

March 31, 2017

VIA ELECTRONIC FILING

Public Utility Commission of Oregon
201 High Street SE, Suite 100
Salem, OR 97301-3398

Attn: Filing Center

RE: UPN ___ PacifiCorp Notice of Property Disposition—Fifth Addendum to Sublease with Market Place Insurance, Inc.

Under ORS 757.480(2), PacifiCorp d/b/a/ Pacific Power (PacifiCorp) hereby provides notice of the sale of property necessary or useful in the provision of utility service (Notice).

PacifiCorp entered into a lease with William Weinberg as Trustee of the Marc Gregory Weinberg Trust on January 24, 1972, (Master Lease) for the property located at 425 Mt. Shasta Boulevard, Mt. Shasta, California (Property). Because PacifiCorp does not have operations or personnel on the Property, it entered into a Sublease with Market Place Insurance, Inc. (MPI) on August 27, 1997, subletting the Property to MPI (as amended, Agreement). A copy of the Agreement and all subsequent addenda thereto are attached to this Notice as Attachment A.

The terms of the Agreement allow PacifiCorp and MPI to extend the term of the Agreement for four successive terms of five years each. The parties have extended the term of the Agreement in four separate Addendum to Sublease documents. Because PacifiCorp does not currently have operations or personnel on the Property, but would like to retain the option to use such Property in the future, PacifiCorp wishes to extend the term for the fourth time, under the Fifth Addendum to Sublease, effective April 14, 2017, with the new term expiring on April 13, 2022. In accordance with the terms of the Agreement, MPI will pay PacifiCorp \$19,200 each year of the extended term (paid in equal monthly payments of \$1,600); the total value of the extended term of the Agreement is \$96,000.

By entering into the Agreement, PacifiCorp is protecting its right to lease the Property while receiving additional revenue in exchange for MPI's use of the Property while it is not being used for PacifiCorp operations. The Agreement contains standard provisions protecting PacifiCorp's right to use of the Property; therefore, MPI's use of the property will not interfere with PacifiCorp's ability to operate its facilities. The public is not harmed because PacifiCorp will continue to be able to fulfill its obligation to provide safe, reliable electric service.

PacifiCorp respectfully requests that all correspondence and data requests regarding this matter be addressed to:

By E-mail (preferred): datarequest@pacificorp.com.

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By regular mail: Data Request Response Center
 PacifiCorp
 825 NE Multnomah, Suite 2000
 Portland, OR 97232

Please direct informal questions with respect to this filing to Natasha Siores at 503-813-6583.

Sincerely,

A handwritten signature in black ink, appearing to read "R. Bryce Dalley", with a long horizontal flourish extending to the right.

R. Bryce Dalley
Vice President, Regulation

ATTACHMENT A

SUBLEASE

AND RELATED ADDENDA

SUBLEASE

DATED: August 27, 1997

BETWEEN: PACIFICORP, an Oregon corporation
900 SW Sixth Avenue, Suite 1000
Portland, Oregon 97204 PACIFIC

AND: Market Place Insurance Inc. and the undersigned Shareholders
425 S Mt. Shasta Drive
Mt. Shasta, CA 96067 SUBTENANTS

Pacific, as Lessee, and William Weinberg as Trustee of the Marc Gregory Weinberg Trust, as Lessor, are parties to that certain Lease Agreement dated January 24, 1972 (the "Master Lease") with respect to certain premises located at 425 S Mt. Shasta Drive, Mt. Shasta, CA, as more specifically described in the Master Lease, attached as Exhibit A (the "Premises"), including the building at 425 S. Mt. Shasta Drive, Mt. Shasta, CA (the "Building"). Subtenant wishes to sublease a portion of the "Premises" which is shown as the hatched area on Exhibit B the "Subleased" Premises from Pacific.

NOW, THEREFORE, Pacific hereby subleases the Subleased Premises to Subtenant and Subtenant hereby leases the Subleased Premises from Pacific on the following terms and conditions:

1. Subject to Master Lease.

Subtenant acknowledges that it is familiar with the terms and conditions of the Master Lease and agrees to take the Subleased Premises and this Sublease subject to the Master Lease and to observe and use the Subleased Premises within the restrictions provided by the Master Lease and to comply with all provisions of the Master Lease as they relate to the Subleased Premises. Subtenant agrees not to use or allow the use of the Subleased Premises in a manner that would constitute a breach of the Master Lease or otherwise cause or permit any breach of the Master Lease. Subtenant expressly acknowledges that in the event of any discrepancy between the terms and conditions of this Sublease and those of the Master Lease, the provision that imposes the stricter limitation or requirement on Subtenant shall prevail unless such would constitute a default under the Master Lease. Subtenant agrees that Pacific shall be entitled to amend, modify or otherwise deal with the Master Lease and Lessor in such a manner and at such times as Pacific sees fit without any prior review, approval, notice or other action by Subtenant, provided such modification, amendment or other action does not unreasonably and materially increase the obligations of Subtenant under this Sublease. Nothing in this Sublease shall be deemed to grant Subtenant any

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authority, right or power Pacific does not possess or is not authorized to grant or allow to Subtenant under the terms of the Master Lease.

2. Term: Possession.

2.1 Term. The Sublease term shall commence on September 1, 1997 (the "Commencement Date") and continue until April 13, 2002, unless sooner terminated or extended as provided in this Sublease.

2.2 Extension Options. So long as sale to Subtenant is not then in default under this Sublease, has not assigned or further sublet this Sublease or any portion of the Subleased Premises, no condition exists that with or without notice and the passage of time could ripen into such a default at the time Subtenant proposes to exercise its right to extend the Sublease through the commencement of the applicable extended period, Subtenant and its shareholders have maintained a net worth at least as great as at the commencement of this Sublease, and so long as Pacific elects to exercise its corresponding extension right, if any, under the Master Lease, Tenant shall have the option to extend the term of this Lease for one (1) additional sixty (60) month period (the "Additional Term"). To exercise its option to extend this Lease for the Additional Term, Tenant must deliver to Pacific a written notice (an "Option Notice") exercising its renewal option at least six (6) months (but not more than twelve(12) months) prior to the date the then term of this Lease will expire. The extension option granted to Tenant pursuant to this Section 16.20 is personal to Tenant and may not be exercised by or for the benefit of any assignee or sublessee of Tenant. All of the terms and conditions of this Lease shall apply during the Additional Term except (i) the base annual rent shall be the "fair market rent" (defined below) for the Subleased Premises as agreed to by Landlord and Tenant; (ii) unless otherwise agreed by Landlord in writing, there shall be no further renewal options after the commencement of the Additional Term; and (iii) Landlord shall have no tenant improvement obligations with respect to the Subleased Premises except as otherwise agreed in writing by Landlord. Landlord shall advise Tenant in writing ("Landlord's Notice") of Landlord's determination of fair market rent not later than ten (10) business days after receiving the Option Notice. Within five (5) business days after receiving Landlord's Notice, Tenant shall notify Landlord in writing ("Tenant's Notice") whether or not Tenant accepts Landlord's determination of the fair market rent. If Tenant agrees with Landlord's determination of fair market rent as set forth in Landlord's Notice, Landlord and Tenant shall promptly enter into a written lease extension agreement setting forth the new base rent for the Subleased Premises and such other terms as may be applicable. If Tenant disagrees with Landlord's determination of fair market rent. Tenant's Notice shall set forth Tenant's determination of fair market rent. If Tenant fails to give Tenant's Notice to Landlord within such thirty (30) day period, then the Option Notice shall be deemed null and void unless otherwise agreed in writing by Landlord. If Tenant does not accept Landlord's determination of fair market rent, and Tenant has given Tenant's Notice, the parties (or their designated representatives) shall promptly meet and attempt to agree on the fair market rent. If Landlord and Tenant have not agreed on the fair market rent within

forty-five (45) days after Landlord receives the Option Notice (which agreement shall be evidenced conclusively by the execution of a written lease extension agreement setting forth such fair market rent and executed by both Landlord and Tenant), then unless otherwise agreed in writing by Landlord, Tenant's exercise of its extension option, and the giving of the Option Notice, shall be of no further force and effect, this lease shall terminate at the expiration of the then Lease Term, and neither party shall have any obligations or liabilities to the other party for failing to reach agreement on the fair market rent for the Premises, including without limitation any claim or action based on either party's failure to act reasonably or in good faith in connection with the determination of rent for an Additional Term.

