

**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**



**ITEM: 19.1
(ID # 11551)**

MEETING DATE:
Tuesday, March 17, 2020

FROM: ECONOMIC DEVELOPMENT AGENCY (EDA) / WORKFORCE DEVELOPMENT DEPARTMENT:

SUBJECT: ECONOMIC DEVELOPMENT: Public Hearing Pursuant to California Government Code Section 53083 and Approval of Loan in the Amount of \$120,000 Under the County of Riverside Economic Development Revolving Loan Fund Program; Approval of Loan Agreement (Revolving Loan Fund Program) between the County of Riverside and Summertree Interiors, Inc., doing business as Newport Cottages located at 4111 Buchanan Street, Riverside, in the County of Riverside; First District, [\$120,000] 80% Federal USED A Grant funds, 20% EDA- Economic Development; CEQA Exempt

RECOMMENDED MOTION: That the Board of Supervisors:

1. Conduct a public hearing pursuant to California Government Code Section 53083;
2. Find that the attached Loan Agreement by the County of Riverside, as lender, and Summertree Interiors, Inc. doing business as Newport Cottages (Newport Cottages), as borrower, including all exhibits (Loan Agreement) is exempt under the California Environmental Quality Act (CEQA) pursuant to State CEQA Guidelines Sections 15061(b)(3) and 15301;

ACTION: Policy

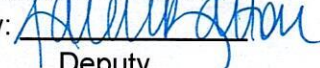

Suzanne Holland, Director of EDA 3/5/2020

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Jeffries, seconded by Supervisor Spiegel and duly carried by unanimous vote, IT WAS ORDERED that the above matter is approved as recommended.

Ayes: Jeffries, Spiegel, Washington, Perez and Hewitt
Nays: None
Absent: None
Date: March 17, 2020
xc: EDA

Kecia R. Harper
Clerk of the Board

By: 
Deputy

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3. Find that the attached Loan Agreement is categorically excluded under the National Environmental Policy Act (NEPA) in accordance with Economic Development Administration Directive 17.02-2.02 (a) and (d) for the U.S. Department of Commerce's Economic Development Administration;
4. Approve the attached Loan Agreement providing an interest bearing loan in the amount of \$120,000 with 7.25 % simple interest, amortized over a 5 year period, derived from U.S. Department of Commerce Economic Development Administration (USEDA) grant funds and County of Riverside Economic Development match funds, in connection with the County of Riverside Economic Development Revolving Loan Fund Program;
5. Authorize the Chairman to execute the Loan Agreement on behalf of the County; and
6. Authorize the Director of Economic Development, or designee, to take all necessary steps to implement and administer the Loan Agreement including signing subsequent, necessary and related documents to complete this transaction.

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost
COST	\$ 120,000	\$ 0	\$ 120,000	\$ 0
NET COUNTY COST	\$ 0	\$ 0	\$ 0	\$ 0
SOURCE OF FUNDS: 80% Federal USED A Grant Funds \$96,000, 20% Economic Development Funds \$24,000			Budget Adjustment: No	
			For Fiscal Year: 2019/20	

C.E.O. RECOMMENDATION: Approve.

BACKGROUND:

Summary

On August 23, 2016, the Board of Supervisors of the County of Riverside (County) approved a Financial Assistance Award from the U.S. Department of Commerce, Economic Development Administration (USED A) to establish a Revolving Loan Fund in the County. The purpose of the fund is to support economic development and provide for a source of business capital. On August 23, 2016, the Board of Supervisors also approved and adopted Resolution No. 2016-026, establishing the County of Riverside Economic Development Revolving Loan Fund Program (RLF Program). The total loan pool of \$1,528,633 was capitalized with the grant from USED A (80% of total) and matched by County of Riverside Economic Development funds (20% of total). When a loan is issued under the program, the same ratio of USED A versus local Economic Development funds is used.

Economic Development has received a loan request from Summertree Interiors, Inc. doing business as Newport Cottages (Newport Cottages), a furniture manufacturer located at 4111 Buchanan Street, Riverside, California. Newport Cottages has requested a loan in the amount

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of \$120,000 which is proposed to be used to purchase machinery, equipment, additional inventory and to provide working capital to hire new employees to serve the anticipated increase in customer demand.

Newport Cottages has been manufacturing and distributing its products through boutiques, specialty retailers and fine furniture showrooms nationwide since 2000. Newport Cottages is one of the very few US manufacturers of furniture and the company is looking to aggressively expand its manufacturing business in the city of Riverside.

Economic Development conducted a preliminary review of the application and found that the proposed loan meets the RLF Program requirements. The applicant is a for-profit business located within the County of Riverside and the proposed use of funds is consistent with eligible purposes as stipulated in the program requirements. The applicant has provided documentation that the loan would not substitute for a private loan, financing is not otherwise available for the requested loan, and the applicant will create at least one job for every \$35,000 of loan proceeds as required by the USEDA. Newport Cottages will be required to hire three new employees as a condition to the receipt of the RLF Program loan in the amount of \$120,000.

An in-depth financial review and credit underwriting analysis was conducted by the Orange County/Inland Empire Small Business Development Center (SBDC) to ensure financial viability and repayment ability of the applicant. The SBDC determined the loan application from Newport Cottages to be a viable candidate.

The application was then reviewed by the Economic Development Loan Review Committee, which is comprised of representatives from the commercial lending sector and Economic Development Executive Management. The Loan Review Committee recommended that the loan request from Newport Cottages proceed forward for Board of Supervisor's consideration in the amount of \$120,000 as requested, at an interest rate 7.25% for a five year term. Newport Cottages understands and is agreeable to the conditions. The terms of the proposed RLF Program loan are memorialized in the attached Loan Agreement, including exhibits (Loan Agreement). The Loan will be evidenced by a Promissory Note and secured by a Deed of Trust and UCC-1 Fixture Filing, each attached hereto and approved as to form by County Counsel.

Financial assistance provided through the RLF Program falls within the meaning of an economic development subsidy under California Government Code Section 53083. Notice of a public hearing was published in a newspaper of general circulation with the specific disclosure information required under Section 53083. A summary report was also made available for public review pursuant to California Government Code Section 53083. In accordance with California Government Code Section 53083, on and after January 1, 2014, each local agency shall, before approving any economic development subsidy within its jurisdiction, provide the information required therein, in written form available to the public, and through its Internet Web site and conduct a public hearing. The term "economic development subsidy" is defined as any expenditure of public funds or loss of revenue to a local agency in the amount of \$100,000 or

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more, for the purpose of stimulating economic development within the jurisdiction of a local agency, including, but not limited to, bonds, grants, loans, loan guarantees, enterprise zone or empowerment zone incentives, fee waivers, land price subsidies, matching funds, tax abatements, tax exemptions, and tax credits. "Economic development subsidy" shall not include expenditures of public funds by, or loss of revenue to, the local agency for the purpose of providing housing affordable to persons and families of low or moderate income.

Pursuant to the California Environmental Quality Act (CEQA), the Loan Agreement was reviewed and determined to be categorically exempt from CEQA under State CEQA Guidelines Section 15061(b) (3), General Rule or "Common Sense" exemption, and Section 15301 Class 1- Existing Facilities exemption. The project includes the loan of RLF program funds to purchase machinery, equipment, additional inventory and to provide working capital to hire new employees (Project). The Project will have mostly financial impacts. The use of loan funds are strictly to purchase machinery, equipment, additional inventory and for working capital that will not alter the existing facility and is categorically exempt from CEQA under CEQA Guidelines 15301, Class 1 – Existing Facilities, since the Project does not include any change of existing facilities and no expansion of an existing use will occur. In addition, it can be seen with certainty that there is no possibility that the activity in question will have a significant impact on the environment since the Project is a loan of funds that will not require any construction activities and will not lead to any direct or reasonably foreseeable indirect physical environmental impacts since the existing use will be maintained. A Notice of Exemption will be filed by Economic Development staff with the County Clerk upon approval of the Loan Agreement. Additionally, the uses of the funds through the Loan Agreement are categorically excluded activities under the National Environmental Policy Act (NEPA) under 40 CFR §1508.4 for USEDA. The actions to be undertaken pursuant Loan Agreement do not individually or cumulatively have a significant effect on the human environment.

Economic Development Staff recommends that the Board of Supervisors conduct a public hearing on the proposed economic subsidy pursuant to Government Code Section 53083 and approve the proposed Loan Agreement, including all exhibits. County Counsel has approved as to form the Loan Agreement.

Impact on Residents and Businesses

The proposed loan will assist in the creation of three new permanent jobs at Newport Cottages for the benefit of the community and will increase taxable revenue generated by Newport Cottages.


Additional Fiscal Information

The proposed Loan will be funded entirely by USEDA grant and Economic Development funds and will not impact the County's General Fund.

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Attachments

- Loan Agreement (Revolving Loan Fund Program)
- Promissory Note
- Deed of Trust
- Disbursement Agreement
- Notice of Public Hearing
- Summary Report Required Under Government Code Section 53083


Steven Atkeson 3/6/2020


Gregory H. Priamos, Director County Counsel 3/5/2020

NOTICE OF PUBLIC HEARING REGARDING
ECONOMIC DEVELOPMENT SUBSIDY

NOTICE IS HEREBY GIVEN that, at its regular meeting to be held at 9:30 a.m., or as soon thereafter as the matter can be heard, on Tuesday, March 17, 2020, in the County Administrative Center, Board Chambers, First Floor, 4080 Lemon Street, Riverside 92501, the Board of Supervisors of the County of Riverside (the "County") will conduct a public hearing as required by California Government Code Section 53083, at which it will hear and consider information concerning the proposed loan by the County of Riverside to Summertree Interiors, Inc., a California corporation doing business as Newport Cottages in the amount of \$120,000.

The loan proceeds are intended to finance the following: to provide working capital at Summertree Interiors, Inc., doing business as Newport Cottages, located at 4111 Buchanan Street, Riverside, California 92503 in the County.

The proposed \$120,000 loan will commence on March 28, 2020 and end February 28, 2025.

The interest-earning loan is being provided to assist Summertree Interiors, Inc., doing business as Newport Cottages, to expand its business and increase job creation in the County of Riverside. Summertree Interiors, Inc., doing business as Newport Cottages, will create a minimum of 3 new full time jobs in conjunction with proposed loan.

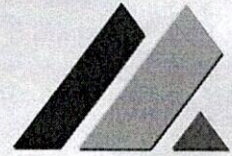
The projected interest revenue from loan that County will receive is \$23,419.40 over the course of the five year loan term.

An Economic Development Subsidy Report prepared pursuant to California Government Code Section 53083 is available to the public through the County of Riverside Economic Development Agency's website (www.rivcoeda.org) and in written form at the County of Riverside's Clerk of the Board of Supervisors located at County Administrative Center, 4080 Lemon Street, Riverside, CA 92501.

Those wishing to comment or those who have any questions regarding the proposed loan may either appear in person at the time and place indicated above or submit written comments, which must be received prior to the public hearing by the County of Riverside, Attention: Clerk of the Board of Supervisors, 4080 Lemon Street, Riverside, California 92501.

CLERK OF THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE

Dated: February 27, 2020



RIVERSIDE
C O U N T Y
Moving Business Forward

COUNTY OF RIVERSIDE
ECONOMIC DEVELOPMENT AGENCY
REVOLVING LOAN FUND PROGRAM

Summertree Interiors, Inc.
doing business as
Newport Cottages
Economic Development
Subsidy Report





INTRODUCTION

The following Economic Development Subsidy Report has been prepared pursuant to California Government Code Section 53083, which requires local agencies to provide specific information to the public before applying an economic subsidy within its jurisdiction. The report sets forth certain details of the proposed Loan Agreement between the following parties:

1. The County of Riverside, a political subdivision of the State of California; and
2. Summertree Interiors, Inc., doing business as Newport Cottages

This report will be available to the public through the County of Riverside Economic Development Agency's website (www.rivcoeda.org) and in written form at the County of Riverside's Clerk of the Board of Supervisors as required.

The Loan Agreement between parties is to provide a business loan from the County of Riverside Economic Development Agency's Revolving Loan Fund Program to Summertree Interiors, Inc., doing business as Newport Cottages to purchase machinery, equipment, additional inventory and to provide working capital to expand its business and hire new employees.

The report includes: (1) The name and address of all business entities, except for sole proprietorships, that are the beneficiary of the economic development subsidy, if applicable; (2) The start and end dates and schedule, if applicable, for the economic development subsidy; (3) A description of the economic development subsidy, including the estimated total amount of the expenditure of public funds by, or of revenue lost to, the County of Riverside as a result of the economic development subsidy; (4) A statement of the public purposes for the economic development subsidy; (5) The projected tax revenue to the County as a result of the economic development subsidy; and (6) The estimated number of jobs created by the economic development subsidy, broken down by full-time, part-time, and temporary positions. California Government Code Section 53083 also requires that this information remain available and be posted on the Economic Development Agency's website for the entire term of the economic development subsidy.

SUBSIDY REPORT COMPONENTS:

I. NAME AND ADDRESS OF THE BUSINESS

Summertree Interiors, Inc., doing business as Newport Cottages ("Business")
4111 Buchanan Street
Riverside, CA 92503
Attn: Pockets Alvarez

II. THE START AND END DATES, AND THE SCHEDULE, FOR THE SUBSIDY

The proposed loan start date will be dictated by the date loan documents are executed by both parties; it's estimated that if approved the proposed loan will commence on March 28, 2020 and end on February 28, 2025, a period of five years.



The Board of Supervisor's for the County of Riverside, at a regularly scheduled meeting to be held at 9:30 a.m., or as soon thereafter as the matter can be heard, on Tuesday, March 17, 2020, in the County Administrative Center, Board Chambers, First Floor, 4080 Lemon Street, Riverside 92501, will conduct a public hearing as required by California Government Code Section 53083, at which time it will hear and consider information concerning the proposed loan by the County of Riverside to Summertree Interiors, Inc., doing business as Newport Cottages, in the amount of \$120,000.

III. DESCRIPTION OF THE SUBSIDY, INCLUDING THE ESTIMATED TOTAL AMOUNT OF THE EXPENDITURE OF PUBLIC FUNDS BY, OR REVENUE LOST TO, THE LOCAL AGENCY AS A RESULT OF THE SUBSIDY

Approval of the Agreement will authorize the County of Riverside to issue an interest-earning loan for \$120,000 to Summertree Interiors, Inc., doing business as Newport Cottages ("Borrower") at 7.5 % simple interest for five years.

IV. STATEMENT OF THE PUBLIC PURPOSE FOR THE SUBSIDY

The interest-earning loan is being provided to assist Summertree Interiors, Inc., doing business as Newport Cottages to expand and increase job creation, capital investment and increased sales tax generation in the County of Riverside.

V. PROJECTED TAX REVENUE TO THE LOCAL AGENCY AS A RESULT OF THE SUBSIDY

The loan will generate a total of \$23,419.40 in interest revenue over the five year term that will be reinvested into the RLFP Fund. The yearly breakdown of the interest to be paid to the County of Riverside is as follows:

Year 1 \$8,022.40	Year 4 \$3,019.17
Year 2 \$6,473.64	Year 5 \$1,095.38
Year 3 \$4,808.81	

VI. ESTIMATED NUMBER OF JOBS CREATED BY THE SUBSIDY, CATEGORIZED BY FULL-TIME, PART-TIME, AND TEMPORARY POSITIONS

The loan assistance is estimated to create 3 full-time, permanent jobs as dictated by the RLFP program requirements.

THE PRESS-ENTERPRISE

1825 Chicago Ave, Suite 100
Riverside, CA 92507
951-684-1200
951-368-9018 FAX

**PROOF OF PUBLICATION
(2010, 2015.5 C.C.P)**

Publication(s): The Press-Enterprise

PROOF OF PUBLICATION OF

Ad Desc.: /

I am a citizen of the United States. I am over the age of eighteen years and not a party to or interested in the above entitled matter. I am an authorized representative of THE PRESS-ENTERPRISE, a newspaper in general circulation, printed and published daily in the County of Riverside, and which newspaper has been adjudicated a newspaper of general circulation by the Superior Court of the County of Riverside, State of California, under date of April 25, 1952, Case Number 54446, under date of March 29, 1957, Case Number 65673, under date of August 25, 1995, Case Number 267864, and under date of September 16, 2013, Case Number RIC 1309013; that the notice, of which the annexed is a printed copy, has been published in said newspaper in accordance with the instructions of the person(s) requesting publication, and not in any supplement thereof on the following dates, to wit:

03/03, 03/10/2020

I certify (or declare) under penalty of perjury that the foregoing is true and correct.

Date: March 10, 2020
At: Riverside, California



Legal Advertising Representative, The Press-Enterprise

WDC/EDA CO OF RIVERSIDE
PO BOX 1180
RIVERSIDE, CA 92502

Ad Number: 0011368646-01

P.O. Number:

Ad Copy:

NOTICE OF PUBLIC HEARING REGARDING ECONOMIC DEVELOPMENT SUBSIDY

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The projected interest revenue from loan that County will receive is \$23,419.40 over the course of the five year loan term.

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CLERK OF THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE

Dated: February 27, 2020

NO FEE FOR RECORDING PURSUANT
TO GOVERNMENT CODE SECTION 27383

Order No.
Escrow No.
Loan No.

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

County of Riverside
Economic Development Agency
1325 Spruce Street, Suite 400
Riverside, CA 92501
Attn: Robert Moran, Economic Development Manager

SPACE ABOVE THIS LINE FOR RECORDERS USE

**LOAN AGREEMENT
(REVOLVING LOAN FUND PROGRAM)**

This LOAN AGREEMENT (REVOLVING LOAN FUND PROGRAM) (“Agreement”) is made and entered into this 29 day of January, 2020 by and between THE COUNTY OF RIVERSIDE, a political subdivision of the State of California by and through its Economic Development Agency (“County”), and Summertree Interiors, Inc., a California corporation doing business as Newport Cottages (“Borrower”). County and Borrower are collectively referred to herein as the “Parties” and individually as a “Party.”

