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Debra Cobb  
CIT Small Business Lending Corporation  
1526 Cole Blvd., Suite 200  
Golden, CO 80401

CCAN: 40629



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Cook County Recorder of Deeds  
Date: 03/18/2004 01:33 PM Pg: 1 of 21

## ASSIGNMENT OF LEASES AND RENTS (Participation)

by and between

SACADA Real Estate, Inc.

and

CIT SMALL BUSINESS LENDING CORPORATION  
(Lender)

Dated: February 27, 2004

Property of Cook County Clerk's Office

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REV 333-011

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CCAN: 40629

CIT Small Business Lending Corporation

**PREPARED BY AND UPON RECORDING RETURN TO:**

Debra Cobb  
 CIT SMALL BUSINESS LENDING CORPORATION  
 1526 COLE BLVD., BLDG. 3, SUITE 200  
 GOLDEN, CO 80401

CIT SMALL BUSINESS LENDING CORPORATION

**ASSIGNMENT OF LEASES AND RENTS**

This Assignment is made this 27th day of February, 2004, between SACADA Real Estate, Inc., an Illinois corporation (herein called "Assignor"), and CIT Small Business Lending Corporation, a Delaware Corporation (herein called "Assignee").

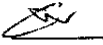
**RECITALS**

Assignor has executed and delivered to Assignee its promissory note of even date herewith in the principal amount of Five Hundred Nine Thousand and 00/100 Dollars and No Cents (\$509,000.00) (herein called the "Note").

To secure payment of the Note, Assignor has executed and delivered to Assignee a Mortgage of even date herewith (herein, together with all future amendments and supplements thereto, called the "Mortgage"), covering certain property (herein called the "Mortgaged Property") which, among other things, includes the real estate described in Exhibit "A" attached hereto and the buildings, improvements, and fixtures now or hereafter located thereon.

Assignee, as a condition to making the loan evidenced by the Note, has required the execution of this Assignment.

ACCORDINGLY, in consideration of the premises and in further consideration of the sum of One Dollar paid by Assignee to Assignor, the receipt of which is hereby acknowledged, Assignor does hereby grant, transfer and assign to Assignee all of the right, title and interest of Assignor in and to (i) any and all present or future leases or tenancies, whether written or oral, covering or affecting any or all of the Mortgaged Property, including that certain lease dated March 1, 2004 by and between SACADA Real Estate, Inc. as Lessor, and Smile Dental Works Ltd. as Lessee of the Mortgaged Property, which is for a period of five (5) years; ends on February 28, 2009 and contains five (5) options to renew (the "Current Lease"), (all of which, including the Current Lease, together with any and all extensions, modifications and renewals thereof, are hereinafter collectively referred to as the "Leases" and each of which is referred to as a "Lease"), and (ii) all rents, profits and other income or payments of any kind due or

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payable or to become due or payable to Assignor as the result of any use, possession or occupancy of all or any portion of the Mortgaged Property (all of which are hereinafter collectively referred to as "Rents"), whether the Rents accrue before or after foreclosure of the Mortgage or during the periods of redemption thereof, all for the purpose of securing:

- (a) Payment of all indebtedness evidenced by the Note and all other sums secured by the Mortgage or this Assignment; and
- (b) Performance and discharge of each and every obligation, covenant and agreement of Assignor contained herein and in the Mortgage.

ASSIGNOR WARRANTS AND COVENANTS that it is and will remain the absolute owner of the Rents and Leases free and clear of all liens and encumbrances other than the lien granted herein; that it has not heretofore assigned or otherwise encumbered its interest in any of the Rents or Leases to any person; that it has the right under applicable law, under the Leases, under its Articles of Incorporation and By-Laws (or if a partnership, its Partnership Agreement), and otherwise to execute and deliver this Assignment and keep and perform all of its obligations hereunder; that it will warrant and defend the Leases and Rents against all adverse claims, whether now existing or hereafter arising.

Assignor further covenants and agrees with Assignee as follows:

1. Performance of Leases. Assignor will faithfully abide by, perform and discharge each and every obligation, covenant and agreement which it is now or hereafter becomes liable to observe or perform under any present or future Lease, and, at its sole cost and expense, enforce or secure the performance of each and every obligation, covenant, condition and agreement to be performed by the tenant under each and every Lease. Assignor will observe and comply with all provisions of law applicable to the operation and ownership of the Mortgaged Property. Assignor will give prompt written notice to Assignee of any notice of default on the part of Assignor with respect to any Lease received from the tenant thereunder, and will also at its sole cost and expense, appear in and defend any action or proceeding arising under, growing out of or in any manner connected with any Lease or the obligations, duties or liabilities of Assignor or any tenant thereunder. Assignor will not lease or otherwise permit the use of all or any portion of the Mortgaged Property for rent that is below the fair market rent for such property.
2. Collection of Rents. Assignor will not collect or accept any Rents for the use or occupancy of the Mortgaged Property for more than one month in advance. Security deposits shall not be deemed Rents for purposes of this paragraph.
3. Protecting the Security of This Assignment. Should Assignor fail to perform or observe any covenant or agreement contained in this Assignment, then Assignee, but without obligation to do so and without releasing the Assignor from any obligation hereunder, may make or do the same in such manner and to such extent as Assignee may deem appropriate to protect the security hereof, including, specifically, without limiting its general powers, the right to appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Assignee, and also the right to perform and discharge each and every obligation, covenant and agreement of Assignor contained in the Leases and in exercising any such powers to pay necessary costs and expenses, employ counsel and pay

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reasonable attorneys' fees. Assignor will pay immediately upon demand all sums expended by Assignee under the authority of this Agreement, together with interest thereon at the rate stated in the Note, and the same shall be added to said indebtedness and shall be secured hereby and by the Mortgage.

