captioned debtors and debtors in possession (the "Debtors") and The Irvine Company (the "Landlord"), through their respective counsels of record:

I. On March 20, 2007, the Debtors filed their voluntary petitions for relief under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code"). The Debtors continue to operate their business and manage their affairs as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. No trustee or examiner has been appointed in these chapter 11 cases.

¹ The Debtors are People's Choice Home Loan, Inc., a Wyoming corporation, Fed. Tax I.D. No.: 94-3348277; People's Choice Funding, Inc., a Delaware corporation, Fed. Tax I.D. No.: 20-1156865; and People's Choice Financial Corporation, a Maryland corporation, Fed. Tax I.D. No.: 20-1157100.



PACHULSKI STANG ZIEHL YOUNG JONES & WEINTRAUB LLP
ATTORNEYS AT LAW
LOS ANGELES, CALIFORNIA

PACHULSKI STANG ZIEHL YOUNG JONES & WEINTRAUB LLP
JUL 11 2007
CLERK, U.S. BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA
BY Deputy Clerk

1 2. The Landlord is the landlord under an Industrial Lease dated June 30, 2003, as
2 amended, (the "Headquarters Lease") pursuant to which People's Choice Home Loans, Inc., one of
3 the Debtors, leases space located at 7515 and 7525 Irvine Center Drive, Irvine, California (the
4 "Premises").

5 3. On July 9, 2007, the Court entered its Order (A) Authorizing Sale of Certain Assets
6 Free and Clear of Liens, Claims, Encumbrances and Interests, (B) Authorizing Assumption,
7 Assignment and Rejection of Executory Contracts; and (C) Granting Related Relief (the "UBS Sale
8 Order") pursuant to which the Debtors will close a sale and/or assign certain of their assets to UBS
9 AG (Tampa Branch) ("UBS"). In connection with such sale, UBS has reached a tentative agreement
10 for a lease of a portion of the Premises.
11

12 **WHEREFORE**, the parties hereby stipulate as follows:

13 A. The Headquarters Lease is rejected immediately subject to and effective upon the
14 closing of the sale by the Debtors to UBS as authorized by the UBS Sale Order.
15

16 B. This Stipulation shall inure to the benefit of, and shall be binding upon, the successors
17 and assigns of the parties, and each of them.

18 C. The recitals are incorporated into and made part of this Stipulation.

19 D. The terms of this Stipulation have been actually negotiated by and between the parties
20 and shall not be construed against any party hereto. All parties (a) have carefully read and
21 understand the scope and effect of each provision; and (b) have consented to and executed this
22 Stipulation freely and without fraud, coercion, duress or undue influence.
23

24 E. Each party shall bear its own costs and expenses, including attorney's fees, in
25 connection with the negotiation, preparation and performance of this Stipulation.
26
27
28

1 F. This Stipulation may be signed in counterpart originals, which, when fully executed,
2 shall constitute a single original. Any signature delivered by a party by facsimile transmission or by
3 electronic means shall be deemed an original signature hereto.

4 G. The effectiveness of this Stipulation is conditioned upon its approval by the
5 Bankruptcy Court.

7 H. The Bankruptcy Court shall retain jurisdiction to resolve any disputes or
8 controversies arising from or related to this Stipulation.

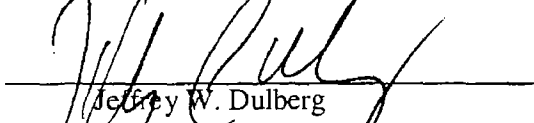
9 I. Each of the undersigned counsel represents that he/she is authorized to execute this
10 Stipulation on behalf of his/her respective client.

11 LAW OFFICES OF DEAN P. SPERLING

12 
13 _____
14 Dean P. Sperling, Esq.