2.3 Acceptance of Subleased Premises. Subtenant accepts the Subleased Premises in its present condition, AS IS provided however Subtenant and Pacific shall make an inspection of the Subleased Premises within 30 days of commencement of the Sublease to identify any pre-existing items of deferred maintenance which Pacific shall at its sole discretion either repair or exclude from Subtenant's responsibility for repair. Pacific shall not be required to perform, pay for or be responsible for any work to ready the Subleased Premises for Subtenant's occupancy or any other work whatsoever throughout the term of this Sublease provided however Pacific shall provide a Tenant Improvement Allowance of up to \$3,500 for the allowable costs of construction of improvements detailed on the drawings and Master Landlord approvals attached as Exhibit C. Reimbursement for "Allowable Costs," which shall include the direct cost of material, labor and taxes, shall be made by Pacific within 30 days of receipt of invoices certified as being true and correct and for the Allowable Costs of improvements described in Exhibit C.

All improvements and additions shall be completed by qualified contractors, be installed or completed in a workmanlike manner and be consistent in design and quality with the rest of the building.

2.4 Delivery of Possession. Pacific shall use reasonable efforts to deliver possession of the Subleased Premises to Subtenant on the Commencement Date; provided Pacific shall have no liability for delays in delivery of possession or early entry caused by labor disputes, shortages of materials, acts of God, or any other causes whatsoever. Subtenant will not have the right to terminate this Sublease because of delay in the delivery of possession or early entry for any reason, but Subtenant's obligation to pay rent will be delayed until possession is delivered to Subtenant. Delivery of possession will occur when Subtenant actually occupies the Subleased Premises or when Pacific notifies Subtenant that the Subleased Premises is available for occupancy by Subtenant.

3. Rental.

3.1 Base Rent/Adjustment. During the term, Subtenant will pay to Pacific on a monthly basis a base rent of \$1,275.00 per month in advance, subject to adjustment as provided herein.

3.2 Additional Rent for Tax Increases over Base Year. In addition to other amounts payable to Pacific by Subtenant under this Sublease, Subtenant shall pay Pacific as additional rent the amount by which expenses for real property taxes and assessments related to the Subleased Premises increase over those experienced by Pacific during the 12-month period ending on the Commencement Date ("Base Year"). Effective on the first anniversary of the Commencement Date and each anniversary of such date thereafter during the Sublease term, Pacific shall estimate the amount by which such tax expenses are expected to increase for the ensuing 12-month period, if at all, over those incurred in the Base Year. The applicable monthly Base Rental for the ensuing 12-month period shall be increased by one-twelfth of Tenant's proportionate share of the estimated increase. Following the end of each such 12-month period, Pacific shall compute the actual increase, if any, in such tax expenses for the applicable period and bill Subtenant for any deficiency or credit Subtenant with any excess collected. If a tax is assessed upon Pacific's interest under this Sublease other than ad valorem real property tax or such a tax is payable by Pacific under the Master Lease with respect to Lessor's interest, then to the extent not prohibited by law, Subtenant shall reimburse Pacific for the amount of such tax as and when due. If applicable law does not allow Subtenant to pay such tax directly, then the base rent hereunder shall be grossed up to include the amount of such tax so that Pacific's return under this Sublease shall not be diminished as a result of the requirement that Pacific pay such tax. In the event applicable law (i) does not permit Subtenant to pay the entire amount of such tax in addition to the other amounts Subtenant is required to pay under this Sublease; and (ii) does not permit base rent to be grossed up to offset Pacific's obligation to pay the same and preserve Pacific's return, then Pacific shall have the right to terminate this Sublease by 90 days' notice to Subtenant. Subtenant, however, shall have no obligation to pay any income, profits or franchise tax levied upon the net income derived by Lessor from this lease. If the Subleased Premises is assessed along with other property of Pacific or Lessor, Pacific shall reasonably apportion such taxes and assessments among the properties covered by the tax statements and Subtenant shall pay Pacific Subtenant's proportionate share as so determined by Pacific.

3.3 Time and Place of Payment. Rent will be paid in advance on the first day of each month at the address for Pacific set forth in this Sublease. The base rent for the first full month of the Sublease term shall be paid upon execution of this Sublease. Rent is uniformly apportionable day to day. Rent for the partial month (if any) in which the Sublease commenced shall be paid at commencement of the Sublease term. All rentals shall be received by Pacific without set-off, offset, abatement, or deduction of any kind.

3.4 Interest and Late Charges. All rent and other payments not paid when due shall bear interest from the due date until fully paid at the same rate as specified in paragraph 12.3 below. In addition, if Subtenant fails to make any rent or other payment required by this Master Lease to be paid to Pacific within 10 days after it is due, Pacific may elect to impose a late charge of 5 cents per dollar of the overdue payment, to reimburse Pacific for the costs of collecting the overdue payment. Subtenant shall pay the late charge upon demand by Pacific. Pacific may levy and collect a late charge in addition to all other remedies available for Subtenant's default, and collection of a late charge shall not waive the breach caused by the late payment.

4. Security Deposit. Contemporaneously with Subtenant's execution of this Sublease, Subtenant shall deposit with PacifiCorp a Security Deposit in the amount of \$1,275 as security for the full and faithful performance of every provision of this Sublease to be performed by Subtenant. If Subtenant defaults with respect to any provision of this Sublease, including but not limited to the provisions relating to the payment of Rent, the repair of damage to the Subleased Premises caused by Tenant and/or other cleaning the Subleased Premises upon termination of this lease, Pacific may use, apply or retain all or any part of this Security Deposit for the payment of any Rent or any other sum in default, the repair of such damage to the Subleased Premises, the cost of cleaning or for the payment of any other amount which Pacific may spend or become obligated to spend by reason of Subtenant's default or to compensate Pacific for any other loss or damage which Pacific may suffer by reason of Subtenant's default to the full extent permitted by law. If any portion of said Security Deposit is so used or applied, Tenant shall, within ten (10) days after written demand therefor, deposit cash with Pacific in an amount sufficient to restore the Security Deposit to its original amount and Subtenant's failure to do so shall be a material breach of this Sublease. Pacific shall not be required to keep Subtenant's Security Deposit separate from its general funds, and Subtenant shall not be entitled to interest on the Security Deposit. If Subtenant shall fully and faithfully perform every provision of this Sublease to be performed by it, the Security Deposit or any balance thereof shall be returned to Subtenant (or, at Pacific's option, to the last assignee of Subtenant's interest hereunder) within ten (10) days after the expiration of the Sublease Term.

