

Contract 1: Commercial Lease Agreement (Retail Space)

COMMERCIAL LEASE AGREEMENT

PARTIES:

Landlord: W. Random Industries, LLC, a California Limited Liability Company

Address: 1247 Golden State Boulevard, Suite 200, Merced, CA 95341

Tenant: Maria's Family Market, Inc., a California Corporation

Address: 890 Commerce Drive, Merced, CA 95341

PROPERTY: 1247 Golden State Boulevard, Suite A, Merced, CA 95341

DATE: March 15, 2025

ARTICLE 1: BASIC LEASE TERMS AND DEFINITIONS

1.1 Premises Description: 2,400 square feet of retail space located in Golden State Shopping Center, including:

- Main retail floor: 2,100 square feet
- Storage area: 200 square feet
- Office space: 100 square feet
- Loading dock access (shared)
- Designated parking spaces: 12 spaces

1.2 Lease Term: Five (5) years and zero (0) months, commencing April 1, 2025 at 12:01 AM and expiring March 31, 2030 at 11:59 PM ("Lease Term").

1.3 Base Rent:

- Years 1-2: \$6,000 per month (\$30.00 per square foot annually)
- Years 3-4: \$6,300 per month (\$31.50 per square foot annually)
- Year 5: \$6,615 per month (\$33.08 per square foot annually)

1.4 Additional Rent: All amounts payable by Tenant under this Lease other than Base Rent, including but not limited to: taxes, insurance, common area maintenance charges, utilities, late fees, and percentage rent.

1.5 Security Deposit: \$18,000 (three months Base Rent), deposited upon execution of this Lease.

1.6 Permitted Use: Retail grocery store operations, including sale of food products, beverages, household items, and related merchandise typically found in neighborhood grocery stores.

ARTICLE 2: RENT AND ADDITIONAL CHARGES

2.1 Base Rent Payment: Base Rent shall be paid monthly in advance on the first day of each calendar month. If the Lease Term commences on a date other than the first day of a calendar month, the first month's rent shall be prorated.

2.2 Triple Net Charges: In addition to Base Rent, Tenant shall pay Tenant's Proportionate Share (12.5% based on 2,400 sq ft of 19,200 total sq ft) of the following:

(A) Real Estate Taxes: All real estate taxes, assessments, and governmental charges levied against the Property. Estimated monthly payment: \$425.

(B) Insurance Premiums: All premiums for property insurance, liability insurance, and other insurance maintained by Landlord for the Property. Estimated monthly payment: \$180.

(C) Common Area Maintenance (CAM): All costs for maintenance, repair, replacement, and operation of common areas including but not limited to:

- Parking lot maintenance and striping
- Landscaping and irrigation
- Common area lighting and utilities
- Snow removal and exterior cleaning
- Security services and systems
- Management fees (not to exceed 5% of total CAM costs) Estimated monthly payment: \$240.

2.3 Percentage Rent: If Tenant's Annual Gross Sales exceed \$1,200,000 in any Lease Year, Tenant shall pay additional rent equal to six percent (6%) of such excess amount. "Gross Sales" shall mean all receipts from business conducted on or from the Premises, excluding returns, exchanges, and sales taxes.

2.4 Annual Reconciliation: By April 30th of each year, Landlord shall provide Tenant with a statement showing actual costs for the prior calendar year and any adjustment to monthly estimates for the current year. Tenant shall have 60 days to audit such statement.

2.5 Late Charges: If any rent payment is not received within five (5) days after the due date, Tenant shall pay a late charge of \$150 plus interest at the rate of 1.5% per month (18% per annum) on the unpaid amount.

ARTICLE 3: USE AND OCCUPANCY

3.1 Permitted Uses: Tenant shall use the Premises solely for the operation of a retail grocery store and for no other purpose without Landlord's prior written consent, which may be withheld in Landlord's sole discretion.