RECITALS

WHEREAS, pursuant to Resolution No. 2016-026 adopted by the Board of Supervisors on August 23, 2016, the County established the County of Riverside Economic Development Agency Revolving Loan Fund Program (“RLFP”), a general lending program that assists small businesses in obtaining access to capital to expand and grow their operations;

WHEREAS, the mission of the RLFP is to promote business development and stimulate job creation within the County by offering qualified small businesses financial assistance in the form of small business loans;

WHEREAS, the County received a Financial Assistance Award (Federal Award ID No. 07 79 070282, CFDA No. 11.307 Economic Adjustment Assistance Program) (“USED A Award”) from the United States Department of Commerce Economic Development Administration

(USEDA), pursuant to 42 U.S.C. 3141, Section 201 of the Public Works and Economic Development Act of 1965, as amended (“Act”), to fund the RLFP;

WHEREAS, the RLFP is administered pursuant to the USED A Award, the Act and the County’s Revolving Loan Fund Administrative Plan, Policies and Procedures (“RLF Administrative Plan”);

WHEREAS, Borrower owns a local, for-profit furniture manufacturing company, operating its business at 4111 Buchanan Avenue, Riverside, California 92503. Borrower has applied to County for a RLFP loan to expand its business and overall presence to attract more customers, as more specifically set forth herein;

WHEREAS, the Deed of Trust securing the County Loan shall be secured by that certain real property located at 1867 Eureka Street, Corona, CA 92882 in the County of Riverside also identified as Assessor’s Parcel Number 110-433-004, described in the legal description attached hereto as Exhibit A and incorporated herein by this reference (“Property”);

WHEREAS, to promote economic development and stimulate job growth within the County in furtherance of the RLFP, County desires to provide a loan to Borrower, derived from the RLFP, to pay a portion of the Project Costs (defined below) in the maximum total amount of One Hundred Twenty Thousand Dollars and No Cents (\$120,000) (“County Loan”), pursuant to the specific terms set forth below;

WHEREAS, the County Loan shall be evidenced by a Promissory Note and secured by, among other instruments, a County Deed of Trust and UCC-1 Fixture Filing;

WHEREAS, in accordance with the USED A Award, the Act and the RLF Administrative Plan, Borrower shall be required to create and retain one full-time employment position for every \$35,000 in RLFP loan proceeds received.

NOW, THEREFORE, in consideration of the foregoing, and the promises and mutual covenants and conditions hereinafter set forth, the County and Borrower hereby do agree as follows:

PART 1. SUBJECT OF AGREEMENT

SECTION 101 PURPOSE OF AGREEMENT

The purpose of this Agreement is to effectuate the County's Revolving Loan Fund Program which authorizes assistance to small businesses to obtain access to capital to expand and grow their operations, acquire real property, construct tenant improvements and renovations, purchase necessary fixtures and equipment, provide access to short term capital, and other eligible activities. Borrower shall use the County Loan for the following purposes: (i) purchase equipment and (ii) provide working capital to hire new employees (collectively, the "Project"). The financial assistance provided by County to Borrower pursuant to this Agreement, and the fulfillment generally of this Agreement, will encourage the creation and retention of permanent jobs which provide a wage appropriate to the skills and experience of the local labor force, will encourage the leveraging of new private investment in the County in the form of fixed asset and working capital investments, will perpetuate a positive and proactive business climate that encourages the retention and expansion of existing businesses and helps attract desirable new businesses, and will encourage business development and facilitate reinvestment in the County, while providing for the recapitalization and growth of the RLFP. Borrower shall create and retain three (3) new full-time job for a minimum of five (5) years, as a condition to obtaining the County Loan.

SECTION 102 DEFINITIONS

For purposes of this Agreement, the following capitalized terms shall have the following meaning:

"Act" means Section 209 of the Public Works and Economic Development Act of 1965, as amended (42 U.S.C. Section 3149) and its implementing regulations.

"Additional USEDA Requirements" means the USEDA Special Award Conditions, Revolving Loan Fund Standard Terms and Conditions, and the DOC Standard Terms and Conditions attached hereto as Exhibit "K" and incorporated herein by this reference.

"Annual Period" means that three hundred sixty five (365) day period commencing as of the Effective Date and ending the day prior to the anniversary of the Effective Date, and each succeeding three hundred sixty five (365) day period thereafter (or for a leap year, a three hundred sixty six (366) day period).

"Assistant County Executive Officer/ECD" and **"Assistant CEO/ECD"** means the Assistant County Executive Officer/Economic and Community Development, or designee.

"C.F.R." means Code of Federal Regulations.

"Closing" or **"Close of Escrow"** means the finalization and recording of all County Loan Documents upon the satisfaction by Borrower of the conditions to closing set forth herein.

"Closing Date" means the date on which the Closing has occurred.

"Completion" means the point in time when the following has been satisfied: (a) delivery by Borrower to County of a completion certificate signed by an authorized officer of the Borrower, approved by County, evidencing (i) the total Project Costs, (ii) completion of the Project, including payment in full for all labor, services, materials and supplies used in the acquisition, construction, equipment acquisition and installation, and related Project activities, and (iii) all other facilities necessary in connection with the Project have been acquired, constructed, renovated, installed and equipped and all costs and expenses incurred in connection therewith have been paid in full; and (b) a determination by County that the Project has been completed in accordance with this Agreement, including, but not limited to the Scope of Work. Notwithstanding the foregoing, such certificate shall state that it is given without prejudice to any rights against third parties which exist at the date of such certificate or which may subsequently come into being. The completion certificate shall be given by the Borrower to the County no later than three days after the completion date set forth in the Schedule of Performance.

"Conforming Activities" means the operation of Summertree Interiors, Inc., a California corporation doing business as Newport Cottages operating a furniture manufacturing company.

"County" means the County of Riverside, a political subdivision of the State of California, and any assignee of or successor to its rights, powers and responsibilities.

"County Deed of Trust" means the Deed of Trust with Assignment of Rents, Security Agreement and Fixture Filing to be recorded against title to the Property securing the County Promissory Note. The County Deed of Trust is attached hereto as Exhibit "F" and incorporated herein by this reference. The County Deed of Trust will be recorded against the Property which is owned by Pockets F. Alvarez and Cristina S. Alvarez. The County Deed of Trust will be recorded against the property in the priority position listed in Section 202 below.

"County Loan Documents" or **"Loan Documents"** means the County Promissory Note, County Deed of Trust, UCC-1, and any other document executed by Borrower and County in

connection with this Agreement.

“County Loan” or **“Loan”** means a loan to be made by County to Borrower in the not to exceed amount of One Hundred Twenty Thousand Dollars and No Cents (\$120,000), derived from RLFP funds. The County Loan shall be evidenced by the County Promissory Note (Exhibit “E”) and secured by, among other things, a County Deed of Trust (Exhibit “F”) and UCC-1 Fixture Filing (Exhibit “H”).

“County Promissory Note” or **“Note”** means the promissory note in favor of the County evidencing the County Loan, executed by Borrower. The County Promissory Note is attached hereto as Exhibit “E” and incorporated herein by this reference.

“Designated Business” or **“Business”** means that certain business operated by Borrower. Here the business is identified as Summertree Interiors, Inc., a California corporation doing business as Newport Cottages located at 4111 Buchanan Avenue, Riverside, California 92503.

“Disbursement Agreement” means the Disbursement Agreement attached hereto as Exhibit “J”, incorporated herein by its reference.

“DOC” means the U.S. Department of Commerce.

“DOC Standard Terms and Conditions” means the Department of Commerce Financial Assistance Standard Terms and Conditions attached hereto as Exhibit “K” and incorporated herein by this reference.

“Effective Date” means the date this Agreement is executed by the County.

“Force Majeure” or **“Force Majeure Event”** means any of the following events, provided that it actually delays and interferes with the timely performance of the matter to which it applies and despite the exercise of diligence and good business practices is or would be beyond the reasonable control of the Party claiming such interference: war; insurrection; strikes; lock-outs; riots; floods; earthquakes; fires; casualties; acts of God; acts of the public enemy; epidemics; quarantine restrictions; freight embargoes; lack of transportation; governmental restrictions or priority; litigation including litigation challenging the validity of this transaction or any element thereof; unusually severe weather; inability to secure necessary labor, materials or tools; acts of the other Party; acts or failure to act of any Governmental Authority (except acts or failure to act of the County shall not excuse performance by the County); or the imposition of any applicable

moratorium by a governmental authority; or any other causes which despite the exercise of diligence and good business practices are or would be beyond the reasonable control of the Party claiming such delay and interference. Notwithstanding the foregoing, none of the foregoing events shall constitute a Force Majeure Event unless and until the Party claiming such delay and interference delivers to the other Party written notice describing the event, its cause, when and how such Party obtained knowledge of the event, the date the event commenced, and the estimated delay resulting therefrom. Any Party claiming a Force Majeure Delay shall deliver such written notice to the other Party within fifteen (15) days after it obtains actual knowledge of the event.

“Force Majeure Delay” means any delay in taking any action required by this Agreement, proximately caused by the occurrence of any Force Majeure Event.

“Governmental Approvals” means and include any and all general plan amendments, zoning approvals or changes, required approvals and certifications under the California Environmental Quality Act, variances, conditional use permits, demolition permits, excavation/foundation permits, grading permits, building permits, inspection reports and approvals, certificates of occupancy, and other approvals, permits, certificates, authorizations, consents, orders, entitlements, filings or registrations, and actions of any nature whatsoever required from any Governmental Authority in order to commence and complete the Project.

“Governmental Authority” means the United States, the State of California, the County of Riverside or any other political subdivision in which the Designated Business is located, and any court or political subdivision, agency or instrumentality having jurisdiction over the Designated Business.

“Governmental Requirement” means each and every law, ordinance, statute, code, rule, regulation, order, and decree of the United States, the State of California, the County, or any other political subdivision in which the Business is located, and of any other political subdivision, County, or instrumentality exercising jurisdiction over the Borrower, the Business or the premises of Business, if applicable.

“Improvements” or **“Project Improvements”** means the equipment purchase and working capital, as more particularly described in the Scope of Work (Exhibit “B”), including, more generally, the (i) purchase of equipment and (ii) working capital to hire new employees.

“Interested Party” means any officer, employee or member of the board of directors or other governing board of County, including any other parties that advise, approve, recommend or otherwise participate in the business decisions of County, such as agents, advisors, consultants, attorneys, accountants or shareholders. An Interested Party also includes such a person’s “Immediate Family” (defined as a person’s spouse, significant other or partner in a domestic relationship, parents, grandparents, siblings, children and grandchildren, but not distant relatives, such as cousins, unless the distant relative lives in the same household as the person) and other persons directly connected to that person by law or through a business arrangement, as defined in 13 CFR § 300.3.

“Official Records” means the Office of Records of the Records Office of the County of Riverside.

“Person” means an individual, partnership, limited partnership, trust, estate, association, corporation, limited liability company, or other entity, domestic or foreign.

“Project” means improvements, machinery, furniture/fixtures/equipment, inventory, and/or operating capital at Borrower’s business that loan funds are to be used for as specified in the Project Budget attached hereto as Exhibit “D” and the Scope of Work attached hereto as Exhibit “B”, each incorporated herein by this reference.

“Project Budget” means the schedule of sources and uses attached to this Agreement as Exhibit “D” and incorporated herein by this reference.

“Project Costs” means the total cost of improvements, machinery, furniture/fixtures/equipment, inventory, and/or operating capital at Borrower’s business that loan funds are to be used for as specified in the Project Budget attached hereto as Exhibit “D”.

“Qualifying Employee(s)” means the number of persons constituting Qualifying Employees during any Annual Period which shall equal the sum of (i) the number of “Full Time Employees” for such Annual Period plus (ii) the number of “Composite Full Time Employees” for such Annual Period, calculated in accordance with the following:

- (i) In order to qualify as a Full Time Employee of Borrower for the applicable Annual Period, a person must be a salaried or hourly employee who is employed at the Business not less than thirty five (35) hours per week for not less than fifty (50) weeks,

with such fifty (50) week calculation to be inclusive of vacations, holidays, disability leaves required pursuant to state law, sick leave and similar benefits generally afforded employees generally deemed to be full time employees by prevailing community standards during the corresponding Annual Period. An employee who is terminated during any Annual Period, and the employee who replaces such terminated employee in such position, shall be aggregated for purposes of the foregoing calculation. The Borrower shall provide substantiation to the Assistant County Executive Officer/EDA (or his designee) as to replacement of terminated employees, and the Assistant County Executive Officer/EDA (or his designee) shall in good faith review whether the employees involved are countable for purpose of the foregoing calculation.

(ii) For purposes of this Agreement, one Composite Full Time Employee shall be deemed to exist for each one thousand seven hundred fifty (1,750) hours worked per Annual Period, not inclusive of vacations, holidays, disability leaves, sick leaves, or similar benefits, performed by part time employees (other than qualifying Full Time Employees), contract employees, independent contractors, or temporary personnel (collectively, "Part Time Employees") at the business.

Hours worked in one Annual Period shall be countable only with respect to that Annual Period and cannot be carried forward or carried back to be applied as to a different Annual Period.

"**RLFP**" means the Revolving Loan Fund Program established by the County of Riverside Economic Development Agency pursuant to Resolution No. 2016-026 adopted by the Board of Supervisors on August 23, 2016 to assist small businesses in obtaining access to capital to expand and grow their operations.

"**Revolving Loan Fund Standard Terms and Conditions**" means the March 14, 2018 U.S. Department of Commerce Economic Development Administration Revolving Loan Fund Standard Terms and Conditions which can be accessed at <https://www.eda.gov/files/tools/grantee-forms/2018-RLF-Standard-Terms-and-Conditions.pdf>.

"**RLF Administrative Plan**" means the County of Riverside Economic Development Agency Revolving Loan Fund Administrative Plan, Policies, and Procedures adopted by the County

of Riverside Board of Supervisors on August 23, 2016 and available for review at the County's address for purposes of notice set forth in Section 103 below.

"RLF Employment and Job Creation Certificate" means the RLF job creation Certification attached hereto as Exhibit "L" and incorporated herein by this reference.

"Schedule of Performance" means the document attached to this Agreement as Exhibit "C" and incorporated herein by this reference.

"Scope of Work" means the document attached to this Agreement as Exhibit "B" and incorporated herein by this reference.

"Title Company" means a title insurance company mutually agreed to by the Assistant County Executive Officer/ECD and Borrower.

"UCC-1" means a financing statement, substantially in the form attached to this Agreement as Exhibit "H" and incorporated herein by this reference.

"USEDA Special Award Conditions" means the Special Award Conditions U.S. Department of Commerce Economic Development Administration (EDA) attached to the County's USED A Award, copies of which are available at the County's address for purposes of notice set forth in Section 103 below.

"Year" means that three hundred sixty five (365) day period commencing as of the Effective Date, and each succeeding three hundred sixty five (365) day, period thereafter, or for leap years three hundred sixty six (366) day periods, ending the day prior to the anniversary of Effective Date.

SECTION 103 COUNTY

The County is a political subdivision of the State of California. The address of County for purposes of receiving notices pursuant to this Agreement is as follows:

County of Riverside
Economic Development Agency
1325 Spruce Street, Suite 400
Riverside, CA 92501
Attn: Robert Moran, Economic Development Manager

"County" as used in this Agreement includes the County of Riverside by and through the Economic Development Agency and any assignee or successor to its rights, powers and responsibilities.

SECTION 104 BORROWER

Borrower is Summertree Interiors, Inc., a California corporation doing business as Newport Cottages. The address of Borrower for purposes of receiving notices pursuant to this Agreement is as follows:

Summertree Interiors, Inc., dba Newport Cottages
4111 Buchanan Avenue
Riverside, CA 92503
Attn: Pockets Alvarez

Whenever the term "Borrower" is used herein, such term means and include the Borrower as of the date hereof, and any assignee of or successor to its rights, powers and responsibilities permitted by this Agreement.

