

2006 # 1

LEASE #2006-1-120112

GALAXY SYSTEMS, INC.
2004 17TH Street, NW Washington, D.C. 20009

AGREEMENT OF COMMERCIAL LEASE

THIS LEASE MADE this fifth of November 2012 by and between Galaxy Systems Inc., hereinafter called "Landlord," and Akiki Yoshihara and Niki Shimasaki , hereinafter called "Tenant(s).

WITNESSTH, that for and in consideration of the mutual benefits to be derived hereby, Landlord and Tenant(s) hereinafter covenant and agree as follows:

SECTION I - PREMISES: Landlord does hereby lease and demise to Tenant(s), that real property in the District of Columbia, known as 2006 17th St., NW , Unit # 1, Washington, D.C. 20009 hereinafter called the "Premises. "

SECTION 2 - TERM AND RENEWAL: The term of this Lease shall be for five years beginning on the first day of December 2012 and ending on the 30th day of November 2017. Upon expiration of this Lease, this Lease shall automatically renew for successive monthly periods for extension of up to five years, subject to rent increases as provided by law, unless lease is terminated by either Tenant(s) or Landlord as provided by this Lease. Rent increases for any extension of this Lease will be based of the COL Index for the last year of the first term of this Lease.

Termination by Tenant(s): Tenant(s) may, at least ninety (90) days prior to the expiration of this Lease, or any renewal of this Lease, terminate this Lease and have no further liability under this Lease or its renewal, by delivering written notice to the Landlord of the Tenant(s) intention to terminate this Lease and vacate at the expiration of this Lease or any renewal. Any such notice, to be effective, must be received by the Landlord at least ninety (90) days prior to the expiration of this Lease or any renewal.

SECTION 3 - RENT, SECURITY DEPOSIT, & FEES

3.01 - Tenant(s) agrees to pay the Landlord, as rent during the term hereof, as follows: year one, the sum of twelve thousand dollars (\$12,000.00) in equal monthly installments of one thousand dollars (\$1000.00); year two, fifteen thousand six hundred dollars (\$15,600.00) payable

in equal monthly installments of one thousand three hundred dollars (\$1300.00; and years three through five, twenty-four thousand (\$24,000) payable in equal monthly installments of two thousand dollars (\$2000.00). Rents are payable without deduction, set-off or demand, in advance, on the first day of each calendar month during the term of this Agreement. Any installment of rent which is not paid within five (5) days after the due date shall be subject to a late charge equal to five percent of the amount due, which shall be payable as additional rent. Any dishonored check is subject to a \$50.00 NSF fee along with the late charge for rent. Landlord reserves the right to require future payments be made by money order or cashiers check in the event of more than one dishonored check per year. Failure of Tenant(s) to make payment by money order or cashiers check after notice by Landlord, shall constitute a material breach of this Lease.

3.02 - If the term shall commence on a day other than the first day of a calendar month, rent shall be paid in advance at the rate above specified for the remaining portion of the month in which the term commenced. Tenant(s) will also pay on the first day of the month in which the term of this Lease shall expire, rent for the portion of the calendar month remaining in the term, at the rate specified above.

3.03 - Said payments of rent shall be made to the Landlord, in person or by mail, at Galaxy Systems, Inc. 2004 - 17th St., NW, Washington, D.C., 20009 unless and until Landlord shall otherwise notify Tenant(s), in writing, after which Tenant(s) shall make said payments of rent to such person or corporation and at such place as Landlord may, from time to time, designate. No cash payments will be accepted in payment of said rents; rents must be paid by check or money order.

3.04 - Tenant shall pay Landlord a security deposit of two thousand dollars (\$2000.00) which does not exceed two months' rent. The security deposit will be maintained by the Landlord in accordance with the Security Deposit Act contained in Sections 309 through 311 of Title 14 of the District of Columbia Municipal Regulations, a copy of which is attached to this Lease (see Attachment B). Tenant agrees to maintain a security deposit with the Landlord equal to two months' rent. Security deposit may not be used in lieu of final rents.