5. Use of Subleased Premises.

5.1 Permitted Use. Subtenant shall use the Subleased Premises only for conducting the following business and for no other purpose without the prior written consent of Pacific, and, if required by the Master Lease, the consent of Lessor: general office use, insurance sales and administration.

5.2 Compliance with Laws. In connection with its use, Subtenant shall comply at its expense with all applicable laws, regulations and requirements of any public authority in connection with the permitted use, maintenance, operation, and use of the Subleased Premises and equipment and appliances on the Subleased Premises (including signs), including those related to access for persons with disabilities except

that Subtenant may withhold compliance in connection with a good faith dispute so long as Pacific's property interest is not jeopardized and Pacific is not subject to any risk of civil or criminal liability related thereto and such does not constitute a default or an event that with notice or the passage of time would constitute a default under the Master Lease.

5.3 Hazardous Substances. Subtenant shall comply fully with all laws pertaining to the protection of human health and the environment, including but not limited to employee and community right-to-know laws and all laws regarding the use, generation, storage, transportation, treatment, disposal or other handling of hazardous substances. Subtenant shall promptly advise Pacific in writing of any hazardous substances regulated by such laws that are used, generated, manufactured, stored, transported or otherwise handled on or about the Subleased Premises. Subtenant shall exercise extreme care in handling any hazardous substances and shall not cause or permit hazardous substances to be spilled, leaked, disposed of or otherwise released on or about the Subleased Premises. The term "hazardous substances" is used in its very broadest sense, and refers to materials which because of their quantity, concentration, or physical, chemical, or infectious characteristics may cause or pose a present or potential hazard to human health or the environment when improperly handled, treated, stored, transported, disposed of, or otherwise managed. The term shall include, but is not limited to, all hazardous substances, hazardous materials and hazardous wastes listed by the U.S. Environmental Protection Agency and the state in which the Subleased Premises is located under the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA), the Resource Conservation and Recovery Act (RCRA), the Toxic Substances Control Act (TSCA), and the Federal Water Pollution Control Act (FWPCA), and comparable state statutes.

Subtenant shall not be responsible or liable for the removal from the Subleased Premises of any hazardous substances which were released on or about the Subleased Premises prior to the commencement of the Sublease or Subtenant's occupancy of the Subleased Premises. Subtenant shall however cooperate as necessary with any investigation or cleanup of hazardous substances that were released prior to commencement of the Sublease.

5.4 No Offensive Activities. Subtenant shall not conduct or permit any activities on or about the Subleased Premises that create a nuisance or damage the reputation of the Subleased Premises, or are reasonably offensive to Pacific, or other owners or users of adjoining property.

5.5 Increase in Insurance Rates. Subtenant shall refrain from any use of the Subleased Premises that would cause the fire insurance rate on the Subleased Premises or the Building to be increased, or that will prevent Pacific or Lessor from taking advantage of any future ruling of the Oregon Insurance Rating Bureau or its successor that would permit reduced premium rates for long-term fire insurance policies on the Subleased Premises.

5.6 Building Overloads. Subtenant will refrain from doing anything on or about the Subleased Premises that will cause an overload. If Pacific believes there is an overload, Pacific may select a qualified electrician whose opinion will control regarding any overload of electric circuits, or a qualified engineer or architect whose opinion will control regarding floor overloads or other stresses. Subtenant will promptly comply with any actions recommended by the electrician, engineer or architect.

5.7 Signs. Subtenant shall not place any sign on or about the Subleased Premises or Building except in accordance with applicable law and upon the prior written consent of Pacific which shall not be unreasonably withheld, and, if required by the Master Lease, Lessor.

5.8 Regulations. Pacific shall have the right to make and enforce reasonable rules and regulations consistent with this Master Lease for the purpose of regulating access, and the use of the Subleased Premises and any common areas. Subtenant will promptly comply with all such rules and regulations.

6. Maintenance and Alterations.

6.1 Subtenant's Obligations. Subtenant, at its expense, shall keep the entire Subleased Premises and all aspects thereof (including, without limitation, roof, floor, foundation walls, utility services, HVAC, electrical and plumbing systems, the interior, exterior, structural and structural components, whether exposed or unexposed, tenant improvements, and all other building components and systems, related landscaping, improvements and betterments and areas, fixtures, and all personal property, trade fixtures and equipment) in at least as good repair, operating condition, working order and appearance as at the time Subtenant first took possession, reasonable wear and tear excepted, and shall make all repairs, renewals, and replacements necessary to that end. Pacific shall have no obligation whatsoever to make any improvements, replacements, repairs or perform any maintenance on or to the Subleased Premises except for major capitol repair or replacement, the cost of which shall be amortized over its useful life and added to the rent as additional rent.

6.2 Alterations. Subtenant shall not make any alterations or additions to the Subleased Premises without Lessor's and Pacific's prior written consent (which consent may be withheld, conditioned or granted in Pacific's sole discretion). All alterations shall be made in a good and workmanlike manner, lien-free and in compliance with applicable laws and building codes and the Master Lease.

7. Property Taxes; Utilities.

7.1 Personal Property Taxes. Subtenant shall pay when due all personal property taxes assessed against its personal property, equipment or trade fixtures.

7.2 Payment of Utilities Charges. Subtenant shall pay when due all charges payable by Subtenant or Pacific for services and utilities incurred during the period of this Sublease in connection with the use, occupancy, operation, and maintenance of the Subleased Premises, including (but not limited to) charges for fuel, water, gas, electricity, sewage disposal, power, refrigeration, air conditioning, telephone and janitorial services. If the charges are not separately metered or stated, Pacific shall apportion the charges on an equitable basis, and Subtenant shall pay its apportioned share upon demand.

7.3 No Liability for Interruption. Pacific shall not be liable to Subtenant or any third party and Subtenant shall not be entitled to terminate this Sublease or to an abatement of rent in the event of any interruption or failure of any utility or service serving the Subleased Premises, whether or not the same is provided through Pacific or Lessor.

8. Liability to Third Persons.

8.1 Liens. Subtenant shall pay as due all claims for work done on or for services rendered or material furnished to the Subleased Premises during the term of this Sublease, and shall keep the Subleased Premises free from any liens other than liens created by Lessor or Pacific, except that Subtenant may withhold payment of any claim in connection with a good faith dispute over the obligation to pay, so long as Pacific's property interest is not jeopardized, Pacific is not subject to any risk of civil or criminal liability resulting therefrom and such does not constitute a breach of the Master Lease or an event or occurrence that without notice and the passage of time could result in such a breach. If Subtenant fails to pay such claim or to discharge any lien, Pacific may do so and collect such amount as additional rent, in addition to and not in lieu of Pacific's other rights and remedies. Amounts paid by Pacific hereunder shall bear interest and be repaid by Subtenant as provided in paragraph 11.3 below. Such payment by Pacific shall not constitute a waiver of any right or remedy Pacific may have because of Subtenant's default.

8.2 Contest by Subtenant. If Subtenant withholds payment of a claim and a lien is filed as a result of nonpayment, Subtenant shall (within 10 days after the filing or such shorter period required under the Master Lease) secure the discharge of the lien or deposit with Pacific cash or sufficient corporate surety bond or other security satisfactory to Lessor and Pacific in an amount sufficient to discharge the lien plus any costs, attorneys' fees, and other charges that could accrue as a result of a foreclosure or sale under the lien.