SECTION 105 ASSIGNMENTS AND TRANSFERS

a. Borrower represents and agrees that the County Loan provided by County to Borrower pursuant to this Agreement is for the purpose of accelerating and growing a small business by creating access to new sources of affordable capital for real property acquisition, building improvements and renovations, equipment purchases, short-term working capital, or other eligible activities under the USEDA Award, the Act and the RLFP Administrative Plan. Borrower further recognizes that the qualifications and identity of Borrower are of particular concern to the County, in light of the following: (1) the importance of assisting small businesses within the County unable to obtain credit on similar terms and conditions provided herein; and (2) the public assistance that has been made available by the Act, the USEDA Award, the RLFP and Governmental Requirements for the purpose of job creation and the resulting positive economic impact on the surrounding community. Borrower further recognizes that it is because of such qualifications and identity that the County is entering into the Agreement with Borrower. Therefore, prior to the full repayment of the County Loan, no voluntary or involuntary successor in interest of Borrower shall acquire any rights or powers under this Agreement except as expressly set forth herein.

b. Prior to the full repayment of County Loan, Borrower shall not assign or transfer all or any part of this Agreement, or any interest herein, or convey any part of the Designated Business, the Improvements or the Designated Business property or any interest therein, without the prior written approval of the County. This prohibition shall not be deemed to prevent the granting of easements or permits to facilitate the Completion of the Project.

c. For the reasons cited above, Borrower represents and agrees for itself and any

successor in interest that, prior to the full repayment of County Loan, there shall be no significant change in the ownership of Borrower or in the relative proportions thereof, or with respect to the identity of the parties in control of Borrower or the degree thereof, by any method or means without the prior written approval of the County. The term "control" as used herein shall mean (i) with respect to a corporation or limited liability company is the right to exercise or control, directly or indirectly, 50% or more of the voting rights attributable to the controlled corporation, and (ii) with respect to any individual, partnership, trust, other entity or association, control is the possession, indirectly or directly, of the power to direct or cause the direction of the management or policies of the controlled entity.

d. Borrower shall promptly notify the County of any and all changes whatsoever in the identity of the ownership or controlling interests of Borrower, of which Borrower or any of its officers and/or partners have been notified or otherwise have knowledge or information. This Agreement may be terminated by the County if there is any significant change (voluntary or involuntary) in partnership, management or control of Borrower (other than such changes occasioned by the death or incapacity of any individual) prior to full repayment of County Loan.

e. In the event Borrower does assign this Agreement or any of the rights herein, or does sell, transfer, convey or assign the any part of the Designated Business, the Improvements or the Designated Business property or any interest therein prior to Completion without the written approval of the County, subject to the notice and cure provisions of Section 501, the County shall have the right to terminate this Agreement and accelerate the repayment obligation of the County Loan in accordance with the terms and conditions of the County Promissory Note.

f. In the absence of a specific written agreement by the County, and except as otherwise provided in this Agreement, no assignment or transfer of this Agreement, the Designated Business, the Improvements or the Designated Business property or any portion thereof or any change in control of the Borrower, shall be deemed to relieve Borrower or any other party from any obligations under this Agreement.

g. The restrictions of this Section 105 shall terminate upon full repayment of County Loan.

WARRANTIES

As an inducement to the County to enter into this Agreement and consummate the transactions described herein, Borrower hereby represents and warrants to the County, which representations and warranties are true and correct as of the date of this Agreement and which shall survive the Close of Escrow:

a. Borrower has the legal power, right and authority to enter into this Agreement and the instruments referenced herein, and to satisfy all obligations of the Borrower in this Agreement or in any instrument or document referred to herein (referred to collectively as the “Borrower’s Obligations”);

b. This Agreement and all documents required hereby to be executed by Borrower are, and shall be, valid, legally binding obligations of and enforceable against Borrower in accordance with their terms, subject only to applicable bankruptcy, insolvency, reorganization, moratorium laws or similar laws or equitable principles affecting or limiting the rights of contracting parties generally;

c. There is no charter, bylaw, or capital stock provision of Borrower, and no provision of any indenture, instrument, or agreement, written or oral, to which Borrower is a party or which governs the actions of Borrower or which is otherwise binding upon Borrower or Borrower’s Designated Business, nor is there any statute, rule or regulation, or any judgment, decree, or order of any court or agency binding on Borrower or Borrower’s Designated Business which would be contravened by the execution, delivery or performance of any of Borrower’s Obligations;

d. There is no action, suit, or proceeding at law or in equity or by or before any governmental instrumentality or other agency now pending, or, to the knowledge of Borrower, threatened against or affecting Borrower, or any properties or rights of Borrower, which, if adversely determined, would materially impair the right of Borrower to execute or perform any of the Borrower’s Obligations, or would materially adversely affect the financial condition of Borrower;

e. Neither the execution and delivery of this Agreement, including any attachments hereto or documents related to this Agreement, nor the incurrence of the Borrower’s Obligations, nor the consummation of the transactions herein contemplated, nor compliance with the terms of

this Agreement and the documents referenced herein conflict with or result in the material breach of any terms, conditions or provisions of, or constitute a default under, any bond, note or other evidence of indebtedness or any contract, indenture, mortgage, deed of trust, loan, partnership agreement, lease or other agreements or instruments to which Borrower is a party;

f. No attachments, execution proceedings, assignments for the benefit of creditors, insolvency, bankruptcy, reorganization or other proceedings are pending or threatened against Borrower, nor are any of such proceedings contemplated by Borrower;

g. All reports, documents, instruments, information and forms of evidence delivered to the County concerning or required by this Agreement are accurate, correct and sufficiently complete to give the County true and accurate knowledge of their subject matter, and do not contain any misrepresentation or omission;

h. No representation, warranty or statement of Borrower in this Agreement contains or will contain any untrue statement of a material fact or omits or will omit to state a material fact necessary to make the statements or facts contained therein not misleading;

i. The Borrower is not in default in any material respect under any order, writ, judgment, injunction, decree, determination or award or any indenture, agreement, lease or instrument. The Borrower is not in default under any law, rule or regulation wherein such default could materially adversely affect the Borrower or the ability of the Borrower to perform its obligations under this Agreement;

j. The Project conforms in all material respects with all applicable zoning, planning, building, environmental and other regulations of the governmental authorities having jurisdiction of the Project and all licenses and approvals the Borrower requires to operate its facilities have been obtained by appropriate state and federal agencies and departments or, if not obtained on the date of this Agreement, are expected to be obtained in the normal course of business at or prior to the time such authorizations, consents or approvals are required to be obtained;

k. The Borrower intends to cause the Project to operate at all times during the term of this Agreement in a manner consistent with the representations made by the Borrower in its application submitted to the County as part of the RLFP;

l. To the best of the knowledge of the Borrower, no authorizations, consents or

approvals of governmental bodies or agencies are required in connection with the execution and delivery by the Borrower of this Agreement or in connection with the carrying out by the Borrower of its obligations under this Agreement which have not been obtained or, if not obtained on the date of this Agreement, are expected to be obtained in the normal course of business at or prior to the time such authorizations, consents or approvals are required to be obtained; and

m. No event has occurred and no condition exists with respect to the Borrower that would constitute an "Event of Default" under this Agreement or that, with the lapse of time or the giving of notice or both, would become an "Event of Default" under this Agreement.

Borrower's representations and warranties made in this Section 106 shall be continuing and shall be true and correct as of the date of the Close of Escrow with the same force and effect as if remade in a separate certificate at that time. The truth and accuracy of the Borrower's representations and warranties made herein shall constitute a condition for the benefit of the County to the performance of the County's obligations hereunder.

Borrower shall upon learning of any fact or condition which would cause any of the warranties and representations in this Section 106 not to be true as of Closing, immediately give written notice of such fact or condition to County.

SECTION 107 COUNTY RLFP ASSISTANCE; LOAN TERMS

a. County Loan. County has determined that credit is not otherwise available to Borrower on similar terms and conditions that would permit completion and/or successful operation or accomplishment of the project activities to be financed under this Agreement. As such, in accordance with and subject to the terms and conditions of this Agreement, the County agrees to lend to Borrower, and Borrower agrees to borrow from the County, the County Loan, in an amount not to exceed One Hundred Twenty Thousand Dollars and No Cents (\$120,000). The County Loan shall be evidenced by the County Promissory Note (Exhibit "E"), and repayment shall be secured by the County Deed of Trust (Exhibit "F") and UCC-1 (Exhibit "H").

b. Source of Funds. Borrower acknowledges that the USEDA Award is the source of all Loan Funds and regulates the use of such Loan Funds. Borrower acknowledges and agrees that the County is not required to make available any other funds or monies, regardless of source, other than the Loan Funds contemplated hereunder and further waives any claim, however denominated,

that seeks to access or obtain any such other funds or monies other than the Loan Funds from County.

c. Terms of County Loan

1. Principal. The principal of the County Loan shall be One Hundred Twenty Thousand Dollars and No Cents (\$120,000) and evidenced by a promissory note substantially conforming in form and substance to the County Promissory Note attached hereto as Exhibit "E", to be executed by Borrower in favor of County as condition precedent to the disbursement of County RLFP funds.

2. Borrower Participation; RLFP Leverage. Pursuant to 13 CFR 307.15 (c), County Loans must leverage additional investment of at least two dollars for every one dollar of such County Loans. To be classified as leveraged, additional investment must be made within 12 months of approval of the County Loan, as part of the same business development project, and may include:

- (i) Capital invested by the Borrower or others;
- (ii) Financing from private entities;
- (iii) The non-guaranteed portions and 90 percent of the guaranteed portions of any Federal loan; or
- (iv) Loans from other State and local lending programs.

Private investments shall not include accrued equity in Borrower's assets.

The additional investment classified as leveraged in connection with the County Loan provided in this Agreement are Borrower's contribution of funds and an unsecured loan from a private lender.

d. Prepayment. Prepayment of County Loan principal and/or interest may occur at any time without penalty; provided, however, that prepayment in full of the outstanding principal and interest balance of the County Loan shall require payment of a "Loan Exit Fee" in the amount of Two Hundred Fifty Dollars (\$250) and further provided that any prepayment in whole or in part shall not relieve Borrower of the ongoing obligation to comply with any Additional USEDA Requirements.

e. Late Payments and Application of Payments. If the Borrower fails to pay any installment payment under the Note within ten (10) calendar days after it is due (whether or not any such delinquency constitutes a default), Borrower shall immediately pay to County a late charge in the amount of five percent (5%) of such delinquent installment payment due under the Note for each month said payment is late, even if the payment is subsequently accepted by the County.

f. Application of Payments. Payments accepted by County shall be applied first to enforcement costs as provided herein (if any), then to late charges, then to interest, then to principal.

g. Allocation of Costs. The proceeds of the County Loan shall be used by Borrower exclusively to pay Project Costs for the Project, as identified in the Project Budget (Exhibit "D") and reasonably approved by the Assistant CEO/ECD.

SECTION 108 COUNTY LOAN DISBURSEMENT PROCEDURES.

Provided Borrower is not in default under this Agreement or any other County Loan Documents and subject to the conditions precedent to disbursement set forth in Section 208 below, the proceeds of the County Loan shall be disbursed pursuant to the Disbursement Agreement (Exhibit "J") and as set forth herein.

County shall disburse the County Loan in the amount of One Hundred Twenty Thousand Dollars and No Cents (\$120,000) for all eligible approved costs under the following schedule:

a. Before any of the payments to the Borrower may be made, Borrower shall deliver a Payment Request Memorandum to the County substantially in the form to be provided by the Assistant CEO/ECD which shall certify with respect to each such request for payment that:

b. Such obligation is a permitted cost of the Project, and none of the items for which the payment is proposed to be made has formed the basis for any prior payment made by County to Borrower;

c. There has not been recorded or filed with or served upon the Borrower, notice of any lien, right to lien or attachment upon or claim affecting the right to receive payment of, any of the moneys payable to any of the persons or firms named in such Payment Request Memorandum, which has not been released or will not be released simultaneously with the payment of such obligation;

d. Insofar as such obligation was incurred for labor, services, material, supplies or

equipment, (1) such labor and services were actually performed in a satisfactory manner in connection with the acquisition, construction, renovation, installation and equipping of the Project and (2) such materials, supplies and equipment were actually used in connection with the acquisition, construction, renovation, installation and equipping of the Project or were delivered to the Project (and remain at the Project) for that purpose;

e. All sums previously disbursed by the County have been used solely for the purposes permitted by this Agreement and the specific disbursement which is the subject of the Borrower's requisition will be so used;

f. There exists no event of default under this Agreement, or any circumstance which, with the passage of time or the giving of notice, would become an event of default under this Agreement; and

g. Each requisition shall be accompanied by invoices or other appropriate documentation supporting the request for payment and such other information as the County may reasonably require.

SECTION 109 UNAUTHORIZED USE OF COUNTY LOAN FUNDS.

Borrower shall not use the County Loan funds for an unauthorized use, including an unauthorized use set forth herein, in the Act or other applicable Governmental Requirement, and in the DOC Standard Terms and Conditions attached hereto as Exhibit "K," including the federal share provisions under 13 CFR Sections 314.4 and 314.5. Borrower shall immediately notify County if Borrower expends County Loan funds for an unauthorized use.

SECTION 110 OBLIGATIONS OF BORROWER UNCONDITIONAL.

The Borrower pledges and agrees that it will make payments under this Agreement and the Note directly to the County without defense or set-off by reason of any dispute between the Borrower and the County, and hereby further agrees that its obligation to make payments hereunder and to perform its other agreements contained herein are absolute and unconditional. Until the principal of, premium, if any, and interest on the Note shall have been fully paid, the Borrower (a) will not suspend or discontinue any Loan payments, (b) will perform each of its obligations in this Agreement and (c) will not terminate this Agreement for any cause including any acts or circumstances that may constitute failure of consideration, destruction of or damage to the Project,

commercial frustration of purpose, any change in the laws of the United States or of the State or any political subdivision of either or any failure of the County to perform any of its agreements, whether express or implied, or any duty, liability or obligation arising from or connected with this Agreement.

If the Borrower fails to make or cause to be made any of the payments required to be made under this Agreement, the unpaid amount shall continue to be an obligation of the Borrower until such amount is fully paid.

SECTION 111 CONTINUED EXISTENCE AND OPERATION OF PROJECT.

The Borrower covenants and agrees that throughout the term of this Agreement it shall maintain its existence and shall not dispose of all or substantially all of its assets. Subject to the prior written approval by County in accordance with Section 105, in the event the Borrower consolidates with or merges into another entity or permits one or more entities to consolidate with or merge into it, any surviving, resulting or transferee entity must be qualified to do business in the State and shall assume in writing, in such form approved by the County, all of the obligations of the Borrower under this Agreement.

The Borrower covenants and agrees that during the term of the County Loan it shall operate the Designated Business and the Project in substantial conformance with the information submitted by the Borrower in its application for the County Loan under the RLFP. The Borrower further covenants that it has not provided any false or misleading information in said application.

PART 2 DISBURSEMENT OF COUNTY LOAN

SECTION 201 FEES AND COSTS.

Borrower agrees to pay County for any servicing fee connected with the repayment of this Loan. Borrower further agrees to pay or reimburse to County all of County's out-of-pocket costs incurred in connection with amendments of this Agreement and the other Loan Documents, the enforcement of County's rights and remedies under this Agreement and the other Loan Documents after a default, and any waiver, consent or forbearance with respect to any default. County's out-of-pocket costs may include but are not limited to title insurance fees and premiums, the cost of searches for security interests and liens existing against the Borrower and the collateral, recording, filing and release fees; appraisal fees; environmental consultant fees; litigation costs; and all

attorneys' and paralegals' expenses and reasonable fees, including without limit, such expenses and fees incurred in any administrative, arbitration, or court proceedings involving County and Borrower, including proceedings in bankruptcy including all attorneys' and paralegals' expenses and reasonable fees. For purposes of this section, County includes any County designee performing any action connected to this Agreement for County's benefit.

a. If applicable, Borrower shall promptly pay County any required loan origination and/or loan servicing fee.

b. Closing Costs – if the closing occurs through an escrow, at closing, Borrower shall pay all costs of the Loan closing, including a loan title policy, closing fee, recording fees, etc. Such costs shall be reasonable and customary.

c. If County requires a Title Policy, Borrower shall be responsible for paying the title insurance premiums for County's Title Policy, including any special coverage or endorsements thereto reasonably required by the County Assistant CEO/ECD or designee. County shall have no responsibility for paying the cost of any portion of the premium for County's Title Policy.

SECTION 202 RESERVED

SECTION 203 CONDITIONS PRECEDENT TO DISBURSEMENT OF COUNTY LOAN

The disbursement of the County Loan and the obligations of the County and Borrower hereunder are subject to the satisfaction prior to the Closing (unless otherwise provided or waived in writing by the Assistant CEO/ECD or designee), of the following conditions, and the obligations of the parties with respect to such conditions are as follows:

- a. Borrower is not in default under this Agreement;
- b. Borrower has fully complied with CEQA and NEPA, as applicable, pursuant to Part 3 of this Agreement;
- c. Borrower executes this Agreement and delivers to County;
- d. If the County Loan is to be secured by a deed of trust recorded against real property and if requested by County, Title Company shall be irrevocably committed to issue the County's ALTA Title Policy in the amount of the County Loan insuring the County Loan deed of trust as a first priority lien on the property;
- e. Borrower shall have delivered to the County, and the Assistant County Executive

Officer/ECD shall have approved, a final Project Budget or any revisions to the Project Budget attached to this Agreement as Exhibit "D", demonstrating to the satisfaction of the Assistant County Executive Officer/ECD a detailed cost breakdown for all work required to be performed as part of the Project and the availability of sufficient funds to pay all Project Costs;

f. If construction will be required as part of the Agreement, Borrower shall have delivered to the County, and the County Assistant CEO/ECD shall have approved, a general construction contract, covering all construction required by this Agreement and the approved final construction drawings, in an amount that is consistent with the County's approved final Project Budget, together with a construction schedule showing a detailed trade-by-trade breakdown of the estimated periods of commencement and completion of construction and complete fixturing of the development of the Designated Business, demonstrating that construction will be completed within the time provided in the Schedule of Performance, and such contract shall have been executed by each of the parties thereto. Borrower shall also have delivered to County documentation evidencing a Payment and Performance Bond or letter of credit to secure performance under the construction contract for the Project issued by a bonding company or financial institution reasonably approved by County. The bonds shall name the County of Riverside as Co-Obligee;

g. Borrower shall have obtained and submitted to the County Assistant CEO/ECD or designee shall have approved, all approvals or other evidences of lender commitments, in an amount sufficient, when combined with the County Loan, to pay all Project Costs as set forth in the County approved Project Budget;

h. Borrower shall have submitted to the County, and the County Assistant CEO/ECD shall have approved, evidence of the Insurance Policies required by this Agreement. Borrower shall execute and deliver to the County a "Certificate Regarding Lobbying" in the form provided by the County and any other disclosure or other forms required by Title 40 CFR Part 34, New Restrictions on Lobbying;

i. Borrower shall have delivered to County satisfactory evidence that it has secured any and all land use entitlements, permits, approvals required for construction of the Improvements and the Project pursuant to the applicable rules and regulations of, the County of Riverside, or any

other governmental agency affected by such construction work. Borrower shall, without limitation, secure all entitlement, change of zone, lot line adjustment, any and all necessary studies required including but not limited to archaeological, cultural, environmental, traffic studies and lead-based paint surveys, as applicable, and required, and pay all costs, charges and fees associated therewith, all conditions precedent to the issuance of all permits necessary for the construction of the development and all such permits are available for issuance, other than payment of fees;

j. Borrower shall have delivered to County organizational documentation relating to the corporate, partnership, limited liability or other similar status of Borrower, as the case may be (and if Borrower is a limited partnership, its general partners, and if Borrower is a limited liability company, its members), including, without limitation and as applicable, a limited partnership agreement and any amendments thereto; articles of incorporation and any amendments thereto; State of California Limited Liability Company Articles of Incorporation (LLC-1), Statement of Information and Operating Agreement (including any amendments thereto); copies of all resolutions or other necessary actions taken by such entity to authorize the execution of this Agreement and related documents; a certificate of good standing status issued by the California Secretary of State; and a copy of any Fictitious Business Name Statement, if any, as published and filed with the Clerk of Riverside County;

k. Borrower shall have executed, in recordable form as necessary, and delivered into escrow, if the Closing occurs through an escrow, the following documents:

1. County Deed of Trust substantially conforming in form and substance to the County Deed of Trust with Assignment of Rents, Security Agreement and Fixture Filing attached hereto as Exhibit "F" and in such final form as approved by the County Assistant CEO/ECD;

2. County Promissory Note, substantially conforming in form and substance to the Promissory Note attached hereto as Exhibit "E" and in such final form as approved by the County Assistant CEO/ECD;

3. RLF Employment and Job Creation Certificate, substantially conforming in form and substance to the RLF Employment and Job Creation Certificate attached hereto as Exhibit "L" and in such final form as approved by the County Assistant CEO/ECD; and

4. UCC-1 Fixture Filing (including Financing Statement), substantially conforming in form and substance to the UCC-1 Fixture Filing attached hereto as Exhibit "H", and in such final form as approved by the County Assistant CEO/ECD;

l. Borrower shall have duly performed each and every obligation to be performed by Borrower hereunder and Borrower's representations, warranties and covenants set forth in this Agreement shall be true and correct as of the date of the Closing;

m. County shall have delivered the County Loan funds and shall have executed, in recordable form as appropriate, County Loan Documents to be delivered by County when and as required by this Agreement; and

n. Escrow shall have accepted such supplemental recording instructions as may have been prepared by the County.