15 Attorney for The Irvine Company

16 PACHULSKI STANG ZIEHL YOUNG JONES & WEINTRAUB LLP

17 
18 _____
19 Jeffrey W. Dulberg

20 Attorneys for the Debtors and Debtors in Possession

21 **ORDER**

22 IT IS SO ORDERED.

23 Dated: JUL 11 2007

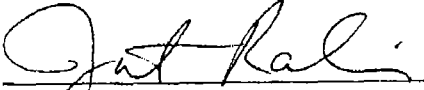
24 

25 HONORABLE ROBERT KWAN
26 UNITED STATES BANKRUPTCY JUDGE

PACHULSKI STANG ZIEHL YOUNG JONES & WEINTRAUB LLP
ATTORNEYS AT LAW
LOS ANGELES, CALIFORNIA

1 The Official Committee of Unsecured Creditors does not object to this Stipulation by and
2 among the Debtors and The Irvine Company.

3 WINSTON & STRAWN LLP

4
5 By 
6 Eric Sagerman
7 Justin Rawlins
8 Attorneys for the Official Committee
9 of Unsecured Creditors
10
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PACHULSKI STANG ZIEHL YOUNG JONES & WEINTRAUB LLP
ATTORNEYS AT LAW
LOS ANGELES, CALIFORNIA

NOTE TO USERS OF THIS FORM:

Physically attach this form as the last page of the proposed Order or Judgment.
Do **not** file this form as a separate document.

In re PEOPLE'S CHOICE HOME LOAN, INC.	Debtor.	CHAPTER <u>11</u> CASE NUMBER: 07-10765
--	---------	--

**NOTICE OF ENTRY OF JUDGMENT OR ORDER
AND CERTIFICATE OF MAILING**

TO ALL PARTIES IN INTEREST ON THE ATTACHED SERVICE LIST:

1. You are hereby notified, pursuant to Local Bankruptcy Rule 9021-1(a)(1)(E), that a judgment or order entitled
(specify):
ORDER APPROVING STIPULATION BY AND AMONG THE DEBTORS AND THE IRVINE COMPANY REJECTING NONRESIDENTIAL REAL PROPERTY
LEASE PURSUANT TO 11 U.S.C. § 365(A)

was entered on (specify date):

7-12-07

2. I hereby certify that I mailed a copy of this notice and a true copy of the order or judgment to the persons and
entities on the attached service list on (specify date):

7-12-07

Dated:

7-12-07

JON D. CERETTO
Clerk of the Bankruptcy Court

By: 
Deputy Clerk

**SERVICE LIST RE STIPULATION BY AND AMONG THE DEBTORS AND THE
IRVINE COMPANY REJECTING NONRESIDENTIAL REAL PROPERTY LEASE
PURSUANT TO 11 U.S.C. § 365(A); ORDER THEREON**

U.S. Trustee's Office

Peter C. Anderson, United States Trustee
Frank Cardigan, Assistant United States Trustee
Office of the U.S. Trustee
411 W. Fourth Street, Suite 9041
Santa Ana, CA 92701

Attorneys for Debtors

Jeffrey W. Dulberg
J. Rudy Freeman
Pachulski Stang Ziehl Young Jones & Weintraub LLP
10100 Santa Monica Boulevard
Suite 1100
Los Angeles, CA 90067

Counsel for Committee of Unsecured Creditors

Eric E. Sagerman
Justin e. Rawlins
Winston & Strawn LLP
333 South Grand Avenue, 38th Floor
Los Angeles, CA 90071

Keith A. McDaniels
Winston & Strawn LLP
101 California Street, 39th Floor
San Francisco, CA 94111-5802

Attorneys for Creditor The Irvine Company

Dean P. Sperling
Law Office of Dean P. Sperling
201 East Sandpointe, Suite 220
Santa Ana, California 92707-5742