8.3 Indemnification of Lessor and Pacific. Subtenant shall indemnify, reimburse, hold harmless and defend Lessor and Pacific and their constituent directors, officers, affiliates, partners, employees, agents and other subtenants and each of them for, from and against any claim, loss, damage, action, fine, expense, fine, cost (including, without limitation, attorney fees) and liability arising out of or related to any use or occupancy of the Subleased Premises by Subtenant, any action or inaction of Subtenant or its invitees, any condition of the Subleased Premises which is the responsibility of the Subtenant under this Sublease, any breach of the Master Lease attributable to Subtenant, or any goods or services, including professional services, related to Subtenant's activities on or rendered from the Subleased Premises.

8.4 Pacific's Liability. Pacific shall have no liability to Subtenant for acts or omissions of other tenants or occupants of adjacent property or acts of any third party, or for any defect in the Subleased Premises, or for any interruption or failure in the supply of utilities or services to the Subleased Premises. In any event, Pacific's liability shall be strictly limited to Pacific's interest in the Subleased Premises and there shall be absolutely no recourse to any of the other assets of Pacific and, except to the extent required to acquire jurisdiction over Pacific under applicable law, Pacific shall not be named or joined as a defendant in any action by Subtenant arising out of or related to this Sublease.

8.5 Transfer of Pacific's Interest. In the event of any sale, exchange or other transfer of Pacific's interest in the Subleased Premises or the Master Lease by Pacific, Pacific shall have no liability, responsibility or obligation of any kind under or related to this Sublease arising after the date of such transfer.

9. Insurance and Damage.

9.1 Liability Insurance. Subtenant shall continuously maintain at its expense comprehensive general liability insurance with a combined single limit of \$1,000,000 and a \$2,000,000 annual aggregate, or such higher limits required by the Master Lease or as Pacific may reasonably require from time to time. Subtenant shall also maintain such other insurance on Subtenant's operation as Pacific may reasonably require during the Sublease term. Such insurance shall name Pacific and, if required under the Master Lease or requested by Pacific, Lessor and other persons, as an additional insureds, shall be primary as to any and all other policies and coverage available to Subtenant, Pacific and/or Lessor, shall be written on an occurrence (not a "claims made") basis and shall contain a contractual liability endorsement referring to this Sublease and the Master Lease. The policies shall be in form, amounts and with companies reasonably acceptable to Pacific. Certificates evidencing such insurance and bearing endorsements requiring 30 days' written notice to Pacific and, if required under the Master Lease or requested by Pacific, Lessor, prior to any change or cancellation

shall be furnished to Pacific, and if required by Master Lease or requested by Pacific, Lessor, prior to Subtenant's occupancy of or entry onto the Subleased Premises.

9.2 Property Damage Insurance. Subtenant shall be responsible for insuring at all times with insurance companies licensed to do business in the state in which the Subleased Premises are located the personal property, equipment and trade fixtures owned, leased by or under the direction and control of Subtenant and located on or used in connection with the Subleased Premises at full replacement cost, against loss or damage by fire and other perils to the extent that property of similar character is usually insured by companies similarly situated and operating like properties or the coverage required of Pacific under the Master Lease (without application of any right of Pacific to self-insure under the Master Lease), whichever provides greater coverage. Such policies shall be primary and noncontributing as to any and all other policies and coverage available to Subtenant, Pacific and/or Lessor on the Property. Neither Lessor or Pacific shall be liable to Subtenant for any loss or damage caused by water damage or any of the risks covered by a standard fire insurance policy with extended coverage endorsements or the actual coverage, if any, carried by Subtenant, whichever is greater, and there shall be no subrogated claim by Subtenant's insurance carrier against Lessor or Pacific arising out of any such loss.

9.3 Repair of Subtenant's Property. Repair, replacement, or restoration of any fixtures, equipment and personal property owned or leased by Subtenant, and tenant improvements in the Subleased Premises shall be the responsibility of Subtenant. Subtenant shall pay all costs of moving its property when required in connection with the repairs or improvement of the Subleased Premises, if any, for which Lessor or Pacific is responsible.

9.4 Restoration of Damage. In the event of any insurable damage, casualty or destruction to any improvement on the Subleased Premises during the initial term of this Sublease, Subtenant shall restore the same consistent with the requirements of the Master Lease. So long as Subtenant is not in breach of this Sublease, any insurance proceeds received by Pacific from the casualty policy carried by Subtenant (net of Pacific's costs in obtaining and monitoring such funds and Subtenant's work) shall be made available for such work in such manner as Pacific shall deem advisable and Pacific may require Subtenant to provide assurances satisfactory to Pacific that the restoration work will be completed in a lien-free, good and workmanlike manner, in full compliance with the Master Lease. Subtenant shall first obtain Pacific's written approval of the budget, contractor, plans, specifications and working drawings with respect to such restoration work and shall perform the restoration in strict compliance with the materials approved by Pacific. No approval by Pacific shall be deemed a representation or warranty by Pacific that the materials reviewed in fact comply with applicable law or the Master Lease or are safe or adequate for Subtenant's needs, and Subtenant assumes all risk with respect thereto. If, after the expiration of the initial term, damage or destruction occurs that under the Master Lease would give Pacific the right to terminate the Master Lease, Subtenant may terminate this Sublease by not less

than 60 days prior written notice received by Pacific not less than 90 days after such damage or destruction occurs and payment to Pacific of the amount, if any, required to be paid by Pacific under the Master Lease upon termination of the Master Lease by Pacific in such circumstances in which event this Sublease would terminate as to obligations not yet accrued and Subtenant's continuing obligations to Pacific under the indemnity provisions of this Sublease which would survive such termination. Pacific reserves the right to terminate this Sublease upon not less than 30 days notice to Subtenant in the event Pacific elects to terminate the Master Lease in the event of casualty notwithstanding that Subtenant has not elected to terminate this Sublease.

10. Condemnation.

If the entire Subleased Premises is condemned, or if a portion is taken which would allow Pacific to terminate the Master Lease, or that causes the remainder to be unsuited to the use permitted hereunder, then Subtenant may terminate this Sublease as of the date upon which possession of the Subleased Premises is taken by the condemning authority by written notice to Pacific within 30 days after such taking. Otherwise, restoration, repairs and alterations to the Subleased Premises related to such taking shall be governed by the provisions of the Master Lease, with Subtenant responsible for any work required of Pacific as Lessee under the Master Lease. All condemnation proceeds shall belong to Lessor or Pacific, as their respective interests may appear, except for any award specifically made to Subtenant for interruption of business, moving expenses, or the taking of Subtenant's trade fixtures and personal property. Subject to the Master Lease, in the event Subtenant is required to restore the Subleased Premises under this provision, so long as Subtenant is not in breach of this Sublease, the net condemnation award attributable to the Subleased Premises taken shall be made available for such work to the extent provided in the Master Lease and actually received by Pacific, net of Pacific's costs of recovering and disbursing such funds and monitoring Subtenant's restoration work. Such proceeds shall be made available for such work in such manner as Pacific shall deem advisable and Pacific may require Subtenant to provide assurances satisfactory to Pacific that the restoration work will be completed in a lien-free, good and workmanlike manner, in full compliance with the Master Lease. Subtenant shall first obtain Pacific's written approval of the budget, contractor, plans, specifications and working drawings with respect to such restoration work and shall perform the restoration in strict compliance with the materials approved by Pacific. No approval by Pacific shall be deemed a representation or warranty by Pacific that the materials reviewed in fact comply with applicable law or the Master Lease or are safe or adequate for Subtenant's needs, and Subtenant assumes all risk with respect thereto. Sale of all or a part of the Subleased Premises to a purchaser with the power of eminent domain in the face of a threat or the probability of the exercise of the power shall be treated as a taking by condemnation. Pacific reserves the right to terminate this Sublease upon not less than 30 days notice to Subtenant in the event Pacific elects to terminate the Master Lease in the event of condemnation notwithstanding that Subtenant has not elected to terminate this Sublease.