SECTION 204 FAILURE OF CONDITIONS FOR DISBURSEMENT

a. In the event that any of the conditions precedent to the disbursement of the County Loan set forth in Section 203 above are not timely satisfied or waived, for a reason other than the default of County or Borrower, the following shall apply:

1. Either Party shall have the right to terminate this Agreement, the escrow (if any) and the rights and obligations of County and Borrower hereunder to the extent that such Party is intended to be benefited by the applicable condition precedent, except as otherwise provided herein;

2. If this Agreement is terminated as provided herein, then the escrow agent (if any) is hereby instructed to promptly return to Borrower and County all funds, if any, and documents deposited by them, respectively, into escrow which are held by the escrow agent on the date of said termination (less, in the case of the Party otherwise entitled to such funds, the amount of any cancellation charges required to be paid by such Party pursuant to an escrow agreement); and

3. If this Agreement is terminated as provided herein, then neither Party shall have any further rights or obligations hereunder except those that survive termination of this Agreement as expressly provided herein.

PART 3 COMPLETION OF PROJECT

SECTION 301 LAND USE APPROVALS

In the event the Project includes construction and/or development, it is the responsibility of Borrower, without cost to County, to ensure that zoning of the Designated Business and all applicable land use requirements of the County and of any other governmental authorities having jurisdiction of the Project will permit development of the Designated Business and construction of the Improvements and the use, operation and maintenance of such Improvements in accordance with the provisions of this Agreement. Nothing contained herein shall be deemed to entitle Borrower to any County of Riverside permit or other approval necessary for the development of the Designated Business, or waive any applicable requirements of the County of Riverside or of any other governmental authorities having jurisdiction of the Project relating thereto. This Agreement does not (a) grant any land use entitlement to Borrower, (b) supersede, nullify or amend any condition which may be imposed by the city in connection with approval of the development described herein, (c) guarantee to Borrower or any other party any profits from the development of the Designated Business, or (d) amend any laws, codes or rules of the County or of any other governmental authorities having jurisdiction of the Project. This is not a Development Agreement as provided in Government Code Section 65864.

Borrower shall provide County with copies of all approved plans for the Project within fifteen (15) days following the written request of County.

SECTION 302 SCOPE OF WORK

In the event the Project includes construction and/or development, the property shall be developed in one phase in accordance with and within the parameters established in the Scope of Work (Exhibit "B"). Borrower is responsible for determining and obtaining all necessary easements for any adjacent properties owned by County, or a private owner.

For all non-construction related Projects, the Project shall be completed in accordance with the attached Scope of Work (Exhibit "B").

SECTION 303 COST OF PROJECT

If a construction project, the cost of demolishing any improvements on the Designated Business property and developing the premises and constructing the Improvements, including any offsite or onsite improvements required by any Governmental Authority exercising jurisdiction over any part of the Project in connection therewith, shall be the sole financial responsibility of

Borrower, without any cost to County. Borrower shall also obtain performance, material and labor, and payment bonds for the Project, in the amount required by any lenders to the Project and determined by County and shall furnish County with copies thereof prior to the commencement of such construction. In the event of a non-construction related Project, all costs to complete the Project shall be the sole financial responsibility of Borrower, without any cost to County, except as provided herein.

SECTION 304 ENVIRONMENTAL REVIEW (13 CFR SECTION

307.10 (a). Borrower shall comply with all applicable environmental laws and regulations, including, but not limited to California Environmental Quality Act (CEQA) and its implementation regulations, the National Environmental Policy Act (NEPA), and the environmental requirements set forth in Section G., National Policy Requirements, Subsection .04, Environmental Requirements, of the DOC Standard Terms and Conditions attached hereto as Exhibit "K". The County has conducted an environmental assessment of the Project pursuant to NEPA and 40 CFR section 1508.4 and has determined that the Project will have no adverse effects.

SECTION 305 SCHEDULE OF PERFORMANCE

Each Party to this Agreement shall perform the obligations to be performed by such Party pursuant to this Agreement within the respective times provided in the Schedule of Performance, and if no such time is provided, within a reasonable time. The Schedule of Performance shall be subject to amendment from time to time upon the mutual agreement of the County and Borrower. County's Assistant CEO/ECD, or designee, on behalf of County and without referring such matter to the County's Board of Supervisors extend all pending deadlines in the Schedule of Performance on two (2) or fewer occasions, so long as the aggregate duration of such administrative time extensions is no greater than ninety (90) days.

SECTION 306 INDEMNIFICATION AND INSURANCE

Borrower shall indemnify and hold harmless the County of Riverside, its Agencies, Boards, Districts, Special Districts and Departments, their respective directors, officers, Board of Supervisors, elected and appointed officials, employees, agents and representatives (individually and collectively hereinafter referred to as Indemnitees) from any liability, action, claim or damage whatsoever, based or asserted upon any services of Borrower, its officers, employees,

subcontractors, agents or representatives arising out of or in any way relating to this Agreement, including but not limited to property damage, bodily injury, or death or any other element of any kind or nature. Borrower shall defend the Indemnitees at its sole expense including all costs and fees (including, but not limited, to attorney fees, cost of investigation, defense and settlements or awards) in any claim or action based upon such acts, omissions or services.

With respect to any action or claim subject to indemnification herein by Borrower, Borrower shall, at their sole cost, have the right to use counsel of their own choice and shall have the right to adjust, settle, or compromise any such action or claim without the prior consent of County; provided, however, that any such adjustment, settlement or compromise in no manner whatsoever limits or circumscribes Borrower indemnification to Indemnitees as set forth herein.

Borrower's obligation hereunder shall be satisfied when Borrower has provided to County the appropriate form of dismissal relieving County from any liability for the action or claim involved.

The specified insurance limits required in this Agreement shall in no way limit or circumscribe Borrower's obligations to indemnify and hold harmless the Indemnitees herein from third party claims.

The foregoing indemnity shall continue to remain in effect after the Completion and shall survive the expiration and early termination of this Agreement.

In addition to and without limiting or diminishing Borrower's obligation to indemnify and hold harmless the Indemnitees as set forth above, pursuant to 13 CFR Section 307.10 (c) Borrower shall protect and hold harmless the United States federal government, its departments and agencies, including the Department of Commerce and the USEDPA and its elected and appointed officers, employees and agents (the "Federal Government") from and against all liabilities that the Federal Government may incur as a result of providing an award to assist (directly or indirectly) in site preparation or construction, as well as the direct or indirect renovation or repair of any facility or site. These protections apply to the extent that the Federal Government may become potentially liable as a result of ground water, surface, soil or other natural or man-made conditions on the property caused by operations of County or Borrower.

Without limiting or diminishing Borrower's obligation to indemnify and hold the Indemnitees and the Federal Government harmless, Borrower shall procure and maintain or cause to be maintained, at its sole cost and expense, the following insurance coverage's during the term of this Agreement. As respects to the insurance section only, the County herein refers to the County

of Riverside, its Agencies, Districts, Special Districts, and Departments, their respective directors, officers, Board of Supervisors, employees, elected or appointed officials, agents, or representatives as Additional Insureds.

a. Workers' Compensation:

If the Borrower has employees as defined by the State of California, the Borrower shall maintain statutory Workers' Compensation Insurance (Coverage A) as prescribed by the laws of the State of California. Policy shall include Employers' Liability (Coverage B) including Occupational Disease with limits not less than \$1,000,000 per person per accident. The policy shall be endorsed to waive subrogation in favor of The County of Riverside.

b. Commercial General Liability:

Commercial General Liability insurance coverage, including but not limited to, premises liability, unmodified contractual liability, products and completed operations liability, personal and advertising injury, and cross liability coverage, covering claims which may arise from or out of Borrower's performance of its obligations hereunder. Policy shall name the County as Additional Insured. Policy's limit of liability shall not be less than \$1,000,000 per occurrence combined single limit. If such insurance contains a general aggregate limit, it shall apply separately to this agreement or be no less than two (2) times the occurrence limit.

c. Vehicle Liability:

If vehicles or mobile equipment is used in the performance of the obligations under this Agreement, then Borrower shall maintain liability insurance for all owned, non-owned, or hired vehicles so used in an amount not less than \$1,000,000 per occurrence combined single limit. If such insurance contains a general aggregate limit, it shall apply separately to this agreement or be no less than two (2) times the occurrence limit. Policy shall name the County as Additional Insureds.

d. General Insurance Provisions - All lines:

1. Any insurance carrier providing insurance coverage hereunder shall be admitted to the State of California and have an A M BEST rating of not less than A: VIII (A:8) unless such requirements are waived, in writing, by the County Risk Manager. If the County's Risk Manager waives a requirement for a particular insurer such waiver is only valid for that specific insurer and only for one policy term.

2. The Borrower must declare its insurance self-insured retention for each coverage required herein. If any such self-insured retention exceeds \$500,000 per occurrence each such retention shall have the prior written consent of the County Risk Manager before the

commencement of operations under this Agreement. Upon notification of self-insured retention unacceptable to the County, and at the election of the County's Risk Manager, Borrower's carriers shall either; 1) reduce or eliminate such self-insured retention as respects this Agreement with the County, or 2) procure a bond which guarantees payment of losses and related investigations, claims administration, and defense costs and expenses.

3. Borrower shall cause Borrower's insurance carrier(s) to furnish the County of Riverside with either 1) a properly executed original Certificate(s) of Insurance and certified original copies of Endorsements effecting coverage as required herein, and 2) if requested to do so orally or in writing by the County Risk Manager, provide original Certified copies of policies including all Endorsements and all attachments thereto, showing such insurance is in full force and effect. Further, said Certificate(s) and policies of insurance shall contain the covenant of the insurance carrier(s) that thirty (30) days written notice shall be given to the County of Riverside prior to any material modification, cancellation, expiration or reduction in coverage of such insurance. In the event of a material modification, cancellation, expiration, or reduction in coverage, this Agreement shall terminate forthwith, unless the County of Riverside receives, prior to such effective date, another properly executed original Certificate of Insurance and original copies of endorsements or certified original policies, including all endorsements and attachments thereto evidencing coverage's set forth herein and the insurance required herein is in full force and effect. Borrower shall not commence operations until the County has been furnished original Certificate (s) of Insurance and certified original copies of endorsements and if requested, certified original policies of insurance including all endorsements and any and all other attachments as required in this Section. An individual authorized by the insurance carrier shall sign the original endorsements for each policy and the Certificate of Insurance.

4. It is understood and agreed to by the parties hereto that the Borrower's insurance shall be construed as primary insurance, and the County's insurance and/or deductibles and/or self-insured retention's or self-insured programs shall not be construed as contributory.

5. If, during the term of this Agreement or any extension thereof, there is a material change in the Scope of Work; or, there is a material change in the equipment to be used in the performance of the Scope of Work; or, the term of this Agreement, including any extensions thereof, exceeds five (5) years; the County reserves the right to adjust the types of insurance and the monetary limits of liability required under this Agreement, if in the County Risk Manager's

reasonable judgment, the amount or type of insurance carried by the Borrower has become inadequate.

6. Borrower shall pass down the insurance obligations contained herein to all tiers of subcontractors working under this Agreement.

7. The insurance requirements contained in this Agreement may be met with a program(s) of self-insurance acceptable to the County.

8. Borrower agrees to notify County of any claim by a third party or any incident or event that may give rise to a claim arising from the performance of this Agreement.

SECTION 307 NOTICE OF JOB AVAILABILITY

Borrower is required, and shall require Borrower's contractor, and cause Borrower's contractor to notify any subcontractor, to notify the Riverside County Workforce Development Center and the Riverside County Greater Avenues for Independence (GAIN) program of any and all job openings related to the development and construction of the Project.

SECTION 308 LOCAL, STATE AND FEDERAL LAWS

a. Prevailing wages are required for work done that falls within the definition of "public works" under California Labor Code §1720. "Public works" are defined as "construction, alteration, demolition, installation, or repair work done under contract and paid for in whole or in part out of public funds..." For those projects which are "public works" pursuant to Labor Code § 1720.2, the following applies:

Borrower shall require that any contractor performing work on the Project, including Borrower, (Contractor) shall comply with prevailing wage requirements and be subject to restrictions and penalties in accordance with §1770 et seq. of the Labor Code, as may be amended from time to time, which requires prevailing wages be paid to appropriate work classifications in all bid specifications and subcontracts. Borrower shall require that Contractor shall furnish all subcontractors/employees a copy of the Department of Industrial Relations prevailing wage rates at which Lessee will post at the job site. All prevailing wages shall be obtained by Borrower/Contractor from:

Department of Industrial Relations, Divisions of Labor Statistics and Research
455 Golden Gate Avenue, 8th Floor

San Francisco, CA 94102

Borrower shall require that Contractor shall comply with the payroll record keeping and availability requirement of §1776 of the Labor Code.

Borrower shall require that Contractor shall make travel and subsistence payments to workers needed for performance of work in accordance with §1773.8 of the Labor Code.

Prior to commencement of work, Borrower shall require that Contractor shall contact the Division of Apprenticeship Standards and comply with §1777.5, §1777.6 and §1777.7 of the Labor Code and applicable regulations.

Borrower shall indemnify, hold harmless, and defend County and shall be responsible for any fine, penalty or fee levied against the Borrower, the Designated Business or any property arising out of any violations by Borrower of this Section.

Borrower shall comply and stay current with all applicable local, state and federal building codes and laws as from time to time amended, including, but not limited to, the Americans with Disabilities Act requirements in providing the County with any requested County improvements.

Borrower shall cause all improvements to be completed at Borrower's sole cost in a workmanlike manner and in compliance with all applicable Governmental Requirements.

b. Davis-Bacon. In accordance with section 602 of the ACT (42 U.S.C. § 3212), all laborers and mechanics employed by contractors or subcontractors on construction- related projects receiving investment assistance under the ACT shall be paid wages not less than those prevailing on similar construction in the locality, as determined by the U.S. Secretary of Labor in accordance with subchapter IV of chapter 31 of title 40, United States Code. (See 13 CFR § 302.13). Therefore, Borrower any contractor, or subcontractor shall comply with Davis-Bacon prevailing wage rates where construction work is financed in whole or in part with the County RLFP Loan funds. Where the land facilitating construction is purchased in part or in whole with County Loan funds, this requirement extends to construction work, including that which is not directly paid for with County Loan funds.

c. The Contract Work Hours and Safety Standards Act. Borrower and any, contractor, or subcontractor shall comply with the Contract Work Hours and Safety Standards Act (40 U.S.C. § 3701, et seq.), which provides work hour standards for every laborer and mechanic employed by

a contractor or subcontractor in the performance of certain work financed at least in part with Federal funds.

SECTION 309 NONDISCRIMINATION.

Borrower shall not discriminate on the basis of race, color, religion, sex, sexual orientation, gender identity, marital status, national origin, ethnicity, age or disability in the solicitation, selection, hiring or treatment of any contractors or consultants, to participate in subcontracting/subconsulting opportunities. Borrower understands and agrees that violation of this clause shall be considered a material breach of this Agreement and may result in termination, debarment or other sanctions. This language shall be incorporated into all contracts between Borrower and any contractor, consultant, subcontractor, subconsultants, vendors and suppliers. Borrower shall comply with the provisions of the California Fair Employment and Housing Act (Government Code Sections 12900 et seq.), the Federal Civil Rights Act of 1964 (P.L. 88-352), as amended, and all Administrative Rules and Regulations issued pursuant to said Acts and Orders with respect to the Project and the Designated Business.