SECTION 4 - AGREEMENTS AND COVENANTS OF LANDLORD:

Landlord hereby covenants and agrees as follows:

4.01 - To permit Tenant(s) quiet enjoyment of possession of the Premises during the term of this Lease, or for so long as Tenant(s) shall pay rent aforesaid and carry out all other obligations herein made binding upon the Tenant(s).

4.02 - To pay all real estate taxes, both general and special, becoming due upon the Premises during the term of this Lease, and to pay water and sewer charges, subject to Tenant(s)

compliance with the provisions of paragraph 5.02 of this Agreement.

SECTION 5 - AGREEMENTS AND COVENANTS OF TENANT(S):

Tenant(s) hereby covenants and agrees as follows:

5.01 - Not to use the Premises for any disorderly or unlawful purpose, nor in any manner disturbing to the neighborhood, but solely as a beauty salons. Also, the Tenant agrees not to cause, or permit to be caused, any dangerous, noisy or offensive activity, or in any way unreasonably interfere with the right and convenience of neighbors of the Premises.

5.02 - To reimburse Landlord for 50% of the charges for electricity used on the Premises, as they become due and payable. Tenant(s) further agree to reimburse Landlord on a monthly basis for water and sewer charges (20% of total building assessment) which become due and payable for the period of Tenant(s)' occupancy. Tenant(s) shall pay said charges as additional rent. Payment is due at the time of the next monthly rental payment following notice by the Landlord to Tenant(s) of such charges. Any other utilities contracted by the Tenant(s) are to be in the Tenant(s) name. Tenant(s) shall contract with a licensed commercial trash removal compay to remove trash from Premises, according to DC regulations.

5.03 - To refrain from doing any act or thing which may make void or voidable any insurance which Landlord may elect to carry against fire and explosion, and to conform to all rules and regulations from time to time established by the appropriate insurance rating organization, provided Landlord gives Tenant(s) notice of any restrictions, or rules and regulations pertaining thereto. Tenant(s) agrees to maintain proper number of certified fire extinguishers on Premises.

5.04 - To make only such alterations, modifications and improvements to the Premises for which Landlord shall first have given written approval of the plans and specifications therefor. Tenant(s) agree not to undertake any alterations, modifications and improvements to the Premises until having first secured all necessary building and other permits. Tenant(s) acknowledge that such alterations, modifications and improvements as are made, shall become the property of Landlord and shall remain upon and be surrendered with the Premises as a part thereof at the end of the term of this Lease. Landlord agrees to not unreasonably withhold consent to any such alterations, modifications, additions, installations or improvements. If Tenant(s) should make any thereof without Landlord's consent, Tenant(s) hereby agree to indemnify Landlord from any liability which may devolve upon Landlord as a consequence thereof.

5.05 - To maintain all normal cleaning and maintenance as necessary to the interior of the Premises. Tenant(s) specifically acknowledge and agree that they have inspected the Premises prior to signing this Agreement and accept and rent the Premises in "as is" condition. Tenant is responsible for reporting any necessary repairs to the Landlord in writing. All necessary repairs

which are caused through the neglect or fault of the Tenant(s) are the Tenant(s) responsibility, regardless of the cost or regardless of whether the Landlord or the Tenant(s) make the repairs.

5.06 - To pay all court costs, reasonable legal fees and other expenses incurred by Landlord in effecting the collection of the rents from Tenant(s), the curing of any default on the part of Tenant(s) in performance of any of their obligations hereunder and/or obtaining possession of the Premises.