11. Transfers by Subtenant.

11.1 Prohibition of Transfer. Subtenant shall not assign, mortgage, pledge, hypothecate or encumber the Subleased Premises or Subtenant's Subleasehold estate, or sublet any portion of the Subleased Premises, or license the use of any portion of the Subleased Premises, or otherwise transfer any interest in the Subleased Premises (whether voluntary, involuntary, by operation of law or otherwise), without the prior written consent in each instance of Pacific (which consent may be withheld, conditioned or granted in Pacific's sole discretion) and, if required under the Master Lease, Lessor's consent. Consent by Pacific or Lessor to one transfer shall not constitute consent to other transfers or waiver of this section. Subtenant and each other person at any time obligated for the performance of the terms of this Sublease applicable to Subtenant hereby waive notice of and consent to any and all extensions and modifications of this Sublease or the release of any person or persons from liability under this Sublease granted by Pacific. Any such extensions or modifications or releases will not in any way release, discharge, or otherwise affect the liability of any person at any time obligated under this Sublease or any guarantor of such person's obligations. In the event Subtenant is a corporation, limited liability company, partnership or other entity, the restriction on transfers shall apply to any merger, consolidation or change in control of the beneficial ownership of the voting stock or membership (for corporations and limited liability companies, respectively) and any change in the general partnership interests (for partnerships), and each such occurrence shall be deemed a transfer requiring Pacific's consent. Each transferee, by accepting the transfer, shall be deemed to have assumed all of Subtenant's obligations under this Sublease. Any attempted transfer without consent shall be null and void and, at the option of Pacific, will cause termination of this Sublease for Subtenant's default.

11.2 Obligations After Transfer. The giving of such consent in one instance shall not preclude the need for Subtenant to obtain all required consents to further transfers. If Subtenant is permitted to make any transfer, Subtenant and any Guarantor(s) of this Sublease shall not be relieved of their respective obligations, but shall remain primarily liable to Pacific for performance of all such obligations.

12. Default.

The following shall be events of default:

12.1 Payment Default. Subtenant fails to make any rent or other payment under this Sublease within 5 days after it becomes due.

12.2 Unauthorized Transfer. Subtenant makes any transfer without Pacific's and, if required, Lessor's prior written consent as required under paragraph 10.1.

12.3 Abandonment of Subleased Premises. Subtenant abandons the Subleased Premises, for which purpose "abandons" means a failure by Subtenant to occupy and use the Premises for the purpose permitted under this Sublease for a total of 30 days or more during the Sublease term, unless such failure is excused under other provisions of this Sublease.

12.4 Breach of Master Lease. Any act or omission by Subtenant or other persons under Subtenant's direction or control or on or about the Subleased Premises that with or without notice and the passage of time could ripen into a default under the Master Lease.

12.5 Failure to Maintain Required Insurance. Subtenant fails to maintain the insurance required of Subtenant by this Sublease.

12.6 Default in Other Covenants. Subtenant fails to comply with any other term or condition or fulfill any other obligation of this Sublease within 20 days after written notice by Pacific specifying the nature of the default with reasonable particularity. If the default is of such a nature that it cannot be remedied fully within the 20-day period, this requirement shall be satisfied if Subtenant begins correction of the default within the 20-day period and thereafter proceeds with reasonable diligence and in good faith to effect the remedy as soon as practicable.

12.7 Insolvency Defaults. Dissolution, termination of existence, insolvency on a balance sheet basis or business failure of Subtenant or any Guarantor of this Sublease; the commencement by Subtenant or any Guarantor of this Sublease of a voluntary case under the federal bankruptcy laws or under any other federal or state law relating to insolvency or debtor's relief; the entry of a decree or order for relief against Subtenant or any Guarantor of this Sublease in an involuntary case under the federal bankruptcy laws or under any other applicable federal or state law relating to insolvency or debtor's relief; the appointment of or the consent by Subtenant or any Guarantor of this Sublease to the appointment of a receiver, trustee, or custodian of Subtenant or any Guarantor of this Sublease or of any of Subtenant's property or any property of Guarantor of this Sublease; an assignment for the benefit of creditors by Subtenant or any Guarantor of this Sublease; Subtenant's failure, or failure of any Guarantor of this Sublease, generally to pay its debts as such debts become due; the making or suffering by Subtenant or any Guarantor of this Sublease of a fraudulent transfer under applicable federal or state law; concealment by Subtenant of any of its property or any property of Guarantor of this Sublease in fraud of creditors; the making or suffering by Subtenant or any Guarantor of this Sublease of a preference within the meaning of the federal bankruptcy law; or the imposition of a lien through legal proceedings or distraint upon any of the property of Subtenant or any property of Guarantor of this Sublease which is not discharged or bonded.

13. Remedies on Default.

Upon default, Pacific may exercise any one or more of the following remedies, or any other remedy available under applicable law:

13.1 Retake Possession. Pacific may re-enter and retake possession of the Subleased Premises, without notice, either by summary proceedings, force, any other applicable action or proceeding, or otherwise. Pacific may use the Subleased Premises for Pacific's own purposes or relet it upon any reasonable terms without prejudice to any other remedies that Pacific may have by reason of Subtenant's default. None of these actions will be deemed an acceptance of surrender by Subtenant.

13.2 Damages for Default. Whether or not Pacific retakes possession or relets the Subleased Premises, Pacific may recover all damages caused by the default (including but not limited to unpaid rent, costs and expenses related to any default by Subtenant of any provision of the Master Lease, attorneys' fees and other costs and expenses relating to the default, and costs of reletting). Pacific may sue periodically to recover damages as they accrue during the remainder of the Sublease term without barring a later action for further damages. Pacific may at any time bring an action for accrued damages plus damages for the remaining Sublease term equal to the difference between the rent specified in this Sublease and the reasonable rental value of the Subleased Premises for the remainder of the term, discounted to the time of judgment at the rate of 9 percent per annum.

13.3 Cure of Subtenant's Default. Without prejudice to any other remedy for default, Pacific may perform any obligation or make any payment required to cure a default by Subtenant. The cost of performance, including attorneys' fees and all disbursements, shall immediately be repaid by Subtenant upon demand, together with interest from the date of expenditure until fully paid at the rate equal to the higher of 18 percent per annum or the default rate provided in the Master Lease, but not in any event at a rate greater than the maximum rate of interest permitted by law.

14. Surrender at Expiration.

14.1 Condition of Subleased Premises. Upon expiration of the Sublease term or earlier termination on account of default, Subtenant shall deliver all keys to Pacific and surrender the Subleased Premises in first-class condition and broom clean. Except to the extent required under the Master Lease upon surrender thereunder, depreciation and wear from ordinary use for the purpose for which the Subleased Premises was let that does not affect the utility or integrity of the Subleased Premises need not be restored, but all repair for which Subtenant is responsible shall be completed to the latest practical date prior to such surrender.