SECTION 310 NOTICE OF NON-RESPONSIBILITY

County shall, at any and all times during the term of this Agreement, have the right to post and maintain on the Designated Business property, and record against the property, as required by law, any notice or notices of non-responsibility provided for by the mechanics' lien laws of the State of California; provided, however, upon the written request of the County, Borrower shall, on behalf of the County, post and maintain on the Designated Business property, and record against the property, all notices of non-responsibility provided for by the mechanics' lien laws of the State of California.

SECTION 311 PERMITS

Before commencement of demolition, construction or development of any buildings, structures or other work of improvement upon any portion of the Designated Business property, Borrower shall, at its own expense, secure or cause to be secured, any and all permits which may be required by any Governmental Authority affected by such construction, development or work.

SECTION 312 RIGHTS OF ACCESS

Commencing upon the Effective Date, representatives of the County shall have the reasonable right of access to the Designated Business property, upon 24 hours' written notice to Borrower (except in the case of an emergency, in which case County shall provide such notice as may be practical under the circumstances), without charges or fees, at normal construction hours during the period of construction for the purposes of this Agreement, including, but not limited to, the inspection of the work being performed in constructing the Improvements. Such representatives of the County shall be those who are so identified in writing by the Assistant CEO/ECD of the County.

SECTION 313 DISCLAIMER OF RESPONSIBILITY BY COUNTY

The County neither undertakes nor assumes nor will have any responsibility or duty to Borrower or to any third party to review, inspect, supervise, pass judgment upon or inform Borrower or any third party of any matter in connection with the development or construction of the Improvements, whether regarding the quality, adequacy or suitability of the plans, any labor, service, equipment or material furnished to the Designated Business property, any person furnishing the same, or otherwise. Borrower and all third parties shall rely upon its or their own judgment regarding such matters, and any review, inspection, supervision, exercise of judgment or information supplied to Borrower or to any third party by the County in connection with such matter is for the public purpose of redeveloping the Designated Business property, and neither Borrower (except for the purposes set forth in this Agreement) nor any third party is entitled to rely thereon. The County shall not be responsible for any of the work of construction, improvement or development of the property.

SECTION 314 DISCLAIMER OF WARRANTIES; VENDOR'S WARRANTIES

a. Disclaimer of Warranties. The County does not make any warranty or representation, either express or implied, as to the value, design, condition, merchantability or fitness for particular purpose or fitness for use of the Project or any portion thereof or any other warranty with respect thereto. In no event shall the County be liable for any incidental, indirect, special or consequential damage in connection with or arising out of the existence, furnishing,

functioning or the Borrower operations of the Designated Business or use of the Designated Business property or the Improvements or any item or products or services provided for in this Agreement.

b. Warranties. The Borrower's sole remedy for the breach of any warranty, right of indemnification or representation relating to the Project or any part thereof shall be against the vendors, manufacturers, installers or construction contractors of the Project and not against the County, nor shall such matter have any effect whatsoever on the rights and obligations of the Borrower or the County with respect to this Agreement. The Borrower expressly acknowledges that the County has not made any representation or warranties whatsoever as to the existence or availability of any such warranties of such vendors, manufacturers, installers and construction contractors.

SECTION 315 RESERVED

PART 4. USE OF RLFP FUNDS; COMPLIANCE WITH LAWS AND REGULATIONS; OTHER WARRANTIES AND COVENANTS OF BORROWER.

SECTION 401 USES

a. Borrower covenants and agrees for itself, its successors, its assigns and every successor in interest to the Designated Business or any part thereof, for the duration of the term of the County Promissory Note ("Operating Period") that Borrower, such successors and such assignees shall use the Designated Business only for the uses specified in this Agreement (including without limitation the Scope of Work (Exhibit "B"), and Governmental Approvals. During the Operating Period, no change in the use of the Designated Business property shall be permitted without the prior written approval of County.

b. Notwithstanding the generality of Section 401(a), Borrower, its successors and assigns, shall use the Designated Business property only for the uses permitted in this Agreement, specifically including the following: operation of an accounting, payroll, tax preparation and office support services company.

c. To ensure compliance with the USED A Award, the Act and the RLF Administrative Plan, no later than 12 months after the Effective Date, Borrower shall have created and retained no

less than three full-time employment positions. The three full-time employment positions shall be retained as long as economically feasible, but in no event less than five years. Borrower shall submit to County a Job Creation/Retention Certificate (Exhibit "L") as outlined in Exhibit "C", Schedule of Performance for the positions created.

d. The Project shall remain in compliance with all applicable Governmental Requirements for the duration of this Agreement and the Operating Period.

e. The Borrower agrees that throughout the term of this Agreement, it will be qualified to do business in the State of California.

SECTION 402 AMERICAN MADE.

Borrower is encouraged, to the greatest extent practicable, to purchase American-made equipment and products with the County Loan.

SECTION 403 COMPLIANCE WITH FEDERAL, STATE AND LOCAL LAWS AND PROGRAMMATIC REQUIREMENTS.

Borrower shall comply with all applicable Governmental Requirements and all programmatic requirements, in each case as in effect from time to time, including, but not limited to the following:

a. Borrower shall comply with the Act and the DOC Standard Terms and Conditions attached hereto as Exhibit "K" and incorporated herein by this reference.

b. Borrower shall comply with the Act and its implementing regulations contained in chapter III of 13 CFR, specifically those regulations contained in subpart B of 13 CFR part 307.

c. Borrower acknowledges and agrees that any inconsistency or conflict among the authorities governing the administration of the County Loan will be resolved in the following order of precedence: public laws, regulations (including the OMB Uniform Guidance), applicable notices published in the Federal Register, Executive Orders, the RLF Standard Terms and Conditions, Special Award Conditions and Specific Award Conditions, any written policy guidance issued by the U.S. EDA and the RLF Administrative Plan. However, a U.S. EDA Special Award Condition or Specific Award Condition may amend or take precedence over a provision of the RLF Standard Terms and Conditions on a case-by-case basis, when warranted by the specific circumstances of the County Loan.

d. Borrower understands and agrees that any and all work performed on the property of Designated Business for which County Loan funds are used and the receipt of any County Loan funds under this Agreement is conditioned upon Borrower's full compliance with the Act, DOC Standard Terms and Conditions, this Agreement and the other County Loan Documents.

e. Borrower shall not discriminate against employees or applicants for employment or providers of goods and services on the basis of basis of race, color, religion, sex, sexual orientation, gender identity, marital status, national origin, ethnicity, age or disability.

f. Borrower shall comply with the Davis-Bacon Act, as amended (40 U.S.C. 3141-3148), as supplemented by Department of Labor regulations (29 CFR Part 5, "Labor Standards Provisions Applicable to Contracts Covering Federally Financed and Assisted Construction"), and with all State and local prevailing wage laws and any rules and regulations issued thereunder. In accordance with the statute, Borrower shall pay wages to laborers and mechanics at a rate not less than the prevailing wages specified in a wage determination made by the Secretary of Labor. In addition, Borrower shall pay wages not less than once a week. Borrower shall also comply with the Copeland "Anti-Kickback" Act (40 U.S.C. 3145), as supplemented by Department of Labor regulations (29 CFR Part 3, "Contractors and Subcontractors on Public Building or Public Work Financed in Whole or in Part by Loans or Grants from the United States"). Borrower and contractor must be prohibited from inducing, by any means, any person employed in the construction, completion, or repair of public work, to give up any part of the compensation to which he or she is otherwise entitled.

g. If applicable, Borrower shall comply with the Contract Work Hours and Safety Standards Act, as amended (40 U.S.C. 3701-3708) as supplemented by the Department of Labor Regulations (29 CFR part 5), and any rules and regulations issued thereunder.

h. Rights to Inventions Made Under a Contract or Agreement. If the County Loan meets the definition of "funding agreement" under 37 CFR § 401.2 (a) and the Borrower wishes to enter into a contract with a small business firm or nonprofit organization regarding the substitution of parties, assignment or performance of experimental, developmental, or research work under that "funding agreement," the Borrower must comply with the requirements of 37 CFR Part 401, "Rights to Inventions Made by Nonprofit Organizations and Small Business Firms Under

Government Grants, Contracts and Cooperative Agreements,” and any implementing regulations issued by the awarding agency.

i. Clean Air Act (42 U.S.C. 7401–7671q.) and the Federal Water Pollution Control Act (33 U.S.C. 1251–1387), as amended—if applicable, Borrower agrees to comply with all applicable standards, orders or regulations issued pursuant to the Clean Air Act (42 U.S.C. 7401–7671q) and the Federal Water Pollution Control Act as amended (33 U.S.C. 1251–1387).

j. Debarment and Suspension (Executive Orders 12549 and 12689)—A contract award (see 2 CFR 180.220) must not be made to parties listed on the government wide exclusions in the System for Award Management (SAM), in accordance with the OMB guidelines at 2 CFR 180 that implement Executive Orders 12549 (3 CFR part 1986 Comp., p. 189) and 12689 (3 CFR part 1989 Comp., p. 235), “Debarment and Suspension.” SAM Exclusions contains the names of parties debarred, suspended, or otherwise excluded by agencies, as well as parties declared ineligible under statutory or regulatory authority other than Executive Order 12549. Borrower hereby represents and warrants that Borrower is not debarred, suspended, or otherwise excluded by agencies, or declared ineligible under statutory or regulatory authority, as prohibited under Executive Orders 12549 and 12689.

k. Byrd Anti-Lobbying Amendment (31 U.S.C. 1352)—Borrowers that apply or bid for an award exceeding \$100,000 must file the required certification. Each tier certifies to the tier above that it will not and has not used Federal appropriated funds to pay any person or organization for influencing or attempting to influence an officer or employee of any agency, a member of Congress, officer or employee of Congress, or an employee of a member of Congress in connection with obtaining any Federal contract, grant or any other award covered by 31 U.S.C. 1352. Each tier must also disclose any lobbying with non-Federal funds that takes place in connection with obtaining any Federal award. Such disclosures are forwarded from tier to tier up to the non-Federal award.

l. Procurement of recovered materials. Borrower shall comply with section 6002 of the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act. The requirements of Section 6002 include procuring only items designated in guidelines of the Environmental Protection Agency (EPA) at 40 CFR part 247 that contain the highest percentage of

recovered materials practicable, consistent with maintaining a satisfactory level of competition, where the purchase price of the item exceeds \$10,000 or the value of the quantity acquired during the preceding fiscal year exceeded \$10,000; procuring solid waste management services in a manner that maximizes energy and resource recovery; and establishing an affirmative procurement program for procurement of recovered materials identified in the EPA guidelines.

m. Borrower shall comply with all federal criminal money laundering statutes and the sanctions imposed for their violation, including, but not limited to 18 United States Code (U.S.C.) Sections 1952, 1956 and 1957, 31 U.S.C. Sections 5322, 5324 and 5332, and 18 U.S.C. Section 1960.

n. Prohibited uses of RLFP funds; Prohibited Activities. (13 CFR § 307.17(c)) Borrower acknowledges and agrees that any use of the Designated Business or Designated Business property or any activity thereon which is inconsistent with the terms of this Agreement is expressly prohibited. Borrower further acknowledges and agrees that Borrower shall not use County Loan funds to:

1. Acquire an equity position in a private business;
2. Subsidize interest payments on an existing County Loan;
3. For the purpose of meeting the requirements of equity contributions under another Federal agency's loan program;
4. Enable Borrower to acquire an interest in a business either through the purchase of stock or through the acquisition of assets, unless sufficient justification is provided in the loan documentation;
5. Provide funds to Borrower for the purpose of investing in interest-bearing accounts, certificates of deposit, or any investment unrelated to the RLFP;
6. Refinance existing debt, unless the conditions set forth in 13 CFR Section 307.17 (c) (6) are satisfied;
7. Serve as collateral to obtain credit or any other type of financing without U.S. EDA's prior written approval (e.g., loan guarantees);
8. Undertake any activity that would violate EDA Property regulations found at 13 CFR part 314; or

9. Finance gambling activity, performances or products of a prurient sexual nature, or any illegal activity, including the cultivation, distribution, or sale of marijuana that is illegal under Federal law.

o. Protection of RLFP Assets (13 CFR Section 307.10 (b)). Borrower shall comply with applicable Governmental Requirements that apply to activities carried out with County Loans, including, but not limited to the RLF Administrative Plan, the ACT, Additional USEDA Requirements, DOC Standard Terms and Conditions and Governmental requirements.

p. Permits, Licenses, and Inspections. Borrower shall maintain in force all permits, licenses, approvals, certifications and inspections required by applicable Governmental Requirements for the Cleanup Action Plan in current status during the term of this Agreement.

SECTION 404 PAYMENT OF TAXES AND GOVERNMENTAL ASSESSMENTS.

Borrower shall promptly pay and discharge or cause to be paid and discharged, as and when due, all taxes lawfully assessed or imposed upon Borrower or any of its property, including any collateral for the County Loan, and all claims of materialmen, mechanics, carriers, warehousemen, landlords and the like for labor, materials, supplies, storage or other items or services which if unpaid might be or become a security interest or charge upon any of the collateral for the County Loan. The Borrower shall provide the County with proof of such payment in a form satisfactory to County within thirty (30) days of such payment. If Borrower is notified that Borrower is delinquent in its payment of any taxes, assessments or other governmental charges, Borrower shall immediately, but no later than forty-eight (48) hours after such notification, inform County of such notification of delinquency. If such payments are not made when due or proof is not provided to the County within such time period, a Default will be deemed to have occurred.

SECTION 405 EQUAL EMPLOYMENT OPPORTUNITY. During the performance of this Agreement, Borrower agrees as follows:

a. Borrower will not discriminate against any employee or applicant for employment because of race, color, religion, sex, sexual orientation, gender identity, or national origin. Borrower will take affirmative action to ensure that applicants are employed, and that employees are treated

during employment without regard to their race, color, religion, sex, sexual orientation, gender identity, or national origin. Such action shall include, but not be limited to the following:

Employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. Borrower agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided setting forth the provisions of this nondiscrimination clause.

b. Borrower will, in all solicitations or advertisements for employees placed by or on behalf of the contractor, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, sexual orientation, gender identity, or national origin.

c. Borrower will not discharge or in any other manner discriminate against any employee or applicant for employment because such employee or applicant has inquired about, discussed, or disclosed the compensation of the employee or applicant or another employee or applicant. This provision shall not apply to instances in which an employee who has access to the compensation information of other employees or applicants as a part of such employee's essential job functions discloses the compensation of such other employees or applicants to individuals who do not otherwise have access to such information, unless such disclosure is in response to a formal complaint or charge, in furtherance of an investigation, proceeding, hearing, or action, including an investigation conducted by the employer, or is consistent with the contractor's legal duty to furnish information.

d. Borrower will send to each labor union or representative of workers with which he has a collective bargaining agreement or other contract or understanding, a notice to be provided advising the said labor union or workers' representatives of the contractor's commitments under this section, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

e. Borrower will comply with all provisions of Executive Order 11246 of September 24, 1965, and of the rules, regulations, and relevant orders of the Secretary of Labor.

f. Borrower will furnish all information and reports required by Executive Order 11246 of September 24, 1965, and by rules, regulations, and orders of the Secretary of Labor, or

pursuant thereto, and will permit access to his books, records, and accounts by the administering agency and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.

g. In the event of the Borrower's noncompliance with the nondiscrimination clauses of this Agreement or with any of the said rules, regulations, or orders, this Agreement may be canceled, terminated, or suspended in whole or in part and Borrower may be declared ineligible for further Government contracts or federally assisted construction contracts in accordance with procedures authorized in Executive Order 11246 of September 24, 1965, and such other sanctions may be imposed and remedies invoked as provided in Executive Order 11246 of September 24, 1965, or by rule, regulation, or order of the Secretary of Labor, or as otherwise provided by law.

h. Borrower will include the portion of the sentence immediately preceding paragraph (1) and the provisions of paragraphs (1) through (8) in every subcontract or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to section 204 of Executive Order 11246 of September 24, 1965, so that such provisions will be binding upon each subcontractor or vendor. Borrower will take such action with respect to any subcontract or purchase order as the administering agency may direct as a means of enforcing such provisions, including sanctions for noncompliance:

Provided, however, that in the event Borrower becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the administering agency, Borrower may request the United States to enter into such litigation to protect the interests of the United States.

SECTION 406 MAINTENANCE

Borrower, its successors and assigns, shall maintain the Designated Business property and any improvements thereon and the landscaping on the property in a manner consistent with community standards which will uphold the value of the property, in accordance with this Agreement, and applicable provisions of the County of Riverside Code ("Codes").

SECTION 407 EFFECT AND DURATION OF COVENANTS

The covenants established in this Agreement shall run with the land, without regard to technical classification and designation, and shall be for the benefit and in favor of and enforceable

against the original Borrower and successors in interest by the County. Unless set forth otherwise, the covenants described in this Part 4 shall commence upon the Closing and shall remain in effect for the duration of the term of the County Promissory Note.

SECTION 408 OTHER AGREEMENTS AND DOCUMENTS

In addition to the various document submission requirements set forth herein, Borrower shall also submit to County, for review and written approval by County 's Assistant CEO/ECD, each and every other material agreement, instrument and/or document entered into or proposed to be entered into by Borrower in connection with the Project and the Designated Business property for the sole purpose of ensuring that said agreement, instrument and/or document is consistent with the terms and conditions of this Agreement and all documents executed in connection herewith.