EXHIBIT C

Counterparty	Name of Agreement	Adjusted Cure
Agile 360 2102 Business Center Drive Irvine, CA 92612	Technical Support and Engagement Agreement - Reseller of software	
American Power Conversion 132 Faigrounds Road West Kingston, RI 02892	Service and Support Agreement - Data Center electrical support	
APC Data Center UPS 132 Fairgrounds Road West Kingston, RI 02892	See Separate IT Contracts Spreadsheet for more info	
Aspect Software, Inc. 6 Technology Park Drive Westford, MA 01886	Software and Services Agreement - Oredicitve Dialer in Servicing	
BackupExec Softchoice 11444 Olympic Blvd Los Angeles, CA 90064	See Separate IT Contracts Spreadsheet for more info -Bacup and recovery software	
Barracuda Networks 385 Ravendale Drive Mountain View, CA 94043	License Agreement	
BlueCoat Jennifer Valasco Agile 360 2102 Business Center Drive Irvine, CA 92612	See Separate IT Contracts Spreadsheet for more info - Network security	
Captaris RightFax Instant InfoSystems (VAR) 20000 Mariner Ave., Suite 250 Torrance, CA 90503	See Separate IT Contracts Spreadsheet for more info	
Cisco Networking Devices (Smartnet) 6535 N State Highway 161 Irving, TX 75039	Infrastructure telecommunication devices. See Separate IT Contracts Spreadsheet for more info	
Citrix Systems, Inc. c/o Subscription Advantage PO Box 932841 Atlanta, GA 31193-2841	Terminal emulation and remote access software. Software Licensing (Renewal) See #29 and #32	
COGNOS 2020 Main Street, Suite 750 Irvine, Ca 92614	See Separate IT Contracts Spreadsheet for more info	
Control Air Corp. 5200 E. La Palma Ave. Anaheim, CA 92807	Maintenance Agreement on A/C Units for Data Center	\$ 305.00
Cybertrust, Inc. PO Box 67000 Dept. #254901 Detroit, MI 48267	Risk Management Agreement	
DataTree 4 First American Way Building 4, 3rd Floor Santa Ana, CA 92707 800-708-8463		

Counterparty	Name of Agreement	Adjusted Cure
Datawatch Corporation (Servicing # 360) 175 Cabot Street, Suite 503 Lowell, MA 01854	Reporting used by Accounting and Servicing. Converts EDI files to web portal. Software License and Services Agreement	
DoubleTake (DR # 561) Jennifer Valasco Agile 360 2102 Business Center Drive Irvine, CA 92612 Reseller 949-253-4106	Disaster Recovery replicates transactions to off-site data center. See Separate IT Contracts Spreadsheet for more info	
eMortgage Logic Ralph Sells, President 5421 Basswood Blvd Suite 780 Fort Worth, TX 76137 (817) 581-2900 x 16		
Empower LOS 50 South Water Ave. Sharon, PA 16146	See Separate IT Contracts Spreadsheet for more info	\$ 229,399.38
E-Oscar Dept 224501 PO Box 55000 Detroit, MI 48255		
Experian Information Solutions, Inc. Information Solutions Division 475 Anton Blvd. Costa Mesa, CA 92626 Attn: General Counsel	Prescreening Services Agreement	
Facilities Protection Systems 1150 W. Central Ave., Suite D Brea, CA 92821	Preventative Maintenance Agreement	
Fair Issac Software, Inc. 3550 Engineering Drive, Suite 200 Norcross, GA 30092	BridgeLink Network Services Agreement	
Fidelity Field Services Mitch Snider 30825 Aurora Road Suite 140 Solon, OH 44139 440-424-0058		
Fidelity Information Services, Inc. 50 S. Water Avenue Sharon, PA 16146	Master Agreement No. 102-04M	
Fidelity National Credit Services, Inc., through its FIS Credit Services division (FIS)	Credit Services Agreement - attaching Addendum 1 Credit Requirements, Addendum 2, and Addendum 3 - Service Level Agreement	
Fidelity National Data Services 3100 New York Drive, Ste 100 MS-IDM Pasadena, CA 91107	Internet Services Subscription Agreement (SiteXdata.com)	
Fidelity National Information Services, Inc. 601 Riverside Ave. Jacksonville, FL 32204 Attn: General Manager Attn: Legal Department	Master Services Agreement Between Fidelity National Information Services, Inc. and People's Choice Home Loan, Inc.	