4. Present Assignment. This Assignment shall constitute a perfected, absolute and present assignment, provided that Assignor shall have the right to collect, but not prior to accrual (except as permitted by paragraph 2 above), all of the Rents, and to retain, use and enjoy the same unless and until an Event of Default shall occur under the Mortgage or Assignor shall have breached any warranty or covenant in this Assignment. Any Rents which accrue prior to an Event of Default under the Mortgage but are paid thereafter shall be paid to Assignee.

5. Survival of Obligation to Comply with Mortgage and This Assignment. This Assignment is given as security in addition to the Mortgage. Assignor covenants and agrees to observe and comply with all terms and conditions contained in the Mortgage and in this Assignment and to preclude any Event of Default from occurring under the Mortgage. All of Assignor's obligations under the Mortgage and this Assignment shall survive foreclosure of the Mortgage and Assignor covenants and agrees to observe and comply with all terms and conditions of the Mortgage and this Assignment and to preclude any Event of Default from occurring under the Mortgage throughout any period of redemption after foreclosure of the Mortgage.


6. Default; Remedies. Upon the occurrence of any Event of Default specified in the Mortgage or upon the breach of any warranty or covenant in this Assignment, Assignee may, at its option, at any time:

(a) in the name, place and stead of Assignor and without becoming a mortgagee in possession (i) enter upon, manage and operate the Mortgaged Property or retain the services of one or more independent contractors to manage and operate all or any part of the Mortgaged Property; (ii) make, enforce, modify and accept surrender of the Leases; (iii) obtain or evict tenants, collect, sue for, fix or modify the Rents and enforce all rights of Assignor under the Leases; and (iv) perform any and all other acts that may be necessary or proper to protect the security of this Assignment.

(b) with or without exercising the rights set forth in subparagraph (a) above, give or require Assignor to give, notice to any or all tenants to pay all Rents under the Leases directly to the Assignee.

(c) without regard to waste, adequacy of the security or solvency of Assignor, apply for, and Assignor hereby consents to, the appointment of a receiver of the Mortgaged Property, whether or not foreclosure proceedings have been commenced under the Mortgage, and if such proceedings have been commenced, whether or not a foreclosure sale has occurred.

The exercise of any of the foregoing rights or remedies and the application of the rents, profits and income pursuant to paragraph 7, shall not cure or waive any Event of Default (or notice of default) under the Mortgage or invalidate any act done pursuant to such notice.

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7. Application of Rents, Profits and Income. All Rents collected by Assignee or the receiver each month shall be applied as follows:

- (a) to payment of all reasonable fees of the receiver approved by the court;
- (b) to payment of all tenant security deposits then owing to tenants under any of the Leases pursuant to applicable law;
- (c) to payment of all prior or current real estate taxes and special assessments with respect to the Mortgaged Property, or if the Mortgage requires periodic escrow payments for such taxes and assessments, to the escrow payments then due;
- (d) to payment of all premiums then due for the insurance required by the provisions of the Mortgage, or if the Mortgage requires periodic escrow payments for such premiums, to the escrow payments then due;
- (e) to payment of expenses incurred for normal maintenance of the Mortgaged Property;
- (f) if received prior to any foreclosure sale of the Mortgaged Property, to Assignee for payment of the indebtedness secured by the Mortgage or this Assignment, but no such payment made after acceleration of the indebtedness shall affect such acceleration;
- (g) if received during or with respect to the period of redemption after a foreclosure sale of the Mortgaged Property:
  - (1) if the purchaser at the foreclosure sale is not the Assignee, first to Assignee to the extent of any deficiency of the sale proceeds to repay the indebtedness secured by the Mortgage or this Assignment, second to the purchaser as a credit to the redemption price, but if the Mortgaged Property is not redeemed, then to the purchaser of the Mortgaged Property;
  - (2) if the purchaser at the foreclosure sale is the Assignee, to Assignee to the extent of any deficiency of the sale proceeds to repay the indebtedness secured by the Mortgage or this Assignment and the balance to be retained by Assignee as a credit to the redemption price, but if the Mortgaged Property is not redeemed, then to Assignee, whether or not any such deficiency exists.

The rights and powers of Assignee under this Assignment and the application of Rents under this paragraph 7 shall continue until expiration of the redemption period from any foreclosure sale, whether or not any deficiency remains after a foreclosure sale.