PART 5. DEFAULTS AND REMEDIES

SECTION 501 DEFAULTS - GENERAL

a. Subject to the extensions of time set forth in Section 605, failure or delay by either Party to perform any term or provision of this Agreement constitutes a default under this Agreement. The Party who fails or delays must commence to cure, correct or remedy such failure or delay and shall complete such cure, correction or remedy with reasonable diligence.

b. The injured Party shall give written notice of default to the Party in default, specifying the default complained of by the injured Party. Failure or delay in giving such notice shall not constitute a waiver of any default, nor shall it change the time of default. Except as otherwise expressly provided in this Agreement, any failures or delays by either Party in asserting any of its rights and remedies as to any default shall not operate as a waiver of any default or of any such rights or remedies. Delays by either Party in asserting any of its rights and remedies shall not deprive either Party of its right to institute and maintain any actions or proceedings which it may deem necessary to protect, assert or enforce any such rights or remedies.

c. If a monetary event of default occurs, prior to exercising any remedies hereunder, the injured Party shall give the Party in default written notice of such default. The Party in default shall have a period of ten (10) calendar days after such notice is received or deemed received within which to cure the default prior to exercise of remedies by the injured Party.

d. If a non-monetary event of default occurs, prior to exercising any remedies hereunder, the injured Party shall give the Party in default notice of such default. If the default is reasonably capable of being cured within thirty (30) calendar days after such notice is received or deemed received, the Party in default shall have such period to effect a cure prior to exercise of remedies by the injured Party.

SECTION 502 INSTITUTION OF LEGAL ACTIONS

In addition to any other rights or remedies (and except as otherwise provided in this Agreement), either Party may institute legal action to cure, correct or remedy any default, to recover damages for any default, or to obtain any other remedy consistent with the purpose of this Agreement. Such legal actions must be instituted in the Superior Court of the County of Riverside, State of California, in any other appropriate court of that county.

SECTION 503 APPLICABLE LAW

The laws of the State of California and applicable federal laws shall govern the interpretation and enforcement of this Agreement.

SECTION 504 ACCEPTANCE OF SERVICE OF PROCESS

a. In the event that any legal action is commenced by Borrower against the County, service of process on the County shall be made by personal service upon the Clerk of the Board for the County of Riverside.

b. In the event that any legal action is commenced by the County against Borrower, service of process on Borrower shall be made by personal service upon Borrower (or upon any partner, member or officer, as applicable) and shall be valid whether made within or without the State of California, or in such manner as may be provided by law.

SECTION 505 RIGHTS AND REMEDIES ARE CUMULATIVE

Except with respect to rights and remedies expressly declared to be exclusive in this Agreement, the rights and remedies of the parties are cumulative, and the exercise by either Party of one or more of such rights or remedies shall not preclude the exercise by it, at the same or different times, of any other rights or remedies for the same default or any other default by the other Party.

SECTION 506 REMEDIES

Upon the occurrence of any default, after notice and opportunity to cure (except as otherwise provided in the Loan Documents), the County may take any one or more of the following actions at its option:

a. Upon the occurrence of any default described in Section 509 below, the entire principal amount of the Loan, together with all late charges and interest accrued thereon and all other amounts due under any Loan Document, shall automatically become due and payable; from and after the occurrence of any other default, and at any time thereafter, County may declare all such amounts immediately due and payable. Such acceleration in either case may be made without presentment, demand or notice of any kind, which Borrower expressly waives.

b. County may set off and apply against all amounts owing by Borrower under this Agreement and any other Loan Document, any and all indebtedness at any time owing by County to or for the credit or the account of Borrower, whether or not County has made any demand under the Loan Documents and although such amounts may be unmatured.

c. If the collateral includes accounts, County may notify any or all account debtors that the Borrower's accounts have been assigned to County and that County has a security interest therein, and County may direct, or Borrower, at County's request, shall direct, any or all account debtors to make all payments upon the accounts directly to County.

d. County may enter any premises leased or owned by Borrower, including but not limited to the Designated Business property where any collateral is located without any obligation to pay rent to Borrower, render collateral usable or saleable, move movable Collateral to the premises of County or any agent of County for such time as County may desire in order effectively to collect or liquidate such collateral, take possession of, and make copies and abstracts of, Borrower's original books and records, obtain access to Borrower's data processing equipment, computer hardware and software relating to any of the collateral and use all of the foregoing and

the information contained therein in any manner County deems appropriate in connection with the exercise of County's rights.

e. County may exercise any or all of its rights under the other Loan Documents.

f. County may exercise any or all of its rights as a secured party under the Uniform Commercial Code and any other applicable Governmental Requirements.

g. Without limiting and in addition to any other rights and remedies County has under the Loan Documents, at law or in equity, County shall have the right to apply for and have a receiver appointed by a court of competent jurisdiction in any action taken by County to enforce its rights and remedies in order to manage, protect and preserve the collateral and continue the operation of the business of Borrower and to collect all revenues and profits thereof and apply the same to the payment of all expenses and other charges of such receivership including the compensation of the receiver and to the payments as aforesaid until a sale or other disposition of such collateral shall be finally made and consummated.

h. County may exercise any other rights and remedies available to County under the Loan Documents or otherwise available to County at law or in equity.

SECTION 507 TERMINATION BY EITHER PARTY

Prior to the Closing, either Party shall have the right to terminate this Agreement, by providing written notice to the other Party and escrow agent if escrow has been opened, in the event of a failure of any condition precedent to the occurrence of the initial distribution of the County Loan as set forth in Section 203, provided that such condition is for the benefit of and such failure is outside the control and without the fault of the Party seeking to terminate this Agreement. Upon any such termination, neither the County nor Borrower shall have any further rights against or liability to the other under this Agreement.

SECTION 508 TERMINATION BY BORROWER

Prior to the Closing, subject to the notice and cure provisions of Section 501 and provided that Borrower is not in default of this Agreement, Borrower shall have the right to terminate this Agreement, by providing written notice to the County, in the event of a default by County pursuant to this Agreement.

SECTION 509 TERMINATION BY COUNTY

a. Subject to the notice and cure provisions of Section 501, in addition to other rights and remedies at law and equity, County shall have the right, prior to the initial distribution of the County Loan, to terminate this Agreement in the event of a default by Borrower or failure of any condition precedent to the occurrence of the initial distribution of the County Loan, including but not limited to the following:

1. Borrower fails to satisfy any other condition precedent to the occurrence of the Closing as provided in Sections 108 and 203 herein within the time established therefor in the Schedule of Performance (Exhibit "C");
2. Borrower (or any successor in interest) assigns or attempts to assign this Agreement or any right herein, or transfers or assigns any of Borrower's rights in and to the Designated Business (or any portion thereof or interest therein), except as permitted by this Agreement;
3. There is substantial change in the ownership of Borrower, or with respect to the identity of the parties in control of Borrower, or the degree thereof contrary to the provisions of Section 105 hereof; or
4. There is any other material default by Borrower under the terms of this Agreement which is not cured within the time provided herein.

b. In addition to other rights and remedies at law and equity, after the Closing, and subject to the notice and cure provisions of Section 501, County shall have the additional right to terminate this Agreement in the event any of the following defaults shall occur:

1. Borrower fails to make any payment when due under, or fails to perform or breaches any term, provision, covenant, or agreement of, or any deed of trust, security agreement, other agreement, certificate, documents, instrument or other writing now or hereafter executed in connection therewith or related thereto, which failure or breach continues unwaived beyond any applicable grace period specified therein;
2. Any Loan Document ceases to be in full force and effect or any security interest or other lien purported to be created pursuant to any Loan Document shall for any reason,

except to the extent permitted by the terms thereof, cease to be a valid and perfected security interest or other lien, as the case may be, in any of the collateral purported to be covered thereby;

3. Borrower contests the validity or the enforceability of any of the Loan Documents;

4. Borrower assigns this Agreement, any Loan Document, any Loan funds advanced hereunder, or any interest herein or therein to a third party, or, the Property or any other collateral for the Loan or any interest therein is conveyed, assigned or otherwise transferred without the prior written consent of the County, whether voluntary or involuntary;

5. Any representation or warranty made in this Agreement, any Loan Document, or any report, certificate, financial statement, or other instrument furnished in connection with this Agreement, or the Loan Documents shall prove to be false in any material respect, or this Agreement any of the foregoing omits to state a material fact necessary to make the representation or warranty made herein or therein not misleading;

6. Borrower fails to perform any term or condition of this Agreement, or any Loan Document (other than a failure which constitutes an immediate default under this Section 509 or for which some other grace period is specified) and fails to correct such default within the time period set forth herein and in the applicable Loan Document;

7. Borrower (i) fails to pay, or admits in writing Borrower's inability to pay, Borrower's debts as they become due, or otherwise becomes insolvent (however evidenced); (ii) makes an assignment for the benefit of creditors; (iii) is adjudicated insolvent or bankrupt, (iv) petitions or applies to any tribunal for a receiver, trustee or liquidator of Borrower, the Property, or any substantial part of Borrower's property, or allows any such receivership, trusteeship or conservatorship imposed without Borrower's consent to continue undischarged for a period of sixty (60) days; (v) files a petition in bankruptcy or commences any other proceeding relating to Borrower under any reorganization, arrangement, adjustment of debt, dissolution or liquidation law or statute of any jurisdiction, whether now or hereafter in effect; (vi) has commenced against it any such proceeding which remains undismissed for a period of sixty (60) days; or (vii) by any act authorizes, consents to or acquiesces in any of the foregoing;

8. Any one or more judgments or orders against Borrower which the County determines will have a material adverse effect on Borrower and such judgment or order becomes final and non-appealable or if timely appealed is not fully bonded and collection thereof stayed pending the appeal, or any garnishment, attachment or other levy is made against the property of Borrower, including but not limited to the Property or any other collateral for the Loan;

9. Borrower files a certificate of dissolution under applicable State law or is liquidated or dissolved, or has commenced against it any action or proceeding for its liquidation or dissolution, or takes any action in furtherance thereof;

10. Any loss, theft, damage or destruction of a material part of the collateral for the Loan occurs which is not fully covered (exclusive of deductibles) by insurance as required herein; or

11. County determines that a material adverse change has occurred and is continuing in the operations or conditions, financial or otherwise, of Borrower.

PART 6 GENERAL PROVISIONS

SECTION 601 NOTICES, DEMANDS AND COMMUNICATIONS BETWEEN THE PARTIES

Formal notices, demands and communications between the County and the Borrower shall be sufficiently given if dispatched by registered or certified mail, postage prepaid, return receipt requested, to the principal offices of the County and the Borrower, as designated in Sections 103 and 104 hereof. Such written notices, demands and communications may be sent in the same manner to such other addresses as either Party may from time to time designate by mail as provided in this Section 601. Any notice that is transmitted by electronic facsimile transmission followed by delivery of a "hard" copy, shall be deemed delivered upon its transmission; any notice that is personally delivered (including by means of professional messenger service, courier service such as United Parcel Service or Federal Express, or by U.S. Postal Service), shall be deemed received on the documented date of delivery by such carrier; and any notice that is sent by registered or certified mail, postage prepaid, return receipt required shall be deemed received 3 business days after the post mark date.

SECTION 602 FAILURE OF PARTIES.

No failure of either Party to exercise any power or right given it hereunder or to insist on strict compliance by the other Party with its obligations hereunder and no custom of practice of the parties at variance with the terms hereof shall constitute a waiver of the other Party's right to demand at any time exact compliance with the terms hereof.

SECTION 603 CONFLICTS OF INTEREST

a. No member, official or employee of the County shall have any personal interest, direct or indirect, in this Agreement nor shall any such member, official or employee participate in any decision relating to the Agreement which affects his personal interests or the interests of any corporation, partnership or association in which he is, directly or indirectly, interested.

The Borrower warrants that it has not paid or given, and will not pay or give, any third party any money or other consideration for obtaining this Agreement.

b. Borrower shall adhere to any state, federal and local conflict of interest rules including, but not limited to the following (i) 13 CFR § 302.17, (ii) DOC Standard Terms and Conditions, Section F., Conflict of Interest, Code of Conduct and other Requirements Pertaining to DOC Financial Assistance Awards, Including Sub-awards and Procurements Actions, Subsection .01, Conflict of Interest and Code of Conduct.

c. Borrower represents and warrants that Borrower is not an Interested Party.

SECTION 604 NONLIABILITY OF COUNTY OFFICIALS AND EMPLOYEES

No member, official, employee or consultant of the County shall be personally liable to the Borrower, or any successor in interest, in the event of any default or breach by the County or for any amount which may become due to the Borrower or to its successor, or on any obligations under the terms of this Agreement.

SECTION 605 FORCE MAJEURE

In addition to specific provisions of this Agreement, performance by either Party hereunder shall not be deemed to be in default where delays or defaults are due to Force Majeure Events.

SECTION 606 INSPECTION AND MAINTENANCE OF BOOKS AND RECORDS

Borrower shall maintain financial, programmatic, statistical, and other supporting records of its operations and financial activities. Said records shall be retained for no less than five (5) years after the Project completion date. Records shall be open to inspection and audit by authorized representatives of County, the Assistant Secretary, the Inspector General of the Department, the Comptroller General of the United States or any of their respective agents or representatives' access in order to examine all books, correspondence, and records, including without limitation computer programs and data processing software. County of Riverside and the Comptroller General, or any of their representatives, have the right of access with at least twenty-four (24) hours prior notice, to any pertinent books, documents, papers, or other records of Borrower, in order to make audits, examinations, excerpts and transcripts. If any litigation, claim, negotiation, audit, or other action has been started before the expiration of the regular period specified, the records must be retained until completion of the action and resolution of all issues which arise from it, or until the end of the regular period, whichever is later.

SECTION 607 LOBBYING

Borrower must comply with the lobbying restrictions described in the DOC Standard Terms and Conditions, Section G., National Policy Requirements, Subsection .03, Lobbying Restrictions, attached hereto as Exhibit "K". Special Provisions Relating to Indian Tribes may apply as set out in 31 U.S.C. § 1352 and 2 CFR § 200.403.

SECTION 608 CALIFORNIA PUBLIC RECORDS ACT AND FREEDOM OF INFORMATION ACT.

The County must comply with the California Public Records Act (California Government Code Section 6250 et seq.) ("CPRA"). The U.S. EDA must comply with the Freedom of Information Act (FOIA) (5 U.S.C. § 552). DOC regulations at 15 CFR part 4 set forth the requirements and procedures that EDA must follow in order to make requested material, information, and records publicly available. Unless prohibited by law and to the extent required under the CPRA or FOIA, contents of the application and other information submitted by Borrower may be released in response to a FOIA or CPRA request. Borrower should be aware that the County

and the U.S. EDA may make certain application and other submitted information publicly available.

SECTION 609 SURVIVAL.

All covenants, agreements, and representations and warranties of Borrower made herein shall survive the execution of this Agreement and all advances of County Loan Funds hereunder. The obligations of Borrower under any Section of this Agreement which provides a specific period for survival of Borrower's obligations thereunder shall survive for such specific period of time set forth in such Section. All representations and warranties of Borrower and all other agreements of Borrower under this Agreement concerning record retention, inspections and audits, indemnification or the other payment of money, but excluding the obligation to repay the Loan and interest accrued thereon, shall also survive the repayment in full of the Loan, all late charges and interest accrued thereon, the return of the Note to the Borrower, the release of any collateral for the Loan, and the termination of this Agreement.

SECTION 610 APPROVALS; NON-SUBSTANTIVE AMENDMENTS

a. Except as otherwise expressly provided in this Agreement, approvals required of County or Borrower in this Agreement, including the attachments hereto, shall not be unreasonably withheld or delayed. All approvals shall be in writing. Failure by either Party to approve a matter within the time provided for approval of the matter shall not be deemed disapproval, and failure by either Party to disapprove a matter within the time provided for approval of the matter shall not be deemed an approval.

b. Except as otherwise expressly provided in this Agreement, approvals required of the County shall be deemed granted by the written approval of the County Assistant CEO/ECD or designee. Notwithstanding the foregoing, the County Assistant CEO/ECD may, in his or her sole discretion, refer to the governing body of the County any item requiring County approval; otherwise, "County approval" means and refers to approval by the County Assistant CEO/ECD or designee.

The County Assistant CEO/ECD or designee shall have the right to make non-substantive changes to the attachments to this Agreement in order to ensure that all such attachments are consistent with the terms and provisions of this Agreement.

SECTION 611 PROHIBITION ON THE USE OF THIRD PARTIES TO SECURE AWARD

Borrower warrants that no Person or selling agency has been employed or retained to solicit or secure the County Loan upon an agreement or understanding for a County, percentage, brokerage, or contingent fee.

SECTION 612 PAYMENTS DUE ON HOLIDAYS.

If the date for making any payment or the last date for performance of any act or the exercise of any right, as provided in this Agreement, shall be a legal holiday or a day on which banking institutions in the State are authorized by law to remain closed, such payments may be made or act performed or right exercised on the next succeeding day not a legal holiday or a day on which such banking institutions are authorized by law to remain closed with the same force and effect as if done on the nominal date provided in this Agreement.

SECTION 613 INDEPENDENT CONTRACTOR.

Borrower and its agents, servants shall not act as, shall not be, nor shall they in any manner be construed and employees shall act at all times in an independent capacity during the term of this Agreement, and to be agents, officers, or employees of County.

SECTION 614 RESTRICTIONS TO RUN WITH THE LAND.

County and Borrower hereby declare their express intent that the restrictions set forth in this Agreement shall bind all successors in Designated Business until the expiration of the term of the County Promissory Note. Each and every contract, deed or other instrument hereafter executed covering and conveying the Designated Business or any portion thereof shall be held conclusively to have been executed, delivered and accepted subject to the restrictions, regardless whether such restrictions are set forth in such contract, deed of trust instrument.