5.07 - To make no claim against Landlord and to assume the responsibility of defending, at Tenant(s)' expense, any claim which shall be made against Landlord by any agent, employee, licensee or invitee of Tenant(s) or by others claiming the right to be on or about the Premises through or under Tenant(s) for any injury, loss or damage to person or property occurring upon the Premises or the approaches thereto or the parking facilities in or adjacent thereto from any cause other than the negligence of Landlord. Tenant(s) agree to save Landlord harmless and indemnified from all loss, damage to any person or property thereon not caused by the negligence of Landlord, and to be answerable for all nuisances caused or suffered by Tenant(s) thereon.

5.08 - To obtain and pay premiums upon appropriate commercial renter's insurance and to furnish Landlord with evidence thereof.

5.09 - To execute such instruments as may be necessary to subordinate this Lease to any bona fide mortgage or deed of trust encumbrances now or at any time hereafter placed upon the Premises, and Tenant(s) hereby appoint Landlord their attorney-in-fact to execute such instruments on its behalf.

5.10 - To remove from the Premises, at the expiration or other termination of this Lease, all personal property not belonging to Landlord, and to surrender possession of the Premises and all fixtures and furnishings connected therewith in good repair, order and condition in all respects, reasonable wear and use thereof and damage by accidental fire or other unavoidable casualty excepted. If Tenant(s) shall fail to perform any of the foregoing obligations, Landlord is authorized to do so in Tenant(s)' behalf and to sell any property left on the Premises as may be saleable. The proceeds of any such sale shall be applied toward the expenses thus incurred. Tenant(s) shall receive any excess proceeds of such sale.

5.11 - Not to operate any machinery in the Premises which may cause excessive vibration or damage to the Premises; nor to use a loud speaker which can be heard outside the Premises; nor create any nuisance.

5.12 - Not to place any exterior advertising signs or awnings upon the Premises or sidewalk in front of Premises, nor to place any advertising signs or posters on the interior of any windows, without written approval of Landlord. No neon signage permitted.

5.13 - Not to execute any assignment, sub-lease or mortgage of this Lease, or of the Premises, or

of any part thereof, without first having obtained the written consent of Landlord. In the event of a sub-lease, Tenant(s) shall remain fully liable on this Lease and shall not be released from performing any of the terms, covenants and conditions of this Lease.

5.14 - To permit Landlord to show the Premises to prospective purchasers at all reasonable times and to prospective tenants at all reasonable times within ninety (90) days prior to the expiration of the term of this Lease, and to exhibit notices for lease or sale within sixty (60) days prior to the expiration of the term of the Lease.

5.15 - To keep no animals/pets on Premises without written consent of Landlord. Exemption to this lease: Tenant(s) are allowed to keep one dog on Premises during business hours.

SECTION 6 - GENERAL PROVISIONS:

6.01 - Condemnation: If the whole or substantial part of the Premises and/or the approaches thereto shall be taken, damaged or destroyed by public authority, this Lease shall terminate as of the date of such taking, damage or destruction; but if the portion of the Premises so taken, damaged or destroyed shall not be so substantial as to render the Premises unfit for the Tenant(s)' continued occupancy for the purpose here before stated, this Lease shall continue in full force and effect, provided that, Landlord shall abate a just and proportionate part of the rent according to the nature and extent of the injury to the Premises and/or approaches. Landlord shall be entitled to the entire condemnation award except for such portion thereof, if any, as may have been made and separately awarded to Tenant(s).

6.02 - Fire Clause: This Lease is made on condition that, if the Premises, or any part thereof, or the approaches thereto, be destroyed or damaged by fire or other unavoidable casualty covered by a standard fire and extended coverage insurance policy, so as to render the Premises and/or approaches unfit for use and occupancy, a just and proportionate part of the rent, according to the nature and extent of the injury to the Premises and/or approaches, shall be suspended and abated until the Premises and approaches shall have been put in as good condition for use and occupancy as at the time of such damage or destruction, or until this Lease shall be cancelled and terminated as next hereinafter provided, as the case may be. It shall be the duty of Landlord to determine and to notify Tenant(s) in writing, within sixty (60) days after such damage or destruction, the date by which the Premises can be fully restored, with reasonable diligence. If the date by which such restoration can be completed, as stated in Landlord's notice, shall be later than six (6) months after such damage, or destruction, then either party hereto shall have the right, to be exercised within thirty (30) days after receipt of such notice from the Landlord, to cancel and terminate this Lease, by giving to the other party a written notice of its desire so to cancel and terminate; but if this Lease shall not be so cancelled, it shall remain when fully restored. However, if the date by which such restoration can be completed, as stated in Landlord's notice, shall be earlier than six (6) months after such damage or destruction, this Lease shall remain in full force and effect, and Tenant(s) shall reoccupy the Premises when fully restored,