8. No Liability for Assignee. Assignee shall not be obligated to perform or discharge, nor does it hereby undertake to perform or discharge, any obligation, duty or liability of Assignor under the Leases. This Assignment shall not operate to place upon Assignee responsibility for the control, care, management or repair of the Mortgaged Property or for carrying out of any of the terms and conditions of the Leases. Assignee shall not be responsible or liable for any waste committed on the Mortgaged Property, for any dangerous or

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defective condition of the Mortgaged Property, for any negligence in the management, upkeep, repair or control of said Mortgaged Property or for failure to collect the Rents.

9. Assignor's Indemnification. Assignor shall and does hereby agree to indemnify and to hold Assignee harmless of and from any and all claims, demands, liability, loss or damage (including all costs, expenses, and reasonable attorney's fees in the defense thereof) asserted against, imposed on or incurred by Assignee in connection with or as a result of this Assignment or the exercise of any rights or remedies under this Assignment or under the Leases or by reason of any alleged obligations or undertakings of Assignee to perform or discharge any of the terms, covenants or agreements contained in the Leases. Should Assignee incur any such liability, the amount thereof, together with interest thereon at the rate stated in the Note, shall be secured hereby and by the Mortgage and Assignor shall reimburse the Assignee therefor immediately upon demand.


10. Authorization to Tenant. Upon notice from Assignee that it is exercising the remedy set forth in paragraph 6(b) of this Assignment, the tenants under the Leases are hereby irrevocably authorized and directed to pay to Assignee all sums due under the Leases, and Assignor hereby consents and directs that said sums shall be paid to Assignee without the necessity for a judicial determination that a default has occurred hereunder or under the Mortgage or that Assignee is entitled to exercise its right hereunder, and to the extent such sums are paid to Assignee, Assignor agrees that the tenant shall have no further liability to Assignor for the same. The signature of Assignee alone shall be sufficient for the exercise of any rights under this Assignment and the receipt of Assignee alone for any sums received shall be a full discharge and release therefor to any such tenant or occupant of the Mortgaged Property. Checks for all or any part of the Rents collected under this Assignment shall upon notice from Assignee be drawn to the executive order of Assignee.

11. Satisfaction. Upon the payment in full of all indebtedness secured hereby as evidenced by a recorded satisfaction of the Mortgage executed by Assignee, this Assignment shall, without the need for any further satisfaction or release, become null and void and be of no further effect.

12. Assignee an Attorney-In-Fact. Assignor hereby irrevocably appoints Assignee, and its successors and assigns, as its agent and attorney-in-fact, which appointment is coupled with an interest, with the right but not the duty to exercise any rights or remedies hereunder and to execute and deliver during the term of this Assignment such instruments as Assignee may deem appropriate to make this Assignment and any further assignment effective, including without limiting the generality of the foregoing, the right to endorse on behalf and in the name of Assignor all checks from tenants in payment of Rents that are made payable to Assignor.

13. Assignee Not a Mortgagee in Possession. Nothing herein contained and no actions taken pursuant to this Assignment shall be construed as constituting Assignee a mortgagee in possession.

14. Specific Assignment of Leases. Assignor will transfer and assign to Assignee, upon written notice by Assignee, any and all specific Leases that Assignee requests. Such transfer or assignment by Assignor shall be upon the same or substantially the same terms

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and conditions as are herein contained, and Assignor will properly file or record such assignments, at Assignor's expense, if requested by Assignee.

15. Warranties and Representations regarding the Current Lease. Assignor warrants that it is Lessor pursuant to the Current Lease; that the Current Lease has not been modified and is in full force and effect; not to modify without Lender's written consent or in any way alter any of the terms of the Current Lease, nor to terminate the Current Lease or accept a surrender of the Current Lease; that it will not waive or in any way release or allow substitution of performance under the terms of the Current Lease by tenant thereof; that the Current Lease is free and clear of any and all liens and encumbrances; that the Current Lease has not been previously pledged or assigned to any other party; that it is not in default of any of the terms of the Current Lease and has no notice of any default by Lessee.

16. Unenforceable Provisions Severable. All rights, powers and remedies provided herein may be exercised only to the extent that the exercise thereof does not violate any applicable law, and are intended to be limited to the extent necessary so that they will not render Assignment invalid, unenforceable or not entitled to be recorded, registered or filed under any applicable law. If any term of this Assignment shall be held to be invalid, illegal or unenforceable, the validity of other terms hereof shall in no way be affected thereby. It is the intention of the parties hereto, however, that this Assignment shall confer upon Assignee the fullest rights, remedies and benefits available pursuant to applicable law.

17. Successors and Assigns. The covenants and agreements herein contained shall bind, and the rights hereunder shall inure to the respective successors and assigns of Assignor and Assignee, including any purchaser at a foreclosure sale.

18. Captions; Amendments; Notices. The captions and headings of the paragraphs of this Assignment are for convenience only and shall not be used to interpret or define the provisions of this Assignment. This Assignment can be amended only in writing signed by Assignor and Assignee. Any notice from Assignee to Assignor under this Assignment shall be deemed to have been given when given by Assignee in accordance with the requirements for notice by the Mortgagee under the Mortgage.


IN WITNESS WHEREOF Assignor has executed this Assignment as of the day and year first-above written.

**ASSIGNOR:**

SACADA Real Estate, Inc.