SECTION 615 MEDIA RELEASES.

Borrower agrees to allow County to coordinate all media releases regarding the Project, with prior approval of Borrower. Any publicity generated by Borrower for the Project must make reference to the contribution of County in making the Project possible. County's name shall be prominently displayed in all pieces of publicity generated by Borrower, including, but not limited to, flyers, press releases, posters, signs, brochures, and public service announcements. Borrower

agrees to cooperate with County in any County -generated publicity or promotional activities with respect to the Project.

SECTION 616 FURTHER ASSURANCES

The Borrower shall execute any further documents consistent with the terms of this Agreement, including documents in recordable form, as the County may from time to time find necessary or appropriate to effectuate its purposes in entering into this Agreement.

SECTION 617 CONSTRUCTION AND INTERPRETATION OF AGREEMENT

a. The language in all parts of this Agreement shall in all cases be construed simply, as a whole and in accordance with its fair meaning and not strictly for or against any Party. The parties hereto acknowledge and agree that this Agreement has been prepared jointly by the parties and has been the subject of arm's length and careful negotiation over a considerable period of time, that each Party has been given the opportunity to independently review this Agreement with legal counsel, and that each Party has the requisite experience and sophistication to understand, interpret, and agree to the particular language of the provisions hereof. Accordingly, in the event of an ambiguity in or dispute regarding the interpretation of this Agreement, this Agreement shall not be interpreted or construed against the Party preparing it, and instead other rules of interpretation and construction shall be utilized.

b. If any term or provision of this Agreement, the deletion of which would not adversely affect the receipt of any material benefit by any Party hereunder, shall be held by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Agreement shall not be affected thereby and each other term and provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law. It is the intention of the parties hereto that in lieu of each clause or provision of this Agreement that is illegal, invalid, or unenforceable, there be added as a part of this Agreement an enforceable clause or provision as similar in terms to such illegal, invalid, or unenforceable clause or provision as may be possible.

c. The captions of the articles, sections, and subsections herein are inserted solely for convenience and under no circumstances are they or any of them to be treated or construed as part of this instrument.

d. References in this instrument to this "Agreement" mean, refer to and include this instrument as well as any riders, exhibits, addenda and attachments hereto (which are hereby

incorporated herein by this reference) or other documents expressly incorporated by reference in this instrument. Any references to any covenant, condition, obligation, and/or undertaking “herein,” “hereunder,” or “pursuant hereto” (or language of like import) means, refer to, and include the covenants, obligations, and undertakings existing pursuant to this instrument and any riders, exhibits, addenda, and attachments or other documents affixed to or expressly incorporated by reference in this instrument.

e. As used in this Agreement, and as the context may require, the singular includes the plural and vice versa, and the masculine gender includes the feminine and vice versa.

SECTION 618 TIME OF ESSENCE

Time is of the essence with respect to the performance of each of the covenants and agreements contained in this Agreement.

SECTION 619 NO PARTNERSHIP

Nothing contained in this Agreement shall be deemed or construed to create a lending partnership, other partnership, joint venture, or any other relationship between the parties hereto other than purchaser and seller and lender and Borrower according to the provisions contained herein, or cause County to be responsible in any way for the debts or obligations of Borrower, or any other Party.

SECTION 620 COMPLIANCE WITH LAW

Borrower agrees to comply with all the requirements now in force, or which may hereafter be in force, of all municipal, county, state and federal authorities, pertaining to the Property, and the Improvements, as well as operations conducted thereon. The judgment of any court of competent jurisdiction, or the admission of Borrower or any lessee or permittee in any action or proceeding against them, or any of them, whether County be a party thereto or not, that Borrower, lessee or permittee has violated any such ordinance or statute in the use of the premises shall be conclusive of that fact as between County and Borrower.

SECTION 621 BINDING EFFECT

This Agreement, and the terms, provisions, promises, covenants and conditions hereof, shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, legal representatives, successors and assigns.

SECTION 622 NO THIRD PARTY BENEFICIARIES

The parties to this Agreement acknowledge and agree that the provisions of this Agreement are for the sole benefit of County and Borrower, and not for the benefit, directly or indirectly, of any other person or entity, except as otherwise expressly provided herein.

SECTION 623 AUTHORITY TO SIGN

Borrower hereby represents that the persons executing this Agreement on behalf of Borrower have full authority to do so and to bind Borrower to perform pursuant to the terms and conditions of this Agreement.

SECTION 624 INCORPORATION BY REFERENCE

Each of the attachments and exhibits attached hereto is incorporated herein by this reference.

SECTION 625 COUNTERPARTS

This Agreement and any attachment to be executed by the parties may be executed by each Party on a separate signature page, and when the executed signature pages are combined, shall constitute one single instrument.

PART 7 ENTIRE AGREEMENT, WAIVERS AND AMENDMENTS

a. This Agreement shall be executed in three duplicate originals each of which is deemed to be an original. This Agreement, including all attachments hereto and exhibits appended to such attachments shall constitute the entire understanding and agreement of the parties.

b. This Agreement integrates all of the terms and conditions mentioned herein or incidental hereto, and supersedes all negotiations or previous agreements between the parties with respect to all or any part of the Property.

c. All waivers of the provisions of this Agreement must be in writing and signed by the appropriate authorities of the County or the Borrower, and all amendments hereto must be in writing and signed by the appropriate authorities of the County and the Borrower. This Agreement and any provisions hereof may be amended by mutual written agreement by the Borrower and the County.

PART 8 EFFECTIVE DATE OF AGREEMENT

This Agreement shall be dated for reference purposes as of the date set forth in the introductory paragraph hereof, but shall not be effective until approved by the Board of Supervisors (“Board”) and executed by the Chairman of the Board (“Effective Date”)

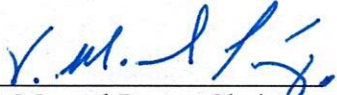
IN WITNESS WHEREOF, County and Borrower have executed this Agreement as of the dates written below.

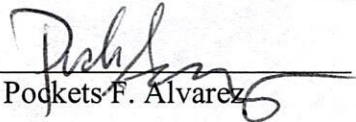
“COUNTY”

“BORROWER”

COUNTY OF RIVERSIDE, a California political subdivision of the State of California, by and through its Economic Development Agency

SUMMERTREE INTERIORS, INC., a California corporation doing business as Newport Cottages

By: 
V. Manuel Perez, Chairman
Board of Supervisors

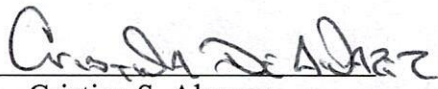
By: 
Pockets F. Alvarez

Its: PRESIDENT

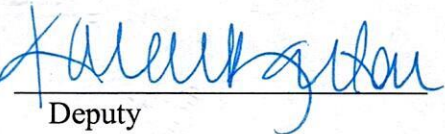
Dated: MAR 17 2020

Dated: 1/29/2020

ATTEST:
Kecia R. Harper
Clerk of the Board

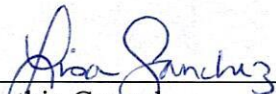

By: 
Cristina S. Alvarez

Its: SECRETARY

By: 
Deputy

Dated: 1/29/2020

APPROVED AS TO FORM:
Gregory P. Priamos
County Counsel

By: 
Synthia Gunzel,
Chief Deputy County Counsel
,
Deputy County Counsel

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

CIVIL CODE § 1189

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
County of Riverside)

On Jan 29, 2020 before me, Candice E. Etter, Notary Public
Date Here Insert Name and Title of the Officer

personally appeared Pockets F. Alvarez and
Name(s) of Signer(s)
Cristina S. Alvarez

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.



Signature Candice E. Etter
Signature of Notary Public

Place Notary Seal Above

OPTIONAL

Though this section is optional, completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

Description of Attached Document

Title or Type of Document: loan Agreement Document Date: 1/29/2020
Number of Pages: _____ Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____
 Corporate Officer — Title(s): _____
 Partner — Limited General
 Individual Attorney in Fact
 Trustee Guardian or Conservator
 Other: _____
Signer Is Representing: _____

Signer's Name: _____
 Corporate Officer — Title(s): _____
 Partner — Limited General
 Individual Attorney in Fact
 Trustee Guardian or Conservator
 Other: _____
Signer Is Representing: _____

EXHIBITS

EXHIBIT A	LEGAL DESCRIPTION OF PROPERTY
EXHIBIT B	SCOPE OF WORK
EXHIBIT C	SCHEDULE OF PERFORMANCE
EXHIBIT D	PROJECT BUDGET
EXHIBIT E	PROMISSORY NOTE
EXHIBIT F	DEED OF TRUST
EXHIBIT G	RESERVED
EXHIBIT H	UCC-1
EXHIBIT I	RESERVED
EXHIBIT J	DISBURSEMENT AGREEMENT
EXHIBIT K	DOC STANDARD TERMS AND CONDITIONS
EXHIBIT L	RLF EMPLOYMENT AND JOB CREATION CERTIFICATE

EXHIBIT A
LEGAL DESCRIPTION
(behind this page)

LEGAL DESCRIPTION OF PROPERTY

All that real property located in the City of Corona, County of Riverside, State of California legally described as follows:

LOT 13 OF TRACT 19193, IN THE CITY OF CORONA, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS PER PLAT RECORDED IN BOOK 147 OF PARCEL MAPS, PAGES 70 THROUGH 72, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

Assessor's Parcel No: 110-433-004

EXHIBIT B
SCOPE OF WORK
(behind this page)

SCOPE OF WORK

BORROWER: Summertree Interiors, Inc., doing business as Newport Cottages

ADDRESS: 4111 Buchanan Avenue, Riverside, CA 92503

Project Description:

Summertree Interiors, Inc., doing business as Newport Cottages will use RLFP loan to fund business expansion and hire additional, permanent full time employees. The purpose of this loan is to provide the borrower with adequate funds to purchase equipment and provide working capital to hire and train new employees;

Tasks to be accomplished by Summertree Interiors, Inc., doing business as Newport Cottages:

Purchases: Summertree Interiors, Inc., doing business as Newport Cottages shall submit documentation of the following purchases:

Equipment

Reporting: Summertree Interiors, Inc., doing business as Newport Cottages shall submit the following documents at the stated intervals:

Submit Job Creation Certificate- every July 1 and January 3 during term of loan

Profit and Loss Statements- every July 1 and January 3 during term of loan

Balance Sheet- every July 1 and January 3 during term of loan

EXHIBIT C
SCHEDULE OF PERFORMANCE
(behind this page)

SCHEDULE OF PERFORMANCE

TASK/DOCUMENT	DUE DATE
1. Hire 3 new staff	No later than March 31, 2021
2. Submission of Job Creation Certificate	Every January 3 and July 1 during term of loan
3. Submission of Profit and Loss Statement	Every January 3 and July 1 during term of loan
4. Submission of Balance Sheet	Every January 3 and July 1 during term of loan

EXHIBIT D
PROJECT BUDGET
(behind this page)

PROJECT BUDGET

LIST OF USES AND SOURCES OF FUNDS

INTENDED USE OF PROPOSED LOAN PROCEEDS

Real Estate	
Construction (prevailing wage applies)	
Working Capital	\$90,000
Furniture, Fixtures & Equipment (FF&E)	
Remodel/T. I.'s (prevailing wage applies)	
Purchase Equipment	\$30,000
Purchase vehicle	
Total	\$120,000

SOURCE AND USE OF ALL PROJECT FUNDS

Project Funding Sources	Amount
Business Contribution	\$137,000
Private Lender	\$117,000
Subtotal	\$254,000
Requested RLFP Loan Funds	\$120,000
Total Project Funding	\$374,000

Collateral to be used to secure the loan: 3rd Trust Deed on private residence

EXHIBIT E
PROMISSORY NOTE
(behind this page)

PROMISSORY NOTE

\$120,000.00
7.25 % Simple Interest

_____, 2020
Riverside, California

FOR VALUE RECEIVED, Summertree Interiors, Inc., a California corporation, doing business as Newport Cottages (“Borrower”) promises to pay to the **COUNTY OF RIVERSIDE**, a political subdivision of the State of California (“County”), or order at the County’s office at 3133 Mission Inn Avenue, Riverside, California 92507, or such other place as the County may designate in writing, the principal sum of One Hundred Twenty Thousand Dollars (\$120,000) (“Note Amount”), in currency of the United States of America, which at the time of payment is lawful for the payment of public and private debts.

I. Agreement. This Promissory Note (“Note”) is made in accordance with that certain Loan Agreement (Revolving Loan Fund Program) executed by the County and the Borrower, dated _____, 2020 (“Agreement”). The rights and obligations of the Borrower and the County under this Note shall be governed by the Agreement and by the additional terms set forth in this Note. The Note Amount shall be disbursed in such amounts and at such times as set forth in Section IV of the Agreement and pursuant to the Disbursement Agreement dated on or about the date hereof and executed by County and Borrower. This Note is secured by the Borrower’s collateral to secure payment and performance of all debts, liabilities, and obligations whenever and however incurred by Borrower, which includes the following: that certain Deed of Trust with Assignment of Rents, Security Agreement and Fixture Filing executed by Borrower, for the benefit of the County dated and recorded on or about the date hereof in the Official Records of the County of Riverside (“Deed of Trust”), that certain UCC-1 Fixture Filing, and all of Borrower’s presently owned or hereafter acquired liens on real property; personal and/or corporate guarantees, as appropriate; and other collateral, as appropriate.

All capitalized terms not defined herein shall have the meaning ascribed to them in the Agreement. The Agreement is on file with the County at the address set forth in Section 103 of the Agreement.

II. Interest. Simple interest shall accrue upon the Note Amount at an interest rate of seven and one quarter percent (7.25%) simple interest per annum for five (5) years, fully amortized over a period of five (5) years commencing on _____ and ending on _____ (“Term”); excepting that in the event of: (i) a transfer or sale of the Property, (ii) a transfer, sale, or closure of the Designated Business (or the sale or transfer of a controlling interest in the Designated Business) without having first obtained the written consent of the Assistant County Executive Officer/EDA in its discretion, or (iii) the occurrence of any Event of Default, interest shall thereupon accrue at the rate of twelve percent (12%) per annum (provided that in the event such interest rate exceeds the maximum interest which may be lawfully charged, then this Note shall be deemed to instead provide for interest to be charged at the highest interest rate that may be charged pursuant to applicable laws).

III. Payments. Except in the event of acceleration described in Section IV, below, this Note shall bear interest at the rate of seven and one quarter percent (7.25%) simple interest per annum for five (5) years, which shall begin to accrue upon disbursement. In the case of an event of acceleration described in Section IV below, the unpaid balance shall bear interest at the greater of twelve percent (12 %) and the highest rate of interest permitted by law, from disbursement until paid in full.

If the Borrower fails to pay any installment of principal under the Note within five (5) calendar days after it is due (whether or not any such delinquency constitutes a default), Borrower shall

immediately pay to County a late charge in the amount of five percent (5%) (in addition to the interest rate already due under the Note) of such delinquent installment payment due under the Note for each month said payment is late, even if the payment is subsequently accepted by the County.

Payments accepted by County shall be applied first to enforcement costs as provided herein (if any), then to late charges, then to interest, then to principal.

IV. Due on Expiration of Term or Upon Event of Default. The entire unpaid principal balance of this Note and any accrued but unpaid interest shall be due and payable upon the expiration of the Term hereof, or, after notice and opportunity to cure, upon the occurrence of either of the following events of acceleration herein after referred to as "Events of Default":

(i) If there is a default by the Borrower under the terms of the Agreement, Note or any other instrument securing any senior loan or other obligations secured by liens on the Property; Deeds of Trust securing this Note; UCC 1 financing statement, lease assignments, as appropriate; accounts receivable; personal and/or corporate guarantees, as appropriate; and other collateral, as appropriate, which is not cured within the respective time period provided herein and therein;

(ii) The transfer or sale of the Designated Business without having first obtained the prior written approval of the Assistant County Executive Officer/EDA or designee, in its sole discretion;

(iii) The closure of the Designated Business (or the transfer or sale of a controlling interest in the Designated Business);

(iv) The failure to operate the Designated Business continuously during the Operating Period (as provided in Part 4 of the Agreement);

(v) The occurrence of the Term Date.

Failure to declare such amounts due shall not constitute a waiver on the part of the County to declare them due subsequently.

The obligation to repay this Note Amount is a recourse obligation of Borrower and its partners, if any.

The occurrence of any of the aforementioned events shall constitute an "Event of Default" under this Note after notice and opportunity to cure pursuant to the terms set forth herein as in the Agreement and all outstanding principal due under this Note shall be immediately due and payable to the County.

County shall give written notice of Event of Default to Borrower, specifying the default complained of by the County. Borrower shall have ten (10) calendar days from the mailing of the notice for a monetary default, by which such action to cure must be taken and thirty (30) days to cure non-monetary defaults. Delay in giving such notice shall not constitute a waiver of any default nor shall it change the time of default.

Any failures or delays by County in asserting any of its rights and remedies as to any default shall not operate as a waiver of any default or of any such rights or remedies. Delays by County in asserting any of its rights and remedies shall not deprive County of its right to institute and

maintain any actions or proceedings which it may deem necessary to protect, assert, or enforce any such rights or remedies.

V. Repayment of Note Amount. Payment shall be due by Borrower on the twenty-eighth (28) day of each month, commencing _____, 2020 in the amount of Two Thousand Three Hundred Ninety Dollars and Thirty-Two (\$2,390.32) during the five (5) years of the Term, monthly until the entire Note Amount including accrued interest, is paid in full. The entire unpaid principal balance of this Note and any accrued but unpaid interest shall be due and payable upon the expiration of the Term hereof, or, after notice and opportunity to cure, upon the occurrence of the events of acceleration set forth in section IV above.