Counterparty	Name of Agreement	Adjusted Cure
FNIS Real Estate Tax Services 222 E. Huntington Drive, Ste. 200 Monrovia, CA 91016	Tax Services Agreement	
Hewlett-Packard 8000 Foothills Blvd. MS 5530 Roseville, CA 95747	Equipment/Server Software and Support Agreement	
HP BackUp Tapes 11444 Olympic Blvd., Ste 760 Los Angeles, CA 90064	See Separate IT Contracts Spreadsheet for more info	
HP Hardware Maintenance 8000 Foothills Blvd. Mail Stop 5530 Roseville, CA. 95747	See Separate IT Contracts Spreadsheet for more info	
Iron Mountain Information Management (waiting for response from George Martinez for address)	Customer Agreement (Media Vaulting)	
Iron Mountain 12958 Midway Place Cerritos CA 90703	Shredding Service	
Iron Mountain 12958 Midway Place Cerritos CA 90703	Customer Agreement dated 5/1/2006 (File Storage)	\$ 7,381.82
Microsoft EA - Softchoice Reseller 11444 Olympic Blvd, Ste 760 Los Angeles, CA 90064	See Separate IT Contracts Spreadsheet for more info	
Microsoft Enterprise - Softchoice Reseller 11444 Olympic Blvd, Ste 760 Los Angeles, CA 90064	See Separate IT Contracts Spreadsheet for more info	
Microsoft Licensing, GP Dept. 551, Volume Licensing 6100 Neil Road, Suite 210 Reno, NV 89511-1137	Microsoft Enterprise Agreement	
Moss Codilis, LLP 6560 Greenwood Plaza Blvd., Ste 550 Englewood, CO 80111	Services Agreement	
MSLI, GP 6100 Neil Road, Suite 210 Reno, NV 89511-1137 Dept. 551, Volume Licensing	Microsoft Business Agreement	
MSP (Servicing) 601 Riverside Avenue Jacksonville, FL 32204	Servicing platform. See Separate IT Contracts Spreadsheet for more info	

Counterparty	Name of Agreement	Adjusted Cure
Navision / Archerpoint(Accounting) Greg Kaupp 8001 Irvine Center Dr. Suite 400 Irvine, CA 92618	See Separate IT Contracts Spreadsheet for more info	\$ 2,000.00
NCP Solutions Attn: Sid Stevens 8948 Western Way Jacksonville, FL 32256 Fax: 904-363-1775	Used for mail tracking. There is an FTP site our Collections department accesses to download mail tracking information. Files are PGP encrypted for security.	\$ 6,000.00
NEC PBX Irvine Office	Phone system. See Separate IT Contracts Spreadsheet for more info	
NEC Unified Solutions, Inc. 6535 N. State Highway 161 Irving, TX 75039	NECSecure Maintenance Support - Phone system networking and consulting	\$ 46,890.91
New Invoice. LLC 3150 Holcomb Bridge Road Norcross, GA 30071 (678) 405-3600	Mortgage Servicer Access Agreement	
NICE Systems (Internal Audit # 512) Andrew Birnbaum 301 Rt 17 North, 10th Fl. Rutherford, NJ 07070 1-800-NICE-611	Records all customer calls. Software/Hardware Support Agreement	
NTP File Sentinel Softchoice Corp. 11444 Olympic Blvd, Ste 760 Los Angeles, CA 90064	File management. Monitors pictures, MPs downloads and files	
PlateSpin Ltd. 144 Front Street West, Suite 385 Toronto, ON M5J2L7	Maintenance and Support Agreement (Renewal)	
PowerControls - Softchoice Corp. 11444 Olympic Blvd, Ste 760 Los Angeles, CA 90064	Tools used to restore e-mail -- litigation case support	
Qwest Communications Corp. 19000 Macarthur Blvd., Suite 300 Irvine, CA 92612	Software License and Service Agreement	