14.2 Fixtures. Subtenant shall remove all of its furnishings, furniture, and trade fixtures, if any, that remain the property of Subtenant and restore all damage

caused by such removal. If Subtenant fails to do so, this shall be an abandonment of the property and Pacific may retain the property and all rights of Subtenant with respect to it shall cease or, by notice in writing given to Subtenant, Pacific may elect to hold Subtenant to its obligation of removal. If Pacific elects to require Subtenant to remove, Pacific may effect a removal and place the property in public storage for Subtenant's account. Subtenant shall be liable to Pacific for the cost of removal, restoration, transportation to storage, and storage, with interest on all such expenses as provided in paragraph 12.3.

14.3 Holdover. If Subtenant does not vacate the Subleased Premises at the time required, Pacific shall have the option, if Lessor consents to the holdover tenancy, to treat Subtenant as a tenant at sufferance, subject to all of the provisions of this Sublease (except that the term will be month to month and the initial base rent will be twice the amount of base rent last scheduled under this Sublease), or to eject Subtenant from the Subleased Premises and recover damages caused by wrongful holdover including any damages attributable to any breach of the Master Lease caused by or attributable to Subtenant. Failure of Subtenant to remove furniture, furnishings, or trade fixtures which Subtenant is required to remove under this Sublease shall constitute a failure to vacate to which this paragraph shall apply. If a month-to-month tenancy results from a holdover by Subtenant, the tenancy shall be terminable at the end of any monthly rental period on written notice from Pacific given not less than 10 days prior to the termination date which shall be specified in the notice. Subtenant waives any notice which would otherwise be provided by law with respect to month-to-month tenancy.

15. Quiet Enjoyment.

So long as Subtenant complies with all terms of this Sublease, Subtenant shall be entitled to peaceable and undisturbed possession of the Subleased Premises free from any interference by Pacific, subject to the terms of this Sublease.

16. General Provisions.

16.1 Time of Essence. Time is of the essence of the performance of each of Subtenant's obligations under this Sublease.

16.2 Modifications. This Sublease may not be modified except by endorsement in writing attached to this Sublease, dated and signed by the parties.

16.3 No Appurtenances. This Sublease does not create any rights to light and air by means of openings in the walls of the Building, any rights or interests in any other area, facility or space, by implication or otherwise, except as expressly set forth in this Sublease or its exhibits.

16.4 Nonwaiver. Waiver of performance of any provision of this Sublease shall not be a waiver of nor prejudice the party's right otherwise to require performance of the same provision or any other provision.

16.5 Succession. Subject to the limitations on transfer of Subtenant's interest, this Sublease shall bind and inure to the benefit of the parties, their respective heirs, successors, and assigns.

16.6 Inspection. Pacific and its authorized representatives may enter at any time to determine Subtenant's compliance with this Sublease, to make necessary repairs, or to show the Subleased Premises to any prospective subtenants or assignees and when required, to effect or monitor compliance with the Master Lease, without liability of any nature to Subtenant and without the same being deemed an eviction of Subtenant.

16.7 Special Rights. This Sublease does not grant Subtenant any rights or privileges specifically reserved or granted only to Pacific under the Master Lease.

16.8 Estoppel Certificates. Within 10 days after Lessor's or Pacific's written request, Subtenant shall deliver a written statement in form and substance satisfactory to Pacific regarding the status of the Sublease, setting forth, among other things, the dates to which rent and other amounts owed by Subtenant under this Sublease have been paid, whether Pacific or Subtenant is in default under this Sublease, whether this Sublease has been modified, and if so, the particulars thereof, and other matters requested by Pacific or Lessor. The statement may be relied upon by Pacific, Lessor and others to whom it may be provided.

16.9 Notices/Rent Address. Notices under this Sublease shall be in writing, effective when delivered, or if mailed, effective on the second day after mailed postage prepaid to the address for the party stated in this Sublease, or to such other address as either party may specify by notice to the other. Notice by facsimile shall be effective upon receipt as shown by printed confirmation of receipt. Rent shall be payable to Pacific Real Estate Services 1030 PSB at 920 SW 6th, Portland, OR 97204 and the address for payment of rent may be changed in the same manner as the address for notices.

16.10 Attorneys' Fees. In the event suit or action is instituted to interpret or enforce the terms of this Sublease or to rescind this Sublease, the prevailing party shall be entitled to recover from the other party such sum as the court may adjudge reasonable as attorneys' fees at trial, on appeal and on any petition for review, or other proceeding, including without limitation, any bankruptcy proceeding, in addition to all other sums provided by law.

16.11 Applicable Law. This Sublease shall be construed, applied and enforced in accordance with the laws of the state in which the Subleased Premises is located.

16.12 Prior Agreements. This Sublease (including the exhibit(s) incorporated in this Sublease by this reference as though fully set forth in this Sublease) is the entire, final, and complete agreement of the parties with respect to the matters set forth in this Sublease, and supersedes and replaces all prior written and oral agreements between the parties or their representatives with respect to such matters.

16.13 Validity of Provisions. If any provision in this Sublease shall be invalid, illegal, or unenforceable in any respect, the validity of the remaining provisions contained in this Sublease shall not be affected.

16.14 Joint and Several Liability. In the event Subtenant now or hereafter consists of more than one person, firm or corporation, then all such persons, firms or corporations constituting Subtenant shall be jointly and severally liable as Subtenant under this Sublease.

16.15 Pacific's Consent. Whenever this Sublease calls for Pacific's consent, approval, satisfaction or other exercise of judgment or discretion by Pacific, such may be conditioned, denied or granted in Pacific's sole discretion.

16.16 Assignment of Lease to Lessor. In the event Pacific assigns or otherwise transfers to Lessor Pacific's leasehold interest under the Lease, this Sublease shall thereafter be deemed a direct Lease between Lessor and Subtenant, and Pacific shall have no further liability hereunder.

16.17 Further Assurances. Subtenant will execute, acknowledge (where appropriate) and deliver such documents as Pacific may require from time to time to confirm or memorialize the termination of this Sublease or the conversion of this Sublease into a direct lease with Lessor as provided in this Sublease or to confirm the status of this Sublease and the parties' respective obligations hereunder promptly upon written demand from Pacific.

16.18 Memorandum of Renewal of Lease. Subtenant shall have the right to file and record a Memorandum of Lease with the County Records Agency provided however that Subtenant shall at the termination of the Sublease file such documents as are necessary to remove or received such memorandum. Failure of Subtenant to file such documents shall result in Subtenant's forfeiture of the Security Deposit.

IN WITNESS WHEREOF, the parties have executed this Sublease as of
the date first above written. SUBJECT TO ATTACHED ADDENDUM

PACIFIC:

SUBTENANT:

By: Joseph J. Selaw By: Francis Fairless
Its: AST. VICE PRES. Its: PRESIDENT

and personally, by Subtenants' Shareholders

Ralph C. De
Stylin
John J. Selaw

ADDENDUM TO SUBLEASE

PACIFICORP, as sublessor under the attached Sublease dated August 27, 1997, and MARKET PLACE INSURANCE, INC., as sublessee, agree to this Addendum to the said Sublease, to be effective as of the effective date of the Sublease.

Section 6.1 shall be amended to add the following:

"Subtenant shall have no responsibility or liability to Pacific or Lessor to repair or replace the Subleased Premises or any improvements thereon which are damaged through any event beyond Subtenant's control which is not covered by the casualty insurance covering the Subleased Premises, including but not limited to events such as earthquake, volcanic eruption, or other public calamity."

