

RESIDENTIAL LEASE AGREEMENT

1. PARTIES. This Agreement is between George and Cecilia Acero, Owners, and Tenants, Mike + Judy King, Charles King, Kyle Wolf

2. PREMISES. The Premises hereby leased by Tenants from Owners are described as follows: single family home located at 1455 Redding Rd., West Sacramento, CA, 95691.

3. TERM. The term of this lease is for one year, starting on May 1, 2008 (which shall be the "Move-in Date"), and ending on April 30, 2009 ("Move-out Date").

4. USE OF PREMISES. The Premises will be occupied and used solely as a residential dwelling by Tenants, which include: Mike + Judy King, Charles King, Kyle Wolf and no one else.

No business use of the Premises is permitted without written consent of both Owners. Any business use shall be limited and reasonable in light of the fact that the property is in a residential neighborhood. Further, any business use of the Premises must not violate any restriction placed by Federal, State, County, municipal, or other law or any restrictive covenants affecting the property. Tenants agree to indemnify and hold owners harmless for any liability, penalties, fees, or other monetary loss incurred by any business use of the Premises irrespective of whether proper consent was obtained to run the business. Any consent to use the property for business purposes can be revoked at any time. Tenants agree that they will not claim any damages against Owners resulting from the revocation of permission to use the Premises for business purposes.

5. DELIVERY OF POSSESSION. Possession of the Premises shall be delivered to Tenants on Move-in Date.

6. RENT. Tenants shall pay to George or Cecilia Acero, Owners, \$1,725.00 per month as rent by check or money order, payable in advance and without demand, on or before the 1st day of each calendar month without a grace period. However, the first month's rent shall be due on or before April 30, 2008. The rent shall be paid to Owners in person or via mail (to P.O. Box 1986, West Sacramento, CA 95691). Tenants bear the risk of loss for any payments made via mail. Checks from persons other than Tenants will not be accepted. Tenants and Owners agree that all rights to Tenants and all duties and obligations of Owners in this Lease are conditioned on the rent being paid on time. Tenants' right of possession and all of Owners' obligations are expressly conditioned on prompt payment of rent. There will be a \$5.00 a day late charge if the rent is not paid on time. There will be a \$25.00 service charge for the first check returned for insufficient funds, and \$35.00 for each additional returned check. Owners can waive any of the above fees at their sole discretion. However, such a waiver does not have the effect of modifying the Lease Agreement and such fees can be charged for any subsequent breaches.

the Premises, without negligence, carelessness, recklessness, accident, abuse, or wrongful conduct. If Tenants fail to thoroughly clean the Premises, prior to move out, reasonable charges to complete such cleaning shall be deducted from the security deposit. Tenants shall make no alterations to the Premises or its contents without the prior written permission of Owners, including alterations such as painting, carpeting or wallpapering. In the case of an alteration, repair, or improvement where the law requires a licensed contractor, Tenants shall use a contractor with the proper license to perform the task and agrees to assume all costs and liabilities for using the contractor and will hold owners harmless for any acts or omissions of such contractors. Via a separate, written agreement, Owners and Tenants may agree to share the costs and liabilities of certain improvements. The distribution of costs incurred in repairs is set out in provision 14.

9. PETS. No pets or other animals of any kind shall be allowed, even temporarily, anywhere on the Premises without written permission of Owners or when required by law. When permission is granted by owners to allow an animal on the premises, Tenants will be required to pay a non-refundable pet fee of \$15 a month per pet. Pet fees are not applied against damages to the property caused by animals. Owners reserve the right to restrict animals by type, weight, and number. Even if pets are permitted on the premises, Owners can still restrict the ability of pets to live indoors or even stay indoors for short time periods. A maximum of two pets will be allowed. Under no circumstances shall the following pets or animals be permitted: (1) Rottweilers or Pit Bulls; (2) pets or animals that have a history of biting or attacking persons; or (3) pets or animals not permitted to be on the property due to restrictions placed by law or the restrictive covenants governing this property. Fish tanks in excess of two gallons are not permitted. Tenants will be subject to charges, damages, and possibly eviction provisions of this Lease if this provision is violated. If a pet has been kept on the Premises at any time during the Lease, with or without written permission, a deduction from the security deposit may be made for flea control and shampooing in order to protect future Tenants from possible health hazards, and for any damages caused by animals brought on the Premises by Tenants, their guests, or their invitees. Tenants agree to indemnify and hold Owners harmless for any liability, penalties, fees, or other monetary loss that is caused by any pet or other animal brought on the Premises by Tenants, their guests, or their invitees.