Counterparty	Name of Agreement	Adjusted Cure
Safeguard Properties, Inc. Attn: Mr. Robert Klein 650 Safeguard Plaza Brooklyn Heights, OH 44131 T: 800-852-8306 x 1102 F: 216-739-2709 AND copy General Counsel Safeguard Properties, Inc. 650 Safeguard Plaza Brooklyn Heights, OH 44131 T: 800-852-8306 x 1117 F: 216-739-2713	Master Property Services Agreement by and between People's Choice Home Loan, Inc. and Safeguard Properties, Inc.	
Specialists in Custom Software, Inc. 2120 Colorado Avenue, Suite 150 Santa Monica, CA 90404 Phone: (310) 315-9660 Microsoft Business Solutions One Lone Tree Road Fargo, ND 58104-3911	Software Support Agreement	
Sprint ISP P.O. Box 219623 Kansas City, MO 64121-9623	Internet Service Provider See Separate IT Contracts Spreadsheet for more info	
Sungard Availability Services, LP 680 East Swedesford Road Wayne, PA 19087	DR facility in AZ. Software License and Services Agreement	\$ 6,952.48
SyncVoice Communications, Inc. 3152 Red Hill Avenue, Suite 230 Costa Mesa, CA 92626 (714) 901-1445	Software Maintenance and Extended Limited Hardware Warranty Agreement	\$ 1,250.00
TFB IVR (Servicing # 360) Nichola Harris 1112 Ocean Dr., Suite 202 Manhattan Beach, CA 90266	Interactive Voice Response technology. See Separate IT Contracts Spreadsheet for more info	
The Irvine Company (Landlord) dba Office Properties 111 Innovation Drive Irvine, CA 92617	Lease re Premises: 7515 Irvine Center Dr Irvine, CA 92618-4919 CC#7515	
TrendMicro Softchoice Corp. 11444 Olympic Blvd, Ste 760 Los Angeles, CA 90064	Virus scanning/protection software. See Separate IT Contracts Spreadsheet for more info	
USRes Todd Mobraaten 2539 Commercentre Drive Second Floor Lake Forest, CA 92630 949-598-9920 ext 115		

Counterparty	Name of Agreement	Adjusted Cure
VMWare (DR # 561) Jennifer Valasco Agile 360 2102 Business Center Drive Irvine, CA 92612 Reseller 949-253-4106	Used to optimize servers and provide virtual hardware environments. See Separate IT Contracts Spreadsheet for more info	
VXTracker Nancy Griffith 3152 Red Hill Ave, Ste 230 Costa Mesa, CA 92626 714-415-6690	Tracks phone calls, duration and reporting on phone usage - used by Servicing	
WebTrends, Inc. Mike Allen 851 SW 6th Avenue, Suite 700 Portland, OR 97204	Monitors all web access, utilization, outside activity to our sites. Maintenance Renewal Invoice	
Wells Fargo Bank, NA 2030 Main Street, Suite 900 Irvine, CA 92614	Master Agreement for Treasury Management Services	
Western Union Financial Services, Inc. Attn: General Counsel 12500 East Belford Ave. Englewood, CO 80112 F: 720-332-0515	Western Union Payment Services Master Services Agreement	
Western Union Financial Services, Inc. 12500 East Belford Ave. Englewood, CO 80112	Payment Services Master Services Agreement	
Whale Communication 400 Kelby Street, 15th Floor Fort Lee, NJ 07024	Software License and Service Agreement; Web Mail services; VPN; remote access and secure gateway portal	
ZC Sterling 210 Interstate No. Parkway N.W. Suite 400 Atlanta, GA 30339 Attn: SVP Hazard Outsourcing General Counsel	Services Agreement	