By:   
Steven Chee, President

ATTEST:   
Sandra Villamil, Secretary

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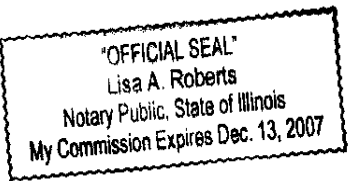
STATE OF ILLINOIS )  
COUNTY OF COOK ) SS:

I, the undersigned, a Notary Public in and for said County in the State of aforesaid, DO HEREBY CERTIFY, that Steven Chee personally known to me to be the president of SACADA, Inc. and Sandra Villamil personally known to me to be the secretary of SACACA, Inc., whose name are subscribed to the foregoing instrument, appeared before me this day in person, and acknowledged that they signed, sealed and delivered the said Instrument of writing as president and secretary of said Corporation, and caused the seal of said Corporation to be thereunto affixed, pursuant to the authority given by the Board of Directors of said Corporation as their free and voluntary act and as the free and voluntary act of said Corporation, for the uses and purposes set forth.

GIVEN under my hand and seal (his 13<sup>th</sup> day of March, 2004.

[Signature]  
Notary Public

My Commission Expires: 12/13/07



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## Exhibit A

LOT 2 IN TIMOTHY SUBDIVISION OF PART OF THE EAST ½ OF THE SOUTHWEST ¼ OF SECTION 10, TOWNSHIP 41 NORTH, RANGE 10, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

EXCEPTING THEREFROM THE EAST 22.00 FEET AS MEASURED PARALLEL AND PERPENDICULAR TO THE EAST LINE THEREOF OF THE FOLLOWING DESCRIBED LAND:

THE NORTH 100.00 FEET OF THE EAST 233.00 FEET OF THE SOUTH 437.30 FEET OF THE SOUTH 60 ACRES OF THE EAST ½ OF THE SOUTHWEST ¼ OF SECTION 10, TOWNSHIP 41 NORTH, RANGE 10 (EXCEPTING FROM SAID TRACT OF LAND THAT PART THEREOF LYING EAST OF A LINE 50 FEET WEST OF THE EAST LINE OF SAID SOUTHWEST ¼ AS MEASURED AT RIGHT ANGLES TO SAID EAST LINE AND LYING WEST OF THE WEST LINE OF ORIGINAL ROSELLE ROAD), AS CONDEMNED FOR ROAD PURPOSES IN CASE NO. 96L50534.

ALSO KNOWN AS STREET (AND) NUMBER 1222 NO. ROSELLE ROAD, SCHAUMBURG, IL 60195

PIN 07-10-300-066-0000

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**SMILE DENTAL WORKS, Inc LEASE AGREEMENT**

exhibit B

**sa ca da Real Estate**

**TERM OF LEASE**  
**BEGINNING                      ENDING**

1-Mar-2004                      28-Feb-2009

**MONTHLY RENT    LEASE DATE                      LOCATION OF PREMISES**

\$4,500                      March 1, 2004                      1222 N Roselle Road  
Schaumburg, IL 60195

**PURPOSE**

Maintaining and operating a dental practice.

**LESSEE**

Smile Dental Works

**LESSOR**

SACADA Real Estate, Inc.  
1222 North Roselle Road  
Schaumburg, IL. 60195

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## SMILE DENTAL WORKS, Inc LEASE AGREEMENT

In consideration of the mutual covenants and agreements herein stated, Lessor hereby leases to Lessee and Lessee hereby leases from Lessor solely for the above purpose the premises designated herein (the 'Premises'), together with the appurtenances thereto, for the above term.

### LEASE COVENANTS AND AGREEMENTS

1. **Rent.** Lessee shall pay Lessor or Lessor's agent rent for the Premises the sum stated herein, monthly in advance, until termination of this lease, at Lessor's address stated above or such address as Lessor may designate in writing.
  
2. **HEAT; NON-LIABILITY OF LESSOR.** (a) Lessor will at all reasonable hours during each day and evening from at least October 1st through at least May 1st, during the term, and when reasonably required by climate conditions, furnish at his own expense heat for the heating apparatus in the Premises, except when prevented by an Event of Force Majeure (as defined below), provided that the temperature in the Premises shall not exceed \_\_\_\_\_ or be less than \_\_\_\_\_. All reasonable efforts will be made to ensure a safe and properly working Heating and Air-conditioning system. During the non-heat term during a given year, a working and sufficient air-conditioning system will be maintained. The heating and air-conditioning terms will be dictated by the current climatic conditions. (b) "Unavoidable Delay" or "Force Majeure" shall mean any and all delays beyond reasonable control of the Landlord or Tenant, including without limitation, delay caused by the other party, governmental restrictions, governmental regulations or controls, undue delays by governmental authorities, order of civil, military, or naval authority, governmental preemption, strikes, labor disputes, lockouts, shortage of labor or materials, inability to obtain materials, or reasonable substitutes therefore, default of any contractor or subcontractor, acts of God, fire, earthquake, floods, explosions, actions of the elements, extreme weather conditions, enemy action, civil commotion, riot or insurrection, and delays in obtaining governmental permits or approvals.
  
3. **HALLS.** Lessor will cause the halls, corridors, and other parts of the building adjacent to the Premises to be lighted, cleaned, and generally cared for.
  