provided, however that if, at the expiration of a period of six (6) months following such damage or destruction, the Premises shall not have been fully restored, as a result of some cause beyond the Landlord's control, the Landlord shall have the right to complete such restoration, provided that Landlord shall use reasonable diligence in doing so, without thereby affording to Tenant(s) the right to cancel this Lease.

Despite the foregoing provisions, the parties hereto may make such other agreements as they wish in the event of the damage or destruction of the Premises. In case of damage to, or destruction of, the Premises by an uninsured casualty, and if the estimated cost of repair or restoration shall exceed 35 % of the then estimated replacement cost of the Premises, Landlord, at its option, may cancel and terminate this Lease as of the date of such damage or destruction by giving Tenant(s) a written notice to this effect within thirty (30) days of such damage or destruction; but, if Landlord shall not so elect to terminate, all of the provisions hereinbefore contained respecting an insured casualty shall be equally applicable to such non-insured casualty.

6.03 - Tenant(s)' Default - Landlord Remedies:

(a) It is mutually covenanted and agreed that if Tenant(s) shall fail to keep and perform all of the covenants, conditions and agreements herein made binding upon Tenant(s), if Tenant(s) shall vacate or abandon the Premises, or if the estate hereby created shall be taken on execution or other process of law, or if Tenant(s) shall petition to be declared or shall be declared bankrupt or insolvent according to law, or if a receiver or other similar officer shall be appointed to take charge of all or any part of the property of Tenant(s), or if any assignment shall be made of Tenant(s)' property for the benefit of creditors, then and in each such case, at the sole option of Landlord, Tenant(s) right of possession shall thereupon cease and determine and Landlord shall be entitled to possession of the Premises and to reenter the same without further demand of rent or demand to possess of the Premises, and may, forthwith recover possession thereof by whatever process of law may be available in the jurisdiction in which the Premises may be located, and NOTICE TO QUIT or of intention to re-enter BEING EXPRESSLY WAIVED BY TENANT(S). In the event of such re-entry or re-taking, Tenant(s) shall nevertheless remain liable and answerable for the full rental to the date of re-taking or re-entry, and for damages for the deficiency or loss of rent which Landlord may hereby sustain in respect of the balance of the term, provided that, Landlord attempts diligently to re-let the Premises and otherwise to mitigate damages to the fullest extent possible. Landlord, however, may refrain from terminating Tenant(s)' right of possession, and in such case, may enforce against Tenant(s) the provisions of this Lease for the entire term as provided under governing law. Tenant(s) further agree that if more than one person executes this lease as Tenant(s) then all such signatories are jointly and severally liable for any amounts due under this agreement.

(b) If any person other than Tenant(s) shall initiate the action which shall entitle Landlord to terminate this Lease as aforesaid, it is understood and agreed that Landlord will defer terminating this Lease until the expiration of a period of thirty (30) days after written notice from Landlord to Tenant(s) that such action shall have been taken.

(c) No waiver by Landlord of any breach of any covenant or condition herein contained shall operate as a waiver of the covenant or condition itself or of any subsequent breach thereof; nor shall any such waiver be implied should a compromise between the parties be effected after Landlord shall have initiated any action in regard thereto.