SUBTOTAL \$ **300,180**

EXHIBIT D

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April 9, 2012

GREGORY A. MARTIN
Associate Attorney
(213) 615-1918
gmartin@winston.com

VIA EMAIL AND U.S. MAIL

The Irvine Company
c/o Law Office of Dean P. Sperling
Attn: Dean P. Sperling
201 E. Sandpointe, Suite 220
Santa Ana, California 92707

Re: *People's Choice Home Loan, Inc., et al.*
Case No. 2:12-bk-15811-RK
(Transferred from 8:07-bk-10765-RK)

Dear Mr. Sperling:

I am contacting you on behalf of the Liquidating Trustee (the "Trustee") for the Liquidating Trust of People's Choice Home Loan Inc. ("PCHLI"). On or about August 31, 2007, you filed a proof of claim (the "Claim") on behalf of the Irvine Company ("Irvine") which asserts a general unsecured claim of \$1,759,251.29 and a priority claim of \$19,024.40 against PCHLI arising from the rejection of the lease (the "Lease") with People's Choice Home Loan, Inc. ("PCHLI") for certain non-residential property located at 7515 and 7525 Irvine Center Drive, Irvine, CA 92616 (the "Premises").

The Trustee would like to resolve the Claim. However, the Trustee has concerns with the Claim, which are as follows:

Fees Incurred Prepetition are not Entitled to Priority

The Trustee disputes that the claimed late fees, amounting to \$14,946.86, are entitled to priority. PCHLI timely made all post-petition rent payments before the Lease was rejected. Thus any late payments charged correspond to missed or late payments that were due before the petition date. Accordingly Irvine's priority claim should be reduced by \$14,946.86 to \$4,077.54.

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April 9, 2012
Page 2

Additionally, PCHLI's records show that PCHLI made a post-petition payment to Irvine in the amount of \$1,161.50, for the July 1, 2007 HVAC charge. To account for this post-petition payment, the priority claim should be reduced by that amount, from \$4,077.54 to \$2,916.04.

Finally, to the extent that PCHLI incurred HVAC charges before the petition date, those charges are not entitled to priority payment. The Trustee requests that Irvine provide the Trustee with documentation showing when PCHLI incurred the April 1, 2007 HVAC charges. In the absence of such documentation, or to the extent that the April 1 HVAC charges cover PCHLI's prepetition activity, the priority portion of Irvine's claim should be reduced by an additional \$1,522.50, to \$1,393.54.

The Claim is Silent with Regard to Mitigation Efforts

The Trustee will seek the complete disallowance of the Claim unless Irvine provides evidence that it has met its duty to mitigate damages resulting from the rejection of the Lease. A "rebuttable presumption exists that the lessor can relet the leased premises without incurring a loss." *In re D.H. Overmyer Co. v. Irving Trust Co.*, 60 B.R. 391, 393 (S.D.N.Y. 1986). A lessor thus has the obligation to attempt to relet the premises and mitigate its damages. *Unsecured Creditors' Comm. of Highland Superstores v. Strobeck Real Estate (In re Highland Superstores)*, 154 F.3d 573, 581 (6th Cir. 1998) ("[a] lessor's damages arising out of a debtor's lease rejection are determined in accordance with the terms of the debtor's lease and applicable state law, and then are limited by application of Section 502(b)(6) [of the Bankruptcy Code]"). *See generally, Borough of Fort Lee v. Banque Nat'l de Paris, et al.*, 311 N.J. Super. 280, 292-93 ("It is undisputed that a commercial landlord must make reasonable efforts to mitigate its damages after a tenant breaches the lease."); *McLaughlin v. Walnut Properties, Inc.*, 119 Cal. App. 4th 293, 297 (Ct. App. 2d. Dist. 2004) ("Under California law, when a lessee breaches a lease and abandons the rented property before the lease term expires. . . a landlord suing for breach of the lease is entitled to recover unpaid rent up to the time of the judgment and future rent owed under the lease, subject to the lessor's duty to mitigate his damages.").