3. **RULES AND REGULATIONS.** The rules and regulations at the end of this lease constitute a part of this lease. Lessee shall observe and comply with them, and

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## SMILE DENTAL WORKS, Inc LEASE AGREEMENT

also with such further reasonable rules and regulations as may later be required by Lessor for the necessary, proper and orderly care of the building in which Premises are located.

5. **ASSIGNMENT; SUBLETTING.** (a) Except as provided in paragraph 5(b). Lessee shall neither sublet the premises or any part thereof nor assign this lease nor permit by any act or default any transfer of Lessee's interest by operation of law, nor offer the premises or any part thereof for lease or sublease, nor permit the use thereof for any purpose other than as above mentioned, without in each case the written consent of Lessor which shall not be unreasonable withheld.  
(b) Lessor understands and acknowledges that Lessee will be assigning the Lessee's interest in this Lease to a corporation being formed by Lessee for the purpose of establishing, maintaining, and operating her dental practice in and on the Premises. This corporation will be controlled by Lessee. Lessor consents to such assignment in advance and without further notification or approval required. Lessor further understands and acknowledges that Lessee will have the right to hire a dental specialist as an independent contractor to provide dental services to Lessee's practice.
6. **SURRENDER OF PREMISES.** Lessee shall quit and surrender the Premises at the end of the term in as good a condition as the reasonable use thereof shall permit, reasonable wear and tear excepted, with all keys thereto.
7. **NO WASTE OR MISUSE.** Lessee shall restore the Premises to Lessor, with glass of like kind and quality in the several doors and windows thereof, entire and unbroken, as is now therein, and will not allow any waste or misuse or neglect on the Premises.
8. **TERMINATION; ABANDONMENT; RE-ENTRY; RELETTING.** At the termination of this lease, by lapse of time or otherwise Lessee agrees to yield up immediate and peaceable possession to Lessor, and failing to do so, to pay as liquidated damages, for the whole such possession is withheld, the sum of \$100.00 per day, and it shall be lawful for the Lessor or his legal representative at any time thereafter, without notice, to re-enter the Premises or any part thereof, either with or (to the extent permitted by law) without process of law, and to expel, remove and put out the Lessee or any person or persons occupying the same, using such force as may be necessary to do so, and to repossess and enjoy the Premises again as before this lease, without prejudice to any remedies which might otherwise be used for arrears of rent or preceding breach of covenants: or in the case the Premises shall be abandoned, deserted, or vacated, and remains unoccupied fifteen(15) days consecutively, the Lessee hereby authorizes to the extent permitted by law the Lessor as Lessee's agent to re-enter the Premises and remove all articles found therein, place them in some regular warehouse or other suitable storage space, at the cost and expense of Lessee, and proceed to re-rent the Premises at the Lessor's option and discretion and apply all money so received after paying the expenses of such removal toward the rent accruing under this

**SMILE DENTAL WORKS, INC. LEASE AGREEMENT**

lease. If the Lessee shall fail to pay the rents at the times, place and in the manner above provided, and the same shall remain unpaid ten(10) days after the day whereon the same shall be paid, the Lessor by reason thereof shall be authorized to declare the term ended, and take such other action as may be allowed by law.

- 9. **REMOVED PROPERTY.** In the event of re-entry and removal of the articles found on the Premises as herein before provided, the Lessee hereby authorizes the Lessor to sell the same at public or private sale, with notice, and the proceeds thereof, after paying the expenses of removal, storage and sale to apply towards the rent herein, rendering the surplus, if any, to Lessee upon demand.
- 10. **PLURALS; SUCCESSORS.** The words "Lessor" and "Lessee" wherever used in this lease shall be construed to mean Lessors or Lessees in all cases where there is more than one Lessor or Lessee, and to apply to individuals, male or female, or to firms or corporations, as the same may be described as Lessor or Lessee herein, and the necessary grammatical changes shall be assumed in each case as though fully expressed. All covenants, promises, representations and agreements herein contained shall be binding upon, apply and inure to the benefit of Lessor and Lessee and their respective heirs, legal representatives, successors and assigns.

WITNESS the hands and seals of the parties hereto, as of the Date of Lease stated above.

**LESSEE:**

Gaudin Kula (SEAL)

\_\_\_\_\_ (SEAL)

\_\_\_\_\_ (SEAL)

**LESSOR:**

GARY (SEAL)

\_\_\_\_\_ (SEAL)

\_\_\_\_\_ (SEAL)

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## SMILE DENTAL WORKS, LLC LEASE AGREEMENT