Section 3.2 shall be amended to add the following:

"Insofar as the county property taxes on the subleased property may be increased during the term of the sublease as a result of a reassessment due to a change in record ownership of the leased property, Pacific and Subtenant shall each bear one-half of the said increase. Subtenant's rent shall be adjusted by an amount sufficient to annually pay only for its share of the increase."

Pacificorp, by:

Dated: 10/9/97

Joseph F. Bedar

Market Place Insurance, Inc.:

Dated: SEP 22 1997

Francis J. [Signature] - PRESIDENT

FILE

ADDENDUM TO SUBLEASE

PACIFICORP, as Sublessor under the attached Sublease dated August 27, 1997, and MARKET PLACE INSURANCE, INC., as Sublessee, agree to this Addendum to the said Sublease, to be effective as of the date below.

Section 2.2 Shall be amended to add the following:

“Sublessor and Sublessee agree to a second additional sixty (60) month extension option under the same terms and conditions as the first.”

IN WITNESS THEREOF, the parties have signed this Addendum to Sublease on this

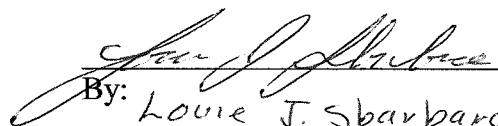
6 day of August, 2002.

PACIFICORP



By: Fred Rasmussen - Property Agent

MARKET PLACE INSURANCE, INC.



By: Louie J. Sbarbaro - President MPI Inc.

THIRD ADDENDUM TO SUBLEASE

This THIRD ADDENDUM TO SUBLEASE (this "Third Addendum") is entered into by and between PACIFICORP, INC., an Oregon corporation, ("Pacific") and MARKET PLACE INSURANCE, INC., a California corporation, ("Subtenant"), with reference to the following facts:

RECITALS

A. Pacific and Subtenant previously entered into that certain Sublease dated August 27, 1997 as amended by that certain Addendum to Sublease dated October 9, 1997 and as further amended by that certain Addendum to Sublease dated August 6, 2002, all of which documents are incorporated herein by reference (collectively referred to herein as the "Sublease"). All capitalized terms not otherwise defined herein shall have the meaning ascribed to such terms in the Sublease.

B. Pacific leases the property commonly known as 425 S. Mt. Shasta *Blvd.* Mt. Shasta, California, from William Weinberg as Trustee of the Marc Gregory Weinberg Trust pursuant to the terms and conditions of the Master Lease (the "Subleased Premises"). Subtenant leases the Subleased Premises from Pacific pursuant to the terms and conditions of the Sublease.

C. In accordance with the Master Lease, Pacific has the option to extend and renew the original term of the Master Lease for four (4) successive terms of five (5) years each, one of which extensions has already been exercised.

D. Pacific and Subtenant hereby desire to enter into this Third Addendum to amend the Sublease to allow for the original term of the Sublease to be renewed and extended in accordance with Pacific's renewal option under the Master Lease and this Third Addendum.

NOW THEREFORE, for good and valuable consideration, the receipt of which is hereby acknowledged, the parties agree as follows:

1. Section 2.2 of the Sublease is hereby deleted and replaced in its entirety with the following:

2.2 Extension Options.

A. Subtenant shall have the option to extend the original term of this Sublease for four (4) successive terms of five (5) years each (each of which terms is referred to herein as an "Additional Term") so long as: (1) Subtenant is not in default under this Sublease; (2) Subtenant has not assigned this Sublease; (3) Subtenant has not sublet any portion of the Subleased Premises; (4) no condition exists that with or without notice and the passage of time could ripen into a default at the time Subtenant proposes to extend the original term of the Sublease; (5) Subtenant and its shareholders have maintained a net worth at least as great as in effect as at commencement of the Sublease; and (6) Pacific

exercises its corresponding right to extend under the Master Lease, if any.

B. In order to exercise each Additional Term extension, Subtenant shall deliver to Pacific a written notice (an "Option Notice") exercising its renewal option at least eight (8) months (but not more than twelve (12) months) prior to the date the Sublease would expire if it was not extended or further extended, as applicable.

C. The extension option granted to Subtenant under this Section 2.2 is personal to Subtenant and may not be exercised by or for the benefit of any subtenant or assignee of Subtenant.

D. All of the terms and conditions of this Sublease shall apply to each Additional Term, except: (i) the base annual rent shall be the "fair market rent" (defined below) for the Subleased Premises as agreed to by Pacific and Subtenant; and (ii) Pacific shall have no tenant improvement obligations with respect to the Subleased Premises except as otherwise agreed to in writing by Pacific. Pacific shall advise Subtenant in writing ("Landlord's Notice") of Pacific's determination of the fair market rent for the applicable Additional Term within ten (10) business days after receipt of the Option Notice. Within five (5) business days after receiving Landlord's Notice, Subtenant shall notify Pacific in writing whether or not Subtenant accepts Pacific's determination of the fair market rent ("Tenant's Notice"). If Subtenant fails to provide Tenant's Notice within such 5-day period, the Option Notice shall be automatically deemed null and void unless otherwise agreed to by Pacific in writing. If the Tenant's Notice states that Subtenant agrees with Pacific's determination of the fair market value rent, Pacific and Subtenant shall promptly enter into a written lease extension agreement setting forth the new base rent for the Subleased Premises and such other terms as may be applicable. If the Tenant's Notice states that Subtenant disagrees with Landlord's determination, Tenant's Notice shall set forth Subtenant's determination of the fair market rent. In the event Subtenant has provided Tenant's Notice stating that it disagrees with Pacific's determination of the fair market rent in accordance with the terms of this paragraph, the parties or their designated representatives shall promptly meet to agree on a determination of the fair market rent. If Pacific and Subtenant have not agreed on a determination of the fair market rent within forty-five (45) days after Pacific received the Option Notice, then, unless otherwise agreed to in writing by Pacific, Subtenant's exercise of its extension option and the Option Notice shall be of no further force and effect and the Sublease shall terminate at the expiration of the then term and neither party shall have any obligations or liabilities to the other party for failure to reach an agreement as to the fair market value rent for the Subleased Premises, including without limitation, either party's failure to act reasonably or in good faith in connection with determination of the fair market rent.

E. Notwithstanding anything to the contrary contained herein, the Option Notice, the Landlord's Notice and the Tenant's Notice for the exercise of Subtenant's option to extend the term of the Sublease for the second Additional Term shall be deemed given and received. The second Additional Term shall commence April 15, 2007 and

shall terminate on April 14, 2012 and the Base Rent for such second Additional Term shall be as follows:

Base Rent Due:	Base Rent Per Month:
August 1, 2007 – July 31, 2008	\$1,400.75
August 1, 2008 – July 31, 2009	\$1,419.13
August 1, 2009 – July 31, 2010	\$1,437.73
August 1, 2010 – July 31, 2011	\$1,525.82
August 1, 2011 – April 13, 2012	\$1,544.89

2. Notwithstanding anything to the contrary contained in the Sublease, all payments by Subtenant to Pacific shall be sent to the following address, unless Pacific notifies Subtenant in writing of a change in the payment address:

PacifiCorp
P.O. Box 5504
Portland, Oregon 97228-5504

3. Except as provided herein, all terms of the Sublease shall remain in full force and effect.

IN WITNESS THEREOF, the parties have signed this Third Addendum to Sublease on this 9TH day of September, 2007.

“PACIFIC”
PACIFICORP

“SUBTENANT”
MARKET PLACE INSURANCE, INC.