The Trustee requests that Irvine provide evidence showing: (a) that it has mitigated or has acted reasonably in attempting to mitigate its damages; and (b) whether or not (and when) it has relet or sold the Premises covered by the Lease.

Offer of Settlement

Notwithstanding the above-described concerns, the Trustee would like for all parties to avoid incurring the costs associated with litigation. On condition that Irvine provide the Trustee with evidence of its mitigation efforts, the Trustee proposes the following settlement: (1) Irvine's general unsecured claim will be allowed in the amount of \$1,759,251.29; (2) Irvine's unsecured priority claim will be allowed in the amount of \$1,393.54, or, in the event that Irvine provides the Trustee with evidence that the April 1, 2007 HVAC charges were incurred entirely after the petition date, Irvine's unsecured priority claim will be allowed in the amount of

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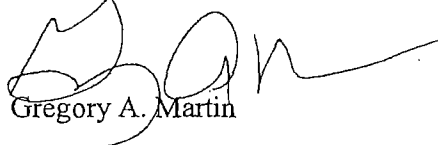
April 9, 2012
Page 3

\$2,916.04; (3) Irvine will release the Debtors from any further claims; and (4) the bankruptcy estate will authorize Irvine to take immediate possession of the letter of credit and cash security deposit, free and clear of any claims by the estate. For the avoidance of doubt, Irvine's Claim would be allowable against only PCHLI.

Please contact me at your convenience at either (213) 615-1918 or gmartin@winston.com and let me know whether you are amenable to the Trustee's proposal. If we do not hear from you by May 9, 2012, the Trustee plans to file an objection to the Claim on the grounds described above. Please note that this settlement offer is being made pursuant to Rule 408 of the Federal Rules of Evidence and should be kept confidential.

Thank you for your cooperation in resolving this matter.

Very truly yours,



Gregory A. Martin

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EXHIBIT E

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November 20, 2012

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Associate Attorney
(213) 615-1918
gmartin@winston.com

VIA U.S. MAIL

The Irvine Company
c/o Law Office of Dean P. Sperling
Attn: Dean P. Sperling
201 E. Sandpointe, Suite 220
Santa Ana, California 92707

Re: *People's Choice Home Loan, Inc., et al.*
Case No. 2:12-bk-15811-RK
(Transferred from 8:07-bk-10765-RK)

Dear Mr. Sperling:

I am contacting you again on behalf of the Liquidating Trustee (the "Trustee") for the Liquidating Trust of People's Choice Home Loan Inc. ("PCHLI") concerning the claim Irvine Company filed in PCHLI's bankruptcy case (the "Claim"). By letter to you dated April 9, 2012, I raised a number of issues regarding the Irvine Company's Claim: I noted that the Trustee does not agree with Irvine Company's assertion that the alleged pre-petition late fees were entitled to priority. The Trustee also believes that, to the extent that any of Irvine Company's priority claim is allowable, the Claim should be reduced by post-petition payments made by PCHLI. Additionally, Irvine Company has failed to provide any evidence of mitigation efforts following PCHLI's rejection of the lease with Irvine Company. As I explained, and as you undoubtedly know, a lessor has the obligation to take reasonable steps to relet the premises and mitigate its damages. The lessor bears the burden of proof to establish that mitigation efforts were made.

Since sending my April 9, 2012 letter, I have left several voicemail messages for you and have communicated several times by email with individuals in your office. The concerns I raised in April regarding the Irvine Company's Claim, however, have gone unanswered.