### RULES AND REGULATIONS

1. No sign, advertisement or notice shall be inscribed, painted or affixed on any part of the outside of the Building, except on the glass of the doors and windows of the room(s) leased and on the directory board, and then only of such color, size, style and material as shall be first specified by the Lessor in writing, endorsed on this lease. No showcase shall be placed in the front of the Building by Lessee, without the written consent of Lessor endorsed on this lease. The Lessor reserves the right to remove all other signs and showcases after proper written notice to the Lessee, at the expense of the Lessee. At the expiration of the term, Lessee is to remove all his signs from such windows, doors and directory board. All signs must conform to current village codes, and must be approved by both the village and by the Lessor in written form.
2. Lessee shall not put up or operate any steam engine, boiler, machinery or stove upon the Premises, or carry on any mechanical business on Premises, or use or store inflammable fluids on the Premises without the written consent of the Lessor, and all stoves which may be allowed in the Premises shall be placed and setup according to the village ordinance. Exceptions to this include the air compressor and the vacuum systems, which still need to conform to the village code but have been pre-approved by the Lessor. Usual dental equipment will be exempted.
3. No additional locks shall be placed upon any doors of leased rooms without the written consent of the Lessor, and the Lessee shall not permit any duplicate keys to be made (all necessary keys to be furnished by the Lessor) and upon termination of this lease, Lessee will surrender all keys to the Premises and Building.
4. Extra heavy safes, or any other heavy and bulky items, shall not be placed on the leased floor space without the prior written consent of the Lessor. 'Extra heavy' in this case means anything more than two hundred pounds in weight. If any damage occurs from overloading the floor, it will be repaired at the expense of the Lessee.
5. No person or persons other than the janitor of this Building shall be employed by the Lessee for the purpose of taking charge of Premises without the written consent of the Lessor. Any person or persons so employed by Lessee (with the written consent of the Lessor) must be subject to and under the control and direction of the janitor of the Building in all things in the Building and outside of the Premises. The agent and janitor of the building shall at all times keep a pass key and be allowed admittance to the Premises, to cover any emergency, or required examination that may arise.

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## SMILE DENTAL WORKS, Inc LEASE AGREEMENT

6. The Premises leased shall not be used for the purpose of lodging or sleeping rooms or for any immoral or illegal purpose.
7. The rent of an office will include occupancy of office, water to Lessee's standard fixtures, heat and air-conditioning (depending on season) during reasonable working hours for a dental office.
8. If Lessee desires telegraphic or telephonic connections, the Lessor will direct the electricians as to where and how the wires are to be introduced, and without such written directions endorsed on this lease no boring or cutting for wires will be permitted. Lessor will have no liability regarding this paragraph 8. All costs regarding said connections shall be borne by the Lessee.
9. If the Lessee desires Venetian or other awnings or shades over and outside of the windows, to be erected at the Lessee's expense, they must be of such shape, color, and material and make as may be prescribed in writing on this lease and shall comply with all Schaumburg code and ordinances.
10. Birds, dogs, or other animals shall not be allowed in the Building. All tenants and occupants must observe strict care not to leave their windows open when it rains or snows, and for any default or carelessness in those respects, or any of them, shall make good all injuries sustained by other tenants, and also any damage to the Building resulting from such default or carelessness.
11. No packages, merchandise or other effects shall be allowed to remain in the halls at any time.
12. The Lessor reserves the right to make such other and further reasonable rules and regulations as in his judgement may from time to time be necessary for the safety, care and cleanliness of the Premises and for the preservation of good order therein, and do not result in unreasonable additional expense to Lessee.
13. It is understood and agreed between the Lessee and Lessor that no assent or consent to changes in or waiver of any part of this lease has been or can be made unless done in writing and endorsed hereon by the Lessor, and in such case it shall operate only for the time and purpose in such lease expressly stated.
14. Whenever the determination, satisfaction, consent, approval or the like is required of either party to this Lease to any matter, thing or course of action hereunder, such determination, satisfaction, consent, approval or the like shall not be unreasonably withheld or delayed. Whenever one party to this Lease is given discretion in the performance of some aspect of this Lease, such performance shall be exercised in good faith and with fair dealing.

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15. Tenant, any Tenant's servants, employees, agents, visitors or licensees, shall not at any time bring or keep upon the Premises any inflammable, combustible, caustic, poisonous or explosive fluid, chemical or substance.
16. Tenant, any Tenant's servants, employees, agents visitors or licensees, shall not at any time bring or keep upon the Premises any weapons including but not limited to handguns, rifles and knives.
17. Tenant shall comply with all applicable federal, state and municipal laws, ordinances and regulations, insurance requirements and building rules and regulations and shall not directly or indirectly make any use of the Premises which may be prohibited by any of the foregoing or which may be dangerous to persons or property or may increase the cost of insurance or require additional insurance coverage.
18. Lessee shall be responsible for any or all repairs on the Premises that do not exceed \$500.00 or responsible for all repairs relating to Lessee's "Build Out" improvements.



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## SMILE DENTAL WORKS, Inc LEASE AGREEMENT

### RIDER TO COMMERCIAL OFFICE LEASE BETWEEN Smile Dental Works, Inc. (LESSEE) AND SACADA REAL ESTATE (LESSOR) DATED

This Rider is attached to and forms a part of the above-referenced Commercial Office Lease. In the event of any conflict or inconsistency between the provisions of this Rider and the provisions of the Commercial Office Lease (which is attached), the provisions of this Rider shall be controlling.