3.2 Prohibited Uses: Tenant shall not use the Premises for:

- Sale of alcoholic beverages, tobacco products, or firearms

- Any illegal activities or purposes
- Any use that creates unusual fire, safety, or insurance risks
- Adult entertainment or gaming operations
- Any use that violates applicable laws, ordinances, or regulations

3.3 Continuous Operation: Tenant agrees to operate the business continuously during the Lease Term, maintaining regular business hours of at least 60 hours per week, including evenings and weekends as is customary for grocery retail operations.

3.4 Co-tenancy Provisions: If the anchor tenant (SaveMore Supermarket) ceases operations for more than 90 consecutive days, Tenant may reduce Base Rent by 25% until such anchor tenant resumes operations or a replacement anchor tenant opens for business.

ARTICLE 4: MAINTENANCE AND REPAIRS

4.1 Tenant's Maintenance Obligations: Tenant shall maintain in good condition and repair:

- All interior portions of the Premises including walls, floors, ceilings, and fixtures
- All tenant improvements and alterations
- HVAC system serving the Premises (including quarterly filter changes)
- All electrical, plumbing, and mechanical systems within the Premises
- Interior and exterior windows and doors
- Routine janitorial and cleaning services

4.2 Landlord's Maintenance Obligations: Landlord shall maintain and repair:

- Building structure, foundation, and roof
- Exterior walls and building envelope
- Common areas including parking lots, sidewalks, and landscaping
- Main utility lines and connections to the building
- Building systems serving multiple tenants

4.3 Emergency Repairs: Landlord may make emergency repairs without notice if necessary to protect persons or property. Costs of such repairs caused by Tenant's negligence shall be reimbursed by Tenant within 30 days.

4.4 Failure to Maintain: If either party fails to perform required maintenance after 30 days written notice, the other party may perform such maintenance and charge the defaulting party for all costs incurred plus an administrative fee of 15%.

ARTICLE 5: ALTERATIONS AND IMPROVEMENTS

5.1 Tenant Improvements: Tenant may make alterations and improvements to the Premises with Landlord's prior written consent, which shall not be unreasonably withheld for improvements that:

- Do not exceed \$25,000 in cost
- Do not affect building structure or systems
- Comply with all applicable codes and regulations
- Are consistent with building standards

5.2 Landlord's Approval Process: For alterations exceeding \$25,000 or affecting building structure, Tenant must submit detailed plans and specifications. Landlord shall respond within 20 business days. Approved alterations require:

- Permits obtained at Tenant's expense
- Licensed contractors acceptable to Landlord
- Certificate of completion and lien waivers
- Updates to building insurance as necessary

5.3 Ownership of Improvements: All improvements and alterations shall become Landlord's property upon installation, except moveable trade fixtures, furniture, and equipment that can be removed without damage to the Premises.

5.4 Restoration Upon Termination: Upon lease termination, Tenant shall remove any alterations designated by Landlord and restore the Premises to its original condition, reasonable wear and tear excepted.

ARTICLE 6: ASSIGNMENT AND SUBLETTING

6.1 Restriction on Transfer: Tenant shall not assign this Lease or sublet the Premises, in whole or in part, without Landlord's prior written consent. Any attempted assignment or subletting without consent shall be void and constitute a material default.

6.2 Standards for Approval: Landlord's consent shall not be unreasonably withheld if the proposed assignee or subtenant:

- Has financial capacity to perform lease obligations
- Will use the Premises for permitted purposes only
- Has good business reputation and relevant experience
- Agrees to be bound by all lease terms and conditions

6.3 Assignment Procedures: Tenant requesting assignment consent shall provide:

- Financial statements of proposed assignee
- Business plan and operational details
- Personal guaranty if required by Landlord
- Payment of \$2,500 assignment fee
- Reimbursement of Landlord's review costs

6.4 Subletting Profit Sharing: If approved subletting rent exceeds Tenant's rent obligations, Tenant shall pay Landlord 50% of such excess after deducting reasonable marketing and improvement costs.

6.5 No Release: No assignment or subletting shall release Tenant from primary liability under this Lease unless expressly agreed by Landlord in writing.