10. SUBLETTING/ASSIGNMENTS/GUESTS. Subleases shall not be permitted under any circumstances. Tenant may be permitted to make an assignment if, and only if, prior written consent of Owners is obtained and Owners shall not be obligated to grant such consent. If Owners grant such permission Tenants will remain fully liable for the terms of this Lease, but will receive credit for all rentals paid by succeeding tenants/Assignees. Prior to granting consent to assign, owners shall have the right to verify credit, income, and character information of the potential assignee. Tenants shall insure that any new tenant(s) agree to comply with the terms of this Agreement. Tenants may allow a reasonable amount of guests to stay on the property, but in no circumstance will more than five guests be allowed at one time unless prior written consent is obtained from Owners. Guests may not stay on the property for longer than two consecutive weeks and no person may stay as a guest for more than two two-week periods without prior written consent of Owners. Owners may revoke consent at any time for any guest(s). Under no

circumstance can Tenants charge guests for staying at the Premises.

11. NUISANCE. Tenants shall not permit any condition on the property that qualifies as a nuisance under the law to be created or to exist on the Premises. Should any person complain about any condition of, or relating to, the Premises, Tenants shall immediately notify Owners. Owners may prohibit or regulate motorcycles, boats, trailers, recreational vehicles and inoperative vehicles on the Premises and shall not allow any such vehicles to be on the property without prior written consent from Owners. Tenants may park up to three (3) vehicles not included in the above description (such as ordinary passenger vehicles) on the Premises without written consent of Owners so long as such cars were identified in the Rental Application. Tenants may park additional vehicles with written consent of Owners. Tenants agree to comply with all laws and restrictive covenants applicable to this property including, but not limited to, those governing whether motorcycles, boats, trailers, recreational vehicles and inoperative vehicles are permitted on the Premises and, if so, where they may be stored. Additionally, Tenants agree to take all necessary steps to prevent any nuisance created by pets or other animals on the Premises, including but not limited to excessive barking. Tenants also agree they will not store or use any fireworks or explosive substances on the Premises. Tenants shall not use any weapons, including firearms, BB guns, or slingshots, on the Premises for purposes other than self-defense.

12. SMOKING. Smoking is prohibited anywhere inside the home or inside the front porch area. If Tenants or any other person on the Premises wishes to smoke in any other part of the Premises, Tenants must close all downstairs windows within a ten-foot radius of the area in which any person wishes to smoke. Tenants are to ensure that any person smoking properly disposes of cigarette butts to minimize the risk of a fire. Tenants agree to indemnify and hold Owners harmless for any liability, penalties, fees, or other monetary loss that is caused by any person smoking on the Premises during the duration of this Lease or any extension or renewal thereof.

13. UTILITIES. Owners shall pay for water, sewer, and refuse while Tenants shall pay for all other utilities used on the Premises including, but not limited to, telephone, gas, and electricity. Water is currently charged on a flat fee. Under a law, which will soon be in effect, water will be charged per use. Once water is charged by use, Owners will no longer pay for water charges and Tenants will fully pay such charges in addition to the monthly rent amount identified in provision 6.

14. REPAIRS. If during tenancy period repairs are necessary, Tenants shall be responsible for all minor repairs while Owner shall be responsible for all other, major, repairs. For purposes of this clause, "minor" shall mean any repair costing \$99.99 or less (before taxes) and a "major" repair shall be anything above that amount. Notwithstanding such an arrangement, Tenants shall be jointly and severably liable for all repairs (minor or major) that are necessitated due to the negligent, reckless, intentional, or any wrongful conduct of Tenants, their guests, and their invitees. Tenants shall also be liable for all damages (major or minor) caused by the pets or animals of any Tenants, guests, or invitees. Tenants are required to give Owners written notice of any major

damages to the property, irrespective of whether Owners are liable for the repairs.

15. YARD. Tenants shall be responsible for maintaining the front yard in good condition including mowing the lawn at reasonable intervals, fertilizing, watering the lawn and plants, and removing weeds. The rear yard is not landscaped. However, Tenants have a duty to trim all weeds that exceed one foot in height. In the event that the rear yard becomes landscaped during the time when this Lease is in effect, Tenants will have a duty to maintain the rear yard in good condition. With the written consent of Owners, Tenants may plant certain vegetation in the rear yard or make other alterations. In the case of an alteration, repair, or improvement to the front or back yard where the law requires a licensed contractor to perform such work, Tenants shall use a contractor with the proper license to perform the task and agrees to assume all costs and liabilities for using the contractor and will hold Owners harmless for any acts or omissions of such contractors unless Owners have agreed to jointly share in the cost of such an alteration, repair, or improvement, in which case liability may be determined by any separate agreement drafted regarding such work.

16. RIGHT OF ENTRY. Owners may enter the property as permitted by law, including (1) with the consent of a Tenant; (2) in emergencies; (3) to repair or improve the premises; (4) to exhibit the property to prospective tenants or purchasers; (5) on abandonment or surrender of the property by Tenants; and (6) under a court order. Except in the case of an emergency, entry will only be made after a reasonable notice and during normal business hours. Should Tenants wish to enter into a new Lease at the expiration of this Lease, Tenants agree to allow Owners to inspect the entire Premises as a condition to being able to enter into a new lease agreement.