#### 19. RENT.

- (a) The rent set forth below shall be payable on the first day of each month at the address designated by the Lessor beginning with the first day of the 4<sup>th</sup> month. A late charge of 5% will be charged if such rental is received by the Lessor after the 10<sup>th</sup> day of said month.
- (b) If said rent is mailed to Lessor, then the U.S. postmark on the envelope will be evidence of the date the rental is paid.
- (c) Lessor shall have the same rights and remedies upon Lessee's failure to pay additional rent, as are available to Lessor upon Lessee's failure to pay the base monthly rent.
- (d) The monthly rent is \$ 4,500.00

The Base Year for computing such adjustment shall be the real estate tax bill received in the year 2001 (relating to tax year 2000). Lessee shall be given 30 days notice of this adjustment.

The computation for the monthly rent increase will be the following:

- the gross dollar amount of the tax increase pertaining to the Building for the year, if any, will be multiplied by the Lessee's square footage percentage of leased space (Lessee's square footage divided by square footage of entire building). That result will be the annual rent increase. That amount will then be divided by 12 to arrive at a monthly rent increase amount. This increase shall not exceed 8% of current rent. The percentage increase applies only to the tax portion of the monthly rent payment. In addition, the tax increase for the Building will take into effect any attorney's fees. The Lessor retains an attorney who specializes in real estate taxes, and that person's expertise is utilized on an annual basis for the purpose of minimizing any potential tax increases. All tenants of the Building benefit from these services.

- Real Estate Tax increase example:  
Estimated Real Estate Taxes for 1999 = \$20000

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Lessee occupies 60% of entire building  
 Real Estate Tax Increase of 20% = \$4000  
 (\$4000 X .60)/12 months = \$200  
 \$200(Tax increase per month)/\$2600(Rent per month) = 7.6%

20. **OPTION TO RENEW.** Provided that the Lessee is not in default in the performance of this Lease, Lessee shall have the option to renew this Lease for an additional term of 5 years from the expiration of the initial Lease term. All of the terms and conditions of the Lease shall apply during the renewal term except that the monthly rent, without regard to tax increases, shall be increased an amount sufficient on a prorate basis to cover reasonable increases in operating and maintaining the building that have occurred during the initial three year term of the lease, provided that such increase shall not exceed 8% per year. The option to extend shall be exercised by written notice given to Lessor, not less than 30 days prior to the expiration of the initial Lease. At the expiration of the 5 -year extension term, the Lessee shall have the option to renew this lease for additional term of 5 years in every 5 years till 2029.
21. **DESCRIPTION OF PREMISES.** The portion of the building, which shall be described as the Premises is as follows:  
 For the period described in Section 15(c), the Premises is the North half of the upper level of the building located at 1222 North Roselle Road, Schaumburg, IL. 60195. For the period described in Section 15(c), the Premises is the entire upper level of said building. Lessee shall not use any other part of the building for whatever purpose without the Lessor's prior written consent. Lessee, its employees, agents and patients, will be able to access the Premises through the south side of the building, during reasonable working hours for a dental practice.
22. **SERVICES.** Lessor shall maintain, at its own expense, a regularly scheduled disposal service at the curbside of the Building. Lessee, however, shall maintain, at its own expense, waste removal from the Premises to the curbside dumpster and any additional necessary disposal, scavenger, or exterminating service, or any other service required by law or required for the purpose of its business.
23. **INSURANCE.** Tenant shall at its own cost and expense procure and maintain during the entire Term and any extensions thereof the following insurance policies in compliance with the terms hereof:
- (A) **Tenant's Property Insurance.** Tenant shall, at its sole cost and expense, obtain and keep in force during the Lease term, all-risk property insurance (including, but not limited to, theft, sprinkler leakage, and boiler and machinery) on Tenant's improvements, fixtures, furnishings, and equipment in and upon the Premises or Building in an amount not less than one hundred percent (100%) of the full replacement cost (without deduction for depreciation) thereof, with a maximum deductible of One Thousand and

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- no/100 Dollars (\$1000.00). All amounts received from said insurance shall be applied to the payment of the cost of repair or replacement of any of Tenant's improvements, fixtures, furnishings, and equipment that were damaged or destroyed unless this Lease terminates prior to such repair or replacement being made, in which case the portion of such amounts representing improvements and fixtures which would have become Landlord's property shall be paid over to Landlord, and the balance shall be retained by Tenant.
- (B) **Liability Insurance.** Tenant shall, at its sole cost and expense, but for the mutual benefit of Tenant, and Landlord, obtain and keep in force during the term of this Lease commercial general liability insurance (Bodily Injury and Property Damage) on an occurrence form with a limit of liability not less than One Million and no/100 Dollars (\$1,000,000.00) per occurrence, per location, including premises-operations and products/completed operations hazards and with the following supplementary coverage's: (i) contractual liability to cover liability assumed under this Lease; (ii) personal injury liability; and (iii) broad form property damage liability. Such policies of insurance shall name Landlord as an additional insured thereunder.
- (C) **Workers' Compensation and Business Interruption Insurance.** Tenant shall, at Tenant's sole cost and expense, carry workers' compensation insurance in accordance with the laws of the State of Illinois. In addition, Tenant shall carry business interruption insurance in a commercially reasonable dollar amount.
- (D) **Tenant's Policies.** All policies of insurance required under this Section shall be issued by insurance companies licensed to do business in the State of Illinois and authorized to issue such policy or policies. All policies of insurance procured by Tenant shall contain endorsement providing that such insurance may not be materially changed, amended, or canceled with respect to Landlord except after thirty (30) days prior written notice from the insurance company to Landlord, sent by registered mail.
24. **WAIVER OF SUBROGATION RIGHTS.** Neither Landlord nor Tenant shall be liable to the other for any loss or damage to property occurring on the Premises, or in any manner growing out of or connected with Tenant's use and occupation of the Premises or the condition thereof, whether or not caused by the negligence or other fault of Landlord or Tenant, or of their respective agents, employees, subtenants, licensees, or assignees. This release shall apply only to the extent that such loss or damage to property is covered by insurance, regardless of whether such insurance is payable to or protects Landlord or Tenant or both. Nothing in this Article shall be construed to impose any other or greater liability upon either Landlord or Tenant than would have existed in the absence of this Article. This release shall be in effect only so long as the applicable insurance policies contain a clause to the effect that this release shall not affect the right of the insured to recover under such policies. Such clauses shall be obtained by Landlord and Tenant in the policies of insurance required to be provided by either hereunder.