ARTICLE 7: INSURANCE AND INDEMNIFICATION

7.1 Tenant's Insurance Requirements: Tenant shall procure and maintain the following insurance:

(A) Commercial General Liability: Minimum \$1,000,000 per occurrence, \$2,000,000 aggregate, covering bodily injury, property damage, and personal injury claims arising from Tenant's use of the Premises.

(B) Product Liability: Minimum \$1,000,000 per occurrence for claims arising from products sold by Tenant.

(C) Workers' Compensation: As required by California law for all employees.

(D) Commercial Property Insurance: Coverage for tenant improvements, fixtures, equipment, and inventory at full replacement cost.

(E) Business Interruption: Coverage for lost income during covered interruptions, minimum 12 months coverage.

7.2 Insurance Requirements: All insurance policies shall:

- Name Landlord as additional insured on liability policies
- Be primary and non-contributory to Landlord's insurance
- Contain waiver of subrogation in favor of Landlord
- Provide 30 days advance notice of cancellation
- Be written by insurers rated A-VII or better by A.M. Best

7.3 Evidence of Insurance: Tenant shall provide certificates of insurance prior to occupancy and annually thereafter. Failure to maintain required insurance shall constitute material default.

7.4 Indemnification: Tenant shall indemnify, defend, and hold harmless Landlord from and against any and all claims, damages, losses, and expenses (including attorney fees) arising from:

- Tenant's use or occupancy of the Premises
- Acts or omissions of Tenant, its employees, agents, or invitees
- Breach of this Lease by Tenant
- Any accident, injury, or damage occurring in the Premises

7.5 Mutual Waiver of Subrogation: Each party waives any claim against the other for damages covered by insurance required under this Lease, regardless of fault or negligence.

ARTICLE 8: UTILITIES AND SERVICES

8.1 Tenant's Utility Obligations: Tenant shall arrange for and pay all costs of:

- Electricity for the Premises
- Natural gas service
- Telephone and internet services
- Cable/satellite television
- Trash removal and recycling services

8.2 Water and Sewer: Water and sewer charges shall be paid by Tenant based on separate metering or, if not separately metered, allocated based on proportionate share of building square footage.

8.3 Utility Interruptions: Landlord shall not be liable for interruption of utilities not caused by Landlord's negligence. No utility interruption shall constitute constructive eviction or justify rent abatement unless continuing for more than 5 consecutive business days.

8.4 Energy Conservation: Tenant agrees to comply with all applicable energy conservation programs and shall not waste utilities. Tenant may install energy-efficient improvements with Landlord's consent.

ARTICLE 9: DEFAULT AND REMEDIES

9.1 Events of Default: The following shall constitute events of default by Tenant:

(A) Monetary Default: Failure to pay rent or other charges when due, continuing for 5 days after written notice.

(B) Non-Monetary Default: Failure to perform any other lease obligation, continuing for 30 days after written notice (or such longer period as reasonably required if Tenant commences cure within 30 days and diligently pursues completion).

(C) Insolvency Events: Filing of bankruptcy, assignment for benefit of creditors, or appointment of receiver for Tenant's assets.

(D) Abandonment: Vacating or abandoning the Premises for 30 consecutive days while in default under this Lease.

(E) Multiple Defaults: Three or more defaults in any 12-month period, regardless of cure.

9.2 Landlord's Remedies: Upon default, Landlord may exercise any or all of the following remedies:

(A) Termination: Terminate this Lease and Tenant's right to possession by giving written notice.

(B) Re-entry: Re-enter the Premises and remove Tenant and all persons and property.

(C) Reletting: Relet the Premises on behalf of Tenant and collect rents, applying proceeds first to reletting expenses, then to amounts due under this Lease.

(D) Damages: Collect all damages including unpaid rent, future rent through the Lease Term (less amounts actually received from reletting), and all costs of collection including attorney fees.

(E) Self-Help: Cure defaults at Tenant's expense plus administrative fee of 15%.

9.3 No Waiver: Landlord's acceptance of rent after default shall not waive the default or Landlord's right to pursue remedies. No waiver of any provision shall be effective unless in writing.

9.4 Mitigation: Landlord shall use reasonable efforts to mitigate damages by reletting the Premises, but shall not be required to accept unsuitable tenants or alter the Premises for prospective tenants.