6.04 - It is expressly understood and agreed that no liability shall be imposed upon Landlord because of any injury or damage to person or property, or because of any interference any services and facilities called for under this Agreement, if any, caused by accidents, riots, strikes, or any reason beyond the control of Landlord, and that Landlord shall be under no duty to restore any of such services and facilities for which Landlord is obligated under this Lease, except after receipt of written notice from Tenant(s) of a need therefore.

6.05 - Force Majeure: Each party shall be excused from performing any obligation or undertakings provided for in this Agreement, (other than the obligations of Tenant(s) to pay any and all items of rent as the same become due under the applicable provisions of this Agreement), for so long as such performance is prevented or delayed, retarded or hindered by act of God, fire, earthquake, flood, explosion, action of the elements, war, invasion, insurrection, riot, mob violence, sabotage, inability to procure or general shortage of labor, severance any services and facilities called for under this Agreement, if any, caused by accidents, riots, strikes, or any reason beyond the control of Landlord, and that Landlord shall be under no duty to restore any of such services and facilities for which Landlord is obligated under this Lease, except after receipt of written notice from Tenant(s) of a need therefor.


6.06 - Miscellaneous: All notices required or permitted to be given hereunder shall be by registered or certified mail, return receipt requested, and by first class mail. Failure by a party to accept or pick up certified or registered mail shall not invalidate the service of notice hereunder

6.07 Attachments: The following Attachments shall be considered an integral part of this Lease:

Attachment A: *Notification that Property Not Regulated by Rent Stabilization Program*

Attachment B: *Receipt of Security Deposit*

(Signed)

Landlord  Date 11/5/12 (Seal)
Karol E. Zipple for
Galaxy Systems, Inc.

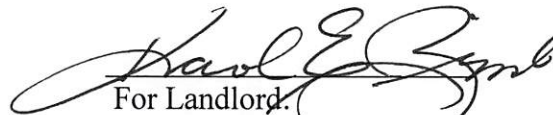
Tenant:  Date Nov. 5 2012

Tenant  Date 11/5/2012

ATTACHMENT A

**NOTIFICATION THAT PROPERTY IS NOT REGULATED
BY THE RENT STABILIZATION PROGRAM**

Pursuant to Section 4106.8 of the Regulations of the District of Columbia Rental Housing Commission, please be advised that the Premises you are leasing through the attached Lease is not regulated by the rent stabilization program in the District of Columbia. As a result, rent increases for this Premises is not regulated by the rent stabilization act.



For Landlord:
Karol E. Zipple
Galaxy Systems, Inc.

Date: 11/5/12

I have read and understood the preceding *Notification* prior to the time I have signed a Lease or other rental agreement with the above-named Landlord.

Tenant 

Date: Nov 5 2012

Tenant 

Date: 11/05/2012

ATTACHMENT B

RECEIPT OF SECURITY DEPOSIT

SECURITY DEPOSIT RECEIVED :	DATE: _____	TOTAL \$ _____
AMOUNT \$ _____	FROM _____	CK# _____
\$ _____	FROM _____	CK# _____

Karol E. Zipple for GALAXY SYSTEMS, INC.

DATE: _____

Tenant(s) hereby certify that they have read and understood the provisions of this lease #2006-1-12012, as outlined on pages one through nine above. Tenants(s) agree that any Amendment of or Addendum to the above outlined lease must be requested in writing and will be at the discretion of the Landlord.

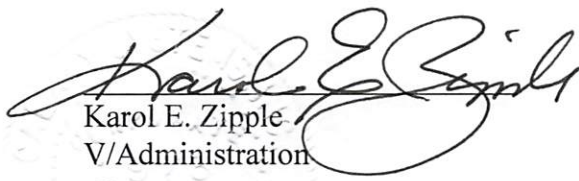
(Signed) _____
Tenant

Date Nov. 5 2012

(Signed) _____
Tenant

Date 11/05/2012

Accepted for Galaxy Systems, Inc.


Karol E. Zipple
V/Administration