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25. SECURITY DEPOSIT. Lessee shall deposit with Lessor the sum of \$2,500 as and for a security deposit for the use and performance of all covenants and agreements of Lessee hereunder. Lessor may apply all or any portion thereof in payment of any amounts due Lessor from Lessee. Upon termination of the Lease and full performance of all matters of any amounts due by Lessee, so much of the security deposit as remains unapplied shall be returned to Lessee. The deposit shall not bear interest.
26. IMPROVEMENTS. Lessee agrees not to make any alterations in, or additions to, the leased Premises prior to or during the Lease term without Lessor's prior written consent in each and every instance. If Lessor consents to such alteration or additions, before commencement of the work or delivery of any materials onto the Premises or into the Building, Lessee shall furnish Lessor with plans and specifications, names and addresses of contractors, copies of contracts, necessary permits and liabilities and expenses which may arise in connection with the alterations and/or additions. Whether Lessee furnishes Lessor with the foregoing or not Lessee hereby agrees to hold Lessor harmless from and in all liabilities arising from said alterations or additions. All additions and alterations shall be installed in a good, workmanlike manner. Lessee shall pay the cost of decorating the Leased Premises occasioned by any such alterations and additions. Lessor will assume the initial cost of painting and carpeting for the Lessee's space on the upper level. In addition, Lessor will assume the cost of bringing all the electrical receptacles and switches up to current village code (currently 20 amp). Upon completing any alterations, Lessee shall use Lessee's reasonable efforts to furnish Lessor with contractor's affidavits and full and final waivers of lien and receipted bills covering all labor and materials expended and used. All alterations and additions shall comply with all insurance requirements and with all ordinances and regulations of the local municipality or any department or agency thereof and with the requirements of all statutes and regulations of the State of Illinois or any department or agency thereof. All additions, (exclude vacuum system and air compressor), (excludes dental delivery chairs, sterilization cabinets, operatory cabinets and X-ray machines) fixtures and improvements, temporary or permanent, except Tenant's fixtures and personal property in or upon the leased Premises at the termination of this lease by the lapse of time or otherwise without compensation or allowance, shall be the property of the Lessor. However, upon the expiration or sooner termination the Lease term hereof, Lessee shall, upon written demand by Lessor, given at least 30 days prior to the end of the term, at Lessee's sole cost and expense, forthwith and with all due diligence, remove any alterations, additions, or improvements made by Lessee, *designated by Lessor to be removed*, and Lessee shall forthwith and with all due diligence, at its sole cost and expense, repair any damage to the Premises caused by such removal. In general terms, the Lessor recognizes that the initial 'buildout' cost that is to be assumed by the Lessee will add value to the Building, the 'buildout', or alterations, shall remain in place.

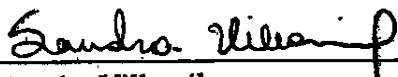
# SMILE DENTAL WORKS, Inc. LEASE AGREEMENT

service for the Building is divided into four separate 'zones'. The Lessee will be responsible for payment on the 'zones' which apply to their leased space. The Nicor Gas service is billed for the entire Building, with no 'zone' breakdown. In this case, each tenant will be responsible for their pro-rated share. This pro-ration will be accomplished by using each tenants leased square footage/percentage to determine their share of payment.

28. **REHABILITATION.** If, any time during the term of this Lease, Lessor decides to rehabilitate or improve the property, Lessee hereby covenants to render every reasonable assistance to Lessor, his employees or agents, provided said assistance is without cost to Lessee and does not unduly interfere with the business of the Lessee.

Dated: 2/1/04

Smile Dental Works, Inc



Sandra Villamil

Dated: 2/1/04

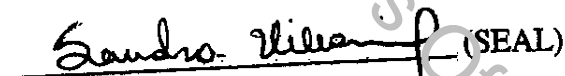
SACADA Real Estate, Inc.



Steven Chee

## GUARANTEE

On this day February 23, 2004, the undersigned Guarantor hereby guarantees the payment of rent and performance by Lessee, Lessee's heirs, executors, administrators, successors or assigns of all covenants and agreements of the above Lease.

 (SEAL)