ARTICLE 10: CONDEMNATION AND CASUALTY

10.1 Total Taking: If the entire Premises are taken by eminent domain, this Lease shall terminate on the date of taking and rent shall be apportioned to that date.

10.2 Partial Taking: If a portion of the Premises is taken, this Lease shall continue with rent reduced proportionally unless the taking materially interferes with Tenant's business, in which case either party may terminate with 30 days notice.

10.3 Award Distribution: Landlord shall be entitled to the entire condemnation award, except Tenant may claim separately for moveable personal property, relocation expenses, and loss of business if such claim does not reduce Landlord's award.

10.4 Casualty Damage: If the Premises are damaged by fire or other casualty:

(A) Minor Damage: If damage can be repaired within 90 days and does not exceed 25% of the Premises, Landlord shall repair and rent shall abate proportionally during repair period.

(B) Major Damage: If damage cannot be repaired within 90 days or exceeds 25% of the Premises, either party may terminate this Lease within 30 days after the casualty.

(C) Tenant's Property: Tenant shall be solely responsible for repair or replacement of tenant improvements, personal property, and inventory.

ARTICLE 11: ENVIRONMENTAL COMPLIANCE

11.1 Environmental Laws: Tenant shall comply with all environmental laws and regulations applicable to Tenant's use of the Premises. Tenant shall not use, store, or dispose of any hazardous materials except in compliance with applicable laws and in quantities reasonably necessary for business operations.

11.2 Tenant's Environmental Indemnity: Tenant shall indemnify Landlord against all environmental liabilities arising from Tenant's use of the Premises, including costs of cleanup, regulatory proceedings, and third-party claims.

11.3 Right to Inspect: Landlord may inspect the Premises and conduct environmental testing to verify compliance with environmental laws. Tenant shall provide access and cooperate with such inspections.

11.4 Survival: Environmental obligations and indemnities shall survive lease termination and continue until all applicable statutes of limitations expire.

ARTICLE 12: MISCELLANEOUS PROVISIONS

12.1 Holding Over: If Tenant remains in possession after lease expiration without Landlord's consent, Tenant shall be a holdover tenant paying 150% of the Base Rent then in effect, plus all other lease obligations.

12.2 Subordination: This Lease is subject and subordinate to all existing and future mortgages and deeds of trust affecting the Property. Tenant agrees to execute subordination agreements as requested by Landlord or lenders.

12.3 Estoppel Certificates: Within 20 days after request, each party shall execute and deliver estoppel certificates stating the status of this Lease, including rent amounts, lease term, and any defaults or claims.

12.4 Right of Entry: Landlord may enter the Premises:

- At reasonable times with 24 hours advance notice for inspection, maintenance, or showing to prospective tenants/buyers
- At any time without notice in case of emergency
- During the last 6 months of the lease term to show to prospective tenants

12.5 Notices: All notices shall be in writing and delivered by:

- Personal delivery with receipt
- Certified mail, return receipt requested
- Overnight courier with proof of delivery
- Email with confirmation of receipt (for routine communications only)

12.6 Governing Law: This Lease shall be governed by California law. Any litigation shall be conducted in Merced County, California.

12.7 Attorney Fees: In any legal proceeding arising from this Lease, the prevailing party shall be entitled to recover reasonable attorney fees and court costs.

12.8 Severability: If any provision of this Lease is held invalid, the remainder shall continue in full force and effect.

12.9 Entire Agreement: This Lease contains the entire agreement between the parties and may only be modified by written agreement signed by both parties.

12.10 Time of Essence: Time is of the essence in the performance of all obligations under this Lease.

EXECUTION: The parties have executed this Lease as of the date first written above.

LANDLORD:

W. Random Industries, LLC

By: _____
Name: Michael Rodriguez, Managing Member
Date: _____

TENANT:

Maria's Family Market, Inc.

By: _____
Name: Maria Gonzalez, President
Date: _____

GUARANTOR:

The undersigned personally guarantees all obligations of Tenant under this Lease.

Maria Gonzalez, Individual
Date: _____