The Trustee once again asks that Irvine Company provide evidence of any efforts it made to mitigate damages related to the Claim. If we do not receive the information we have requested (on multiple occasions over a period of months) by December 7, 2012, the Trustee plans to object to the Claim based on the points highlighted in my April 9 correspondence. It is

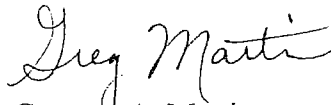
WINSTON & STRAWN LLP

November 20, 2012
Page 2

possible that Irvine Company assumes it may remain silent, leaving the Trustee no alternative but to object to the Claim, and that it may thereafter respond to the Trustee's objection by presenting evidence of mitigation (and other evidence) to the Bankruptcy Court. Please impress upon Irvine Company that now is the time to come forward with any evidence it may have concerning mitigation so that the Trustee can evaluate the merits of the Claim. Should Irvine Company attempt to offer evidence of mitigation after the Trustee has been forced to file an objection because Irvine Company has ignored multiple requests for exactly that kind of information, the Trustee reserves the right to seek to preclude the presentation of any evidence of mitigation and/or to offset from any distribution to Irvine Company the attorneys' fees that the Trustee has incurred dealing with this matter based on Irvine Company's failure to respond to this basic information request.

Thank you in advance for your cooperation in resolving this matter.

Very truly yours,



Gregory A. Martin

cc: Ron Greenspan, Trustee
Tamara McGrath
Rolf Woolner, Esq.

PROOF OF SERVICE OF DOCUMENT

I am over the age of 18 and not a party to this bankruptcy case or adversary proceeding. My business address is:
Winston & Strawn, LLP, 333 S. Grand Avenue, 38th Floor, Los Angeles, CA 90071

A true and correct copy of the foregoing document entitled (*specify*): **MOTION FOR ORDER DISALLOWING PROOF OF CLAIM OF THE IRVINE COMPANY [PCHLI CLAIMS DOCKET NO. 447]; DECLARATIONS OF TAMARA D. MCGRATH AND GREGORY A. MARTIN IN SUPPORT THEREOF** will be served or was served (a) on the judge in chambers in the form and manner required by LBR 5005-2(d); and (b) in the manner stated below:

1. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF): Pursuant to controlling General Orders and LBR, the foregoing document will be served by the court via NEF and hyperlink to the document. On **April 8, 2013**, I checked the CM/ECF docket for this bankruptcy case or adversary proceeding and determined that the following persons are on the Electronic Mail Notice List to receive NEF transmission at the email addresses stated below:

Service information continued on attached page

2. SERVED BY UNITED STATES MAIL:

On **April 8, 2013**, I served the following persons and/or entities at the last known addresses in this bankruptcy case or adversary proceeding by placing a true and correct copy thereof in a sealed envelope in the United States mail, first class, postage prepaid, and addressed as follows. Listing the judge here constitutes a declaration that mailing to the judge will be completed no later than 24 hours after the document is filed.

Service information continued on attached page

3. SERVED BY PERSONAL DELIVERY, OVERNIGHT MAIL, FACSIMILE TRANSMISSION OR EMAIL (*state method for each person or entity served*): Pursuant to F.R.Civ.P. 5 and/or controlling LBR, on **April 8, 2013**, I served the following persons and/or entities by personal delivery, overnight mail service, or (for those who consented in writing to such service method), by facsimile transmission and/or email as follows. Listing the judge here constitutes a declaration that personal delivery on, or overnight mail to, the judge will be completed no later than 24 hours after the document is filed.

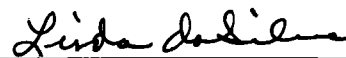
PRESIDING JUDGE'S COPY - Service by Overnight Mail
Hon. Robert Kwan
United States Bankruptcy Court
255 E. Temple Street, Suite 1682
Los Angeles, CA 90012
Via overnight mail with Fedex
Tracking Number: 799468557266

Service information continued on attached page

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct.

April 8, 2013
Date

Linda daSilva
Printed Name


Signature

1. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF):

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This form is mandatory. It has been approved for use by the United States Bankruptcy Court for the Central District of California.

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Office of U.S. Trustee

The Office of the United States Trustee
725 S. Figueroa Street, 26th Floor
Los Angeles, CA 90017

**PCHLI CLAIMS DOCKET NO. 447 - THE IRVINE
COMPANY**

The Irvine Company
c/o Law Office of Dean P. Sperling
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Attys. for The Irvine Company
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