17. LIABILITY AND INDEMNITY. Owners shall not be liable to Tenants, Tenants' guests, Tenants' invitees, or other occupants or persons on the Premises for personal injury, property damage or other losses to such persons on their property caused by other persons, theft, burglary, assault, any other crimes, fire, water, wind, rain, smoke, or any causes unless such a waiver of liability under any of those specific situations is prohibited by law. Tenants agree to indemnify and hold Owners free and harmless from any and all liability for injury to or death of any person, or for damage to property arising from the use and occupancy of the Premises by Tenants or from the act of omission of any person or persons, including Tenants to the fullest extent permitted by law. Owners recommend that Tenants secure insurance for Tenants' own account to protect Tenants from the hazards of such losses as described above.

18. GROUNDS FOR EVICTION. If Tenants shall default in the prompt payment of rent or any other sums due herein, abandon the Premises, violate any of the terms of this Lease, or when otherwise permitted by law, Owners may terminate Tenants right to occupancy by giving Tenants a three (3) day written notice to vacate by first class mail, by personal delivery to Tenants, or by notice left in a conspicuous place inside the Premises, and Owners shall have the right to file a Forcible Entry/unlawful detainer suit in the proper court to retake possession. After giving such notice or filing suit for possession, Owners may accept payment for the sums due herein. Accepting such

payments will not necessarily diminish Owners right to proceed against Tenants for eviction, property damage, legally due rent or other sums due herein.

19. **HOLDOVER.** If Tenants hold over and fail to vacate on or before the contracted move out date (end of Lease term/Move-Out date or any renewal or extension periods agreed by the parties in a separate, signed writing), Tenants shall be liable to pay rents for holdover period and shall indemnify Owners and/or prospective Tenants or prospective purchasers for damages (i.e., lost rentals or profits of sale, lodging expenses). Rent during the holdover period shall be due on a weekly basis.

20. **SIGNS AND SHOWINGS.** During the last thirty (30) days of the Lease, a "FOR RENT" sign may be displayed on the Premises and the Premises may be shown to prospective tenants at reasonable times and upon reasonable notice to Tenants (as defined by law). During the term of this Lease, a "FOR SALE" sign may be displayed on the Premises and the Premises may be shown to prospective tenants at reasonable times and upon reasonable notice to Tenants (as defined by law).

21. **INCORPORATION BY REFERENCE.** The Applications signed or provided by all Tenants and any attached documents are incorporated by reference into, and become part of, this Lease Agreement. Any material misrepresentation or omission in such documents is considered a breach of this Agreement and is grounds to either cancel or rescind the Lease.

22. **ENTIRE AGREEMENT.** This written Agreement contains the entire agreement of the parties. No oral agreements or representations that have been made before the execution of the Agreement, during the execution of the Agreement, or that are made afterwards shall be binding on the parties. This Agreement may be modified only via a writing signed by all parties.

23. **INTERPRETATION/VENUE.** This Agreement shall be construed under and in accordance with the laws of the State of California. The parties agree that any action to enforce this Lease Agreement, or any action relating to or arising out of this Lease, shall be filed in Yolo County Superior Court, unless the parties agree otherwise, or a Court order deems that transfer to another venue is proper.

24. **SUCCESSION.** This Agreement shall be binding upon, and inure to the benefit, of the parties and their respective heirs, executors, administrators, legal representatives, successor and assigns.

25. **SEVERABILITY.** Should any provision or clause within a provision be deemed unenforceable for any reason, the remainder of the Lease Agreement shall remain in effect.

26. **FORCE MAJEURE.** Should a natural Act of God, such as an earthquake, tornado, flood, render the house entirely uninhabitable for a period of more than five days, at the option of either Tenants or Owners, the Lease may be canceled at any time, after the five

day period, while the Premises remains entirely uninhabitable.

27. CONTINGENCY. This Agreement is contingent on Owners' purchase of a new property, of which the closing date is set for April 24, 2008. If such property purchase does not occur Owners will not be able to vacate the Premises, and this Agreement will not take into effect.

BY SIGNING THIS AGREEMENT I/WE ACKNOWLEDGE THAT I/WE HAVE READ THE ENTIRE AGREEMENT AND CONSENT TO ALL TERMS THEREIN. NOT ALL CONTRACT TERMS CONTAINED IN THIS AGREEMENT ARE PRESCRIBED BY LAW. ONCE THIS AGREEMENT IS SIGNED, EACH AND EVERY PROVISION CONTAINED IN IT IS BINDING UPON THE PARTIES. OWNERS RECOMMEND THAT YOU CONSULT YOUR ATTORNEY BEFORE SIGNING.

George Neen 4/11/08
OWNER DATE

[Signature] 4-11-08
OWNER DATE

[Signature] 4/10/08
TENANT DATE

[Signature] 4/9/08
TENANT DATE

[Signature] 4/9/2008
TENANT DATE

Judith G. King 4/9/08
TENANT DATE