By: Jana L. W.
Name: Jana L. Monahan
Its: Director, Real Estate mgmt

By: [Signature]
Name: Robert J. Sparbaro
Its: President / Partner

FOURTH ADDENDUM TO SUBLEASE

This Fourth Addendum to Sublease ("Fourth Addendum") is made by and between PACIFICORP, an Oregon corporation ("Pacific"), and MARKET PLACE INSURANCE, INC., a California corporation ("Subtenant"), each a Party and together the Parties.

RECITALS

WHEREAS, the Parties entered into that certain Sublease dated August 27, 1997, as amended (the "Sublease"), for the premises more commonly known as 425 S. Mt. Shasta Boulevard, Mt. Shasta, California (the "Subleased Premises"); and

WHEREAS, Pacific leases the Subleased Premises from Marc G. Weinberg, successor in interest to William Weinberg as Trustee of the Marc Gregory Weinberg Trust created on July 15, 1971, pursuant to the terms and conditions of the Master Lease. Subtenant leases the Subleased Premises from Pacific pursuant to the terms and conditions of the Sublease.

WHEREAS, in accordance with the Master Lease, Pacific has the option to extend and renew the original term of the Master Lease for four (4) successive terms of five (5) years each, of which three extensions have been exercised.

WHEREAS, Subtenant exercised its third, five (5) year option by notice dated August 9, 2011; and

WHEREAS, the Parties desire to amend the Sublease as set forth below

NOW, THEREFORE, for and in consideration of the foregoing Subleased Premises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

AGREEMENT

1. **Extension.** Pursuant to Subtenant's notice dated August 9, 2011, the term of the Sublease is extended through April 13, 2017.
2. **Annual Rental.** The Parties agree the rental for the extension shall be Nineteen Thousand Two Hundred Dollars (\$19,200.00) per annum, payable in equal monthly installments of One Thousand Six Hundred Dollars (\$1,600.00).
3. **Real Estate Taxes.** Section 3.2 of the Sublease is hereby deleted in its entirety. The annual rent paid by Subtenant shall be deemed to include real property taxes, except that the addition to Section 3.2 pursuant to the Addendum to Sublease fully executed October 9, 1997 shall still be in full force and effect.
4. **Authority.** Each party covenants and warrants to the other that it has full right, power, and authority to execute this Fourth Addendum.
5. **Notice.** All notices required under the Lease shall be in writing and be deemed given upon receipt by the other party and shall be personally delivered, mailed, certified mail, return receipt requested or sent by

national express carrier to the addresses below, or such other address as the parties provide from time to time pursuant to this Paragraph 5.

If to Pacific:	PacifiCorp Attention: Property Management. 825 NE Multnomah Street, Suite 1700 Portland, Oregon 97232
If to Subtenant:	Market Place Insurance, Inc. Attention: Louie Sbarbaro 425 S. Mt. Shasta Boulevard Mt. Shasta, California 96067

8. **Counterparts and Facsimiles Signatures.** This Fourth Addendum may be executed in counterparts, and sent to the other party by facsimile transmission. Each such counterpart or facsimile shall be deemed an original, all of which shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties have executed in duplicate this Fourth Addendum as of the dates indicated below.

PACIFIC:

PACIFICORP,
an Oregon corporation

By: Jana Mejdell
Jana Mejdell
Director Real Estate Management

Date: 2-2-12

SUBTENANT:

MARKET PLACE INSURANCE, INC.
a California corporation

By: Louie Sbarbaro
Louie Sbarbaro
Its: V.P.

Date: 1-16-12

FIFTH ADDENDUM TO SUBLEASE

This Fifth Addendum to Sublease ("Fifth Addendum") is made by and between PACIFICORP, an Oregon corporation ("Pacific"), and MARKET PLACE INSURANCE, INC., a California corporation ("Subtenant"), each a "Party" and together the "Parties".

RECITALS

WHEREAS, the Parties entered into that certain Sublease dated August 27, 1997, as amended or modified, (collectively, the "Sublease"), for the premises more commonly known as 425 S. Mt. Shasta Boulevard, Mt. Shasta, California (the "Subleased Premises"); and

WHEREAS, Pacific leases the Subleased Premises from Weinberg, LLC, successor in interest to Marc G. Weinberg, successor in interest to William Weinberg as Trustee of the Marc Gregory Weinberg Trust created on July 15, 1971, pursuant to the terms and conditions of a lease dated January 24, 1972, as amended or modified, (collectively, the "Master Lease"). Subtenant leases the Subleased Premises from Pacific pursuant to the terms and conditions of the Sublease; and

WHEREAS, in accordance with the Master Lease, Pacific has the option to extend and renew the original term of the Master Lease for four (4) successive terms of five (5) years each, of which four extensions have been exercised; and

WHEREAS, in accordance with the Sublease, Subtenant has the corresponding option to extend and renew the original term of the Sublease for four (4) successive terms of five (5) years each, and Subtenant desires to extend the term of the Sublease for a fourth term of five (5) years; and

WHEREAS, the Parties desire to amend the Sublease as set forth below;

NOW, THEREFORE, for and in consideration of the mutual promises and covenants, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

AGREEMENT

1. The term of the Sublease is hereby extended for five (5) years commencing April 14, 2017 and ending April 13, 2022 ("Extended Term").
2. The Parties agree the rental for the Extended Term shall be Nineteen Thousand Two Hundred Dollars (\$19,200.00) per annum, payable in equal monthly installments of One Thousand Six Hundred Dollars (\$1,600.00).
3. On or after April 13, 2019, Subtenant shall have the right during the Extended Term to terminate the Sublease by providing Pacific one hundred and eighty (180) days' written notice of its intent to so terminate.

4. Each party covenants and warrants to the other that it has full right, power, and authority to execute this Fifth Addendum.

5. The following is added as Section 16.19 to the Sublease:

16.19 Dispute Resolution. Each of the provisions of the Sublease shall be enforceable independently of any other provision of the Sublease and independent of any other claim or cause of action. In the event of any dispute arising under the Sublease, the Parties shall first attempt to resolve the matter through direct negotiation between the representatives of the Parties. If the representatives are unable to resolve the issue within ten (10) days after presentation of the dispute, then the Parties hereby agree to binding arbitration. Such arbitration shall be in accordance with the rules and procedures of the American Arbitration Association (AAA). Notwithstanding any AAA rules and procedures or any other provisions or any state or federal laws, the Parties agree that the arbitrators shall not consider or award punitive damages as a remedy. Upon either Party's request, the AAA shall provide the Parties a list of arbitrators each of whom have experience and expertise with respect to construction. Upon each of the Party's receipt of such list, each Party shall have ten (10) days to select an arbitrator. The two selected arbitrators shall then select a third arbitrator within thirty (30) days from the date the initial two arbitrators were selected and the matter subject to arbitration shall be arbitrated within sixty (60) days after the selection of the third arbitrator.

6. This Fifth Addendum may be executed in counterparts, and sent to the other party by facsimile transmission. Each such counterpart or facsimile shall be deemed an original, all of which shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties have executed in duplicate this Fifth Addendum as of the dates indicated below.

PACIFIC:

PACIFICORP,
an Oregon corporation

By: Jana Mejdell
Jana Mejdell
Director, Real Estate Management

Date: 1-31-17

SUBTENANT:

MARKET PLACE INSURANCE. INC.
a California corporation

By: Louie Sbarbaro
Louie Sbarbaro
Its: President

Date: 12-27-16