The Loan evidenced by this Note is secured by liens on the Property; Deed of Trust securing this Note for the benefit of the County; liens or UCC-1 statements on machinery, vehicle, equipment, or other fixtures and chattel; lease assignments, as appropriate; accounts receivable; personal and/or corporate guarantees, as appropriate; and other collateral, as appropriate.

This Note may be prepaid in whole or part by the Borrower at any time without prepayment penalty or premium, provided however, Borrower shall still be required to comply with any applicable ongoing USEDA requirements.

VI. Waivers.

(i) No extension of time for payment of this Note made by agreement by the County with any person now or hereafter liable for the payment of this Note shall operate to release, discharge, modify, change or affect the original liability of the Borrower under this Note, either in whole or in part.

(ii) The obligations of the Borrower under this Note shall be absolute and the Borrower waives any and all rights to offset, deduct or withhold any payments or charges due under this Note for any reasons whatsoever.

(iii) The Borrower waives presentment, demand, notice of protest and nonpayment, notice of default or delinquency, notice of acceleration, notice of costs, expenses or leases or interest thereon, notice of dishonor, diligence in collection or in proceeding against any of the rights of interests in or to properties securing of this Note, and the benefit of any exemption under any homestead exemption laws, if applicable.

VII. Attorneys' Fees and Costs. The Borrower agrees that if any amounts due under this Note are not paid when due, to pay in addition, all costs and expenses of collection and reasonable attorneys' fees paid or incurred by County in connection with the collection or enforcement of this Note, whether or not suit is filed.

VIII. Amendments and Modifications. This Note may not be changed orally, but only by an amendment in writing signed by the Borrower and by the County.

IX. County May Assign. The County may, at its option, assign its right to receive payment under this Note without necessity of obtaining the consent of the Borrower.

X. Borrower Assignment Prohibited. In no event shall the Borrower assign or transfer any portion of this Note without the prior express written consent of the County, which consent may be given or withheld in the County's sole discretion.

XI. Late Fees. In the event that a payment due under this Note is not made within ten (10) days of the time set forth herein, the Borrower shall pay an additional late fee in the amount of five percent (5%) of said payment.

XII. Acceleration of Debt. In the event that the borrower[s] fail to make any payment due under the terms of this Note, or breach any condition relating to any security, security agreement, note, mortgage or lien granted as collateral security for this Note, seeks relief under the Bankruptcy Code, or suffers an involuntary petition in bankruptcy or receivership not vacated within thirty (30) days, the entire balance of this Note and any interest accrued thereon shall be immediately due and payable to the holder of this Note.

XIII. Consents. The Borrower hereby consents to: (a) any renewal, extension or modification (whether one or more) of the terms of the Agreement or the terms or time of payment under this Note, (b) the release or surrender or exchange or substitution of all or any part of the security, whether real or personal, or direct or indirect, for the payment hereof, (c) the granting of any other indulgences to the Borrower, and (d) the taking or releasing of other or additional parties primarily or contingently liable hereunder. Any such renewal, extension, modification, release, surrender, exchange or substitution may be made without notice to the Borrower or to any endorser, guarantor or surety hereof, and without affecting the liability of said parties hereunder.

XIV. Successors and Assigns. Whenever "County" is referred to in this Note, such reference shall be deemed to include the County of Riverside and its successors and assigns, including, without limitation, any subsequent assignee or holder of this Note. All covenants, provisions and agreements by or on behalf of the Borrower, and on behalf of any makers, endorsers, guarantors and sureties hereof which are contained herein shall inure to the benefit of the County and the County's successors and assigns.

XV. Usury. It is the intention of the Borrower and the County to conform strictly to the Interest Law, as defined below, applicable to this loan transaction. Accordingly, it is agreed that notwithstanding any provision to the contrary in this Note, or in any of the documents securing payment hereof or otherwise relating hereto, the aggregate of all interest and any other charges or consideration constituting interest under the applicable Interest Law that is taken, reserved, contracted for, charged or received under this Note, or under any of the other aforesaid agreements or otherwise in connection with this loan transaction, shall under no circumstances exceed the maximum amount of interest allowed by the Interest Law applicable to this loan transaction. If any excess of interest in such respect is provided for in this Note, or in any of the documents securing payment hereof or otherwise relating hereto, then, in such event:

(i) The provisions of this paragraph shall govern and control;

(ii) Neither the Borrower nor the Borrower's, legal representatives, successors or assigns shall be obligated to pay the amount of such interest to the extent that it is in excess of the maximum amount of interest allowed by the Interest Law applicable to this loan transaction;

(iii) Any excess shall be deemed canceled automatically and, if theretofore paid, shall be credited on this Note by the County or, if this Note shall have been paid in full, refunded to the Borrower; and

(iv) The effective rate of interest shall be automatically subject to reduction to the Maximum Legal Rate of Interest (as defined below), allowed under such Interest Law, as now or hereafter construed by courts of appropriate jurisdiction. To the extent permitted by the Interest Law applicable to this loan transaction, all sums paid or agreed to be paid to the

County for the use, forbearance or detention of the indebtedness evidenced hereby shall be amortized, prorated, allocated and spread throughout the full term of this Note. For purposes of this Note, "Interest Law" shall mean any present or future law of the State of California, the United States of America, or any other jurisdiction which has application to the interest and other charges under this Note. The "Maximum Legal Rate of Interest" shall mean the maximum rate of interest that the County may from time to time charge Borrower, and under which the Borrower would have no claim or defense of usury under the Interest Law.

XVI. If the rights created by this Note shall be held by a court of competent jurisdiction to be invalid or unenforceable as to any part of the obligations described herein, the remaining obligations shall be completely performed and paid. In the event that any provision or clause of this Note conflicts with applicable law, such conflict will not affect other provisions of this Note which can be given effect without the conflicting provision, and to this end the provisions of the Note are declared to be severable.

XVII. Should default be made in payment of principal and interest when due and such default shall continue beyond the applicable notice and cure period provided in the RLF Loan Agreement, the whole sum of principal and interest shall become immediately due at the option of the holder of this Note. Principal and interest are payable in lawful money of the United States. If action be instituted on this Note, the undersigned promises to pay such sums as the Court may fix as attorney's fees.

XVIII. This Note has been negotiated and entered in the State of California, and shall be governed by, construed and enforced in accordance with the internal laws of the State of California, applied to contracts made in California by California domiciliaries to be wholly performed in California. Any action at law or in equity arising under this Note or brought by a party hereto for the purpose of enforcing, construing or determining the validity of any provision of this Note shall be filed in the Superior Courts of Riverside County, State of California, and the parties hereto waive all provisions of law providing for the filing, removal or change of venue to any other court or jurisdiction.

XIX. No modification, rescission, waiver, release or amendment of any provision of this Note shall be made except by a written agreement executed by Borrower and the duly authorized representative of the COUNTY.

XX. In no event shall Borrower assign or transfer any portion of this Note or any rights herein without the prior express written consent of the COUNTY, which consent the COUNTY may give or withhold in its sole and absolute discretion. In the absence of specific written agreement by the COUNTY, no unauthorized assignment or transfer, or approval thereof by the COUNTY, shall be deemed to relieve Borrower or any other party from any obligations under the RLF Loan Agreement or this Note. This provision shall not affect or diminish the COUNTY's assignment rights under this Note.

XXI. Except as to the permitted deeds of trust identified herein, Borrower shall not encumber the Property for the purpose of securing financing either senior or junior in priority or subordinated to the Deed of Trust securing this Note without the prior written approval of the COUNTY in its sole and absolute discretion.

XXII The relationship of Borrower and the COUNTY pursuant to this Note is that of debtor and creditor and shall not be, or be construed to be, a joint venture, equity venture, partnership or other relationship.

XXIII. Formal notices, demands and communications between the County and Borrower shall be deemed sufficiently given if made in writing and dispatched by any of the following methods to the addresses of the COUNTY and Borrower as set forth below: (i) registered or certified mail, postage prepaid, return receipt requested (in which event, the notice shall be deemed delivered on the date of receipt thereof); (ii) electronic facsimile transmission, followed on the same day by delivery of a "hard" copy via first-class mail, postage prepaid (in which event, the notice shall be deemed delivered on the date of its successful facsimile transmission as evidenced by a facsimile confirmation or "kick-out" sheet); or (iii) personal delivery, including by means of professional messenger service, courier service such as United Parcel Service or Federal Express, or by U.S. Postal Service (in which event, the notice shall be deemed delivered on the documented date of receipt). Such written notices, demands and communications may be sent in the same manner to such other addresses as either party may from time to time designate by mail.

(i) The address of the COUNTY for purposes of receiving notices pursuant to this Note shall be 1325 Spruce Street, Suite 400, Riverside, California 92501, Attention: Rob Moran. The facsimile number for the COUNTY's receipt of notices is (951) 955-3131.

(ii) The address of Borrower for purposes of receiving notices pursuant to this Note is 4111 Buchanan Avenue, Riverside, California 92503, Attention: Pockets F. Alvarez.

XXIV. The captions and headings in this Note are for convenience only and are not to be used to interpret or define the provisions hereof.

XXV. The undersigned, if comprising more than one person or entity, shall be jointly and severally liable hereunder.

XXVI. Miscellaneous. Time is of the essence hereof. This Note shall be governed by and construed under the laws of the State of California except to the extent Federal laws preempt the laws of the State of California. The Borrower irrevocably and unconditionally submits to the jurisdiction of the Superior Court of the State of California for the County of Riverside, in connection with any legal action or proceeding arising out of or relating to this Note. The Borrower also waives any objection regarding personal or in rem jurisdiction or venue.

BORROWER:

Summertree Interiors, Inc., a California corporation, doing business as Newport Cottages

By: _____
Pockets F. Alvarez

Its: _____

By: _____
Cristina S. Alvarez

Its: _____

ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California
County of _____)

On _____ before me, _____
(insert name and title of the officer)

personally appeared _____,
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Seal)

ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California
County of _____)

On _____ before me, _____
(insert name and title of the officer)

personally appeared _____,
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Seal)

EXHIBIT F
DEED OF TRUST
(behind this page)

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

County of Riverside
Economic Development Agency
1325 Spruce Street
Suite 400
Riverside, CA 92501
Attn: Robert Moran, Economic Development Manager

No Fee Document Government Code § 27383

APN 110-433-004

**DEED OF TRUST WITH ASSIGNMENT OF RENTS, SECURITY AGREEMENT
AND FIXTURE FILING**

THIS DEED OF TRUST WITH ASSIGNMENT OF RENTS, SECURITY AGREEMENT AND FIXTURE FILING (the "Deed of Trust") is made as of this _____ day of _____, _____ by and between Pockets F. Alvarez and Cristina S. Alvarez (the "Trustor"), and the County of Riverside, a political subdivision of the State of California (the "Beneficiary and Trustee").

FOR GOOD AND VALUABLE CONSIDERATION, including the indebtedness herein recited and the trust herein created, the receipt of which is hereby acknowledged, Trustor hereby irrevocably grants, transfers, conveys and assigns to Trustee, IN TRUST, WITH POWER OF SALE, for the benefit and security of Beneficiary, under and subject to the terms and conditions hereinafter set forth, Trustor's fee interest in the property located at 1867 Eureka Street, Corona, County of Riverside, State of California, that is described in the attached Exhibit A, incorporated herein by this reference (the "Property").

TOGETHER WITH all interest, estates or other claims, both in law and in equity which Trustor now has or may hereafter acquire in the Property and the rents;

TOGETHER WITH all easements, rights-of-way and rights used in connection therewith or as a means of access thereto, including without limiting the generality of the foregoing, all tenements, hereditaments and appurtenances thereof and thereto;

TOGETHER WITH any and all buildings and improvements of every kind and description now or hereafter erected thereon, and all property of the Trustor now or hereafter affixed to or placed upon the Property;

TOGETHER WITH all building materials and equipment now or hereafter delivered to said property and intended to be installed therein;

TOGETHER WITH all right, title and interest of Trustor, now owned or hereafter acquired, in and to any land lying within the right-of-way of any street, open or proposed, adjoining the Property, and any and all sidewalks, alleys and strips and areas of land adjacent to or used in connection with the Property;

TOGETHER WITH all estate, interest, right, title, claim or demand, of every nature, in and to such property, including the Property, both in law and in equity, including, but not limited to, all deposits made with or other security given by Trustor to utility companies, the proceeds from any or all of such property, including the Property, claims or demands with respect to the

proceeds of insurance in effect with respect thereto, which Trustor now has or may hereafter acquire, any and all awards made for the taking by eminent domain or by any proceeding or purchase in lieu thereof of the whole or any part of such property, including without limitation, any awards resulting from a change of grade of streets and awards for severance damages to the extent Beneficiary has an interest in such awards for taking as provided in Paragraph 5.1, herein; and

TOGETHER WITH all articles of personal property or fixtures now or hereafter attached to or used in and about the building or buildings now erected or hereafter to be erected on the Property which are necessary to the complete and comfortable use and occupancy of such building or buildings for the purposes for which they were or are to be erected, including all other goods and chattels and personal property as are ever used or furnished in operating a building, or the activities conducted therein, similar to the one herein described and referred to, and all renewals or replacements thereof or articles in substitution therefore, whether or not the same are, or shall be attached to said building or buildings in any manner.

All of the foregoing, together with the Property, is herein referred to as the "Security," to have and to hold the Security together with acquittances to the Trustee, its successors and assigns forever.

Trustor further hereby assigns and transfers to Beneficiary, absolutely and unconditionally, all of Trustor's right, title and interest in and to the following property: (a) any and all leases and occupancy agreements now existing or hereafter entered into affecting all or any part of the Security, together with all benefits and advantages to be derived therefrom, and all rights and benefits now or hereafter accruing to Trustor under any and all guarantees of the obligations of any tenant thereunder and all guarantees of the obligations of any tenant thereunder, all as the same may be amended, extended, renewed or modified from time to time (collectively, the "Leases"); provided, however that such grant is subject to the provisions of Article 3 below; and (b) all rents, royalties, profits, revenues, incomes and other benefits of and from Leases and the Security whether now due, past due or to become due, including without limitation, all prepaid rents, reserve accounts, security and other deposits (the "Rents and Profits"); provided, however, that such grant is subject to the provisions of Article 3, below.

Collectively the "Security" of that certain Promissory Note dated: _____, 2020 in favor of the Beneficiary:

1. Due, prompt and complete observance, performance and discharge of each and every condition, obligation, covenant and agreement contained herein or contained in the following:
 - (a) that certain Promissory Note in favor of the Beneficiary executed by Trustor of even date herewith ("Note"); and
 - (b) that certain Loan Agreement (Revolving Loan Fund Program) dated _____, 2020 between Beneficiary and Trustor ("Official Records") ("RLF Loan Agreement");
2. Payment of indebtedness of the Trustor to the Beneficiary in the amount of ONE HUNDRED TWENTY THOUSAND DOLLARS AND NO CENTS (\$120,000) ("Loan") according to the terms of the Promissory Note.

Said Note, RLFP Loan and Loan Agreement (collectively referred to as the "Secured Obligations") and all of their terms are incorporated herein by reference and this deed shall secure any and all extensions, amendments, modifications or renewals thereof however evidenced, and additional advances evidenced by any note reciting that it is secured hereby. The Note and RLFP Loan and Loan Agreement as used herein, shall mean, refer to and include the Note and RLFP Loan and Loan Agreement as well as any riders, exhibits, addenda,

implementation agreements, amendments, or attachments thereto (which are hereby incorporated herein by this reference). Any capitalized term not otherwise defined herein shall have the meaning ascribed to such term in the Loan Agreement (Revolving Loan Fund Program).

AND TO PROTECT THE SECURITY OF THIS DEED OF TRUST, TRUSTOR COVENANTS AND AGREES:

ARTICLE 1 DEFINITIONS

In addition to the terms defined elsewhere in this Deed of Trust, the following terms shall have the following meanings in this Deed of Trust:

Section 1.1 The term "Promissory Note or "Note" means that certain promissory note of even date herewith executed by the Trustor in the original principal amount of One Hundred Twenty Thousand Dollars and No Cents (\$120,000), in favor of Beneficiary the payment of which is secured by this Deed of Trust.

Section 1.2 The term "Debt Instruments" means any other debt, loan, or security instruments relating to the Property.

Section 1.3 The term "Loan Agreement" or "RLFP Loan Agreement" means that certain Loan Agreement (Revolving Loan Fund Program) between Trustor and Beneficiary, dated as of _____, 2020.

Section 1.4 The term "Principal" means the principal amount required to be paid under the Promissory Note.

ARTICLE 2 MAINTENANCE AND MODIFICATION OF THE PROJECT AND SECURITY

Section 2.1 Maintenance and Modification of the Project by Trustor

The Trustor agrees that at all times prior to full payment of the sum owed under the Note, the Trustor will, at the Trustor's own expense, maintain, preserve and keep the Security or cause the Security to be maintained and preserved in good condition. The Trustor will from time to time make or cause to be made all repairs, replacements and renewals deemed proper and necessary by it. The Beneficiary shall have no responsibility in any of these matters or for the making of improvements or additions to the Security.

Trustor agrees to pay fully and discharge (or cause to be paid fully and discharged) all claims for labor done and for material and services furnished in connection with the Security, diligently to file or procure the filing of a valid notice of cessation upon the event of a cessation of labor on the work or construction on the Security for a continuous period of thirty (30) days or more, and to take all other reasonable steps to forestall the assertion of claims of lien against the Security or any part thereof. Trustor irrevocably appoints, designates and authorizes Beneficiary as its agent (said agency being coupled with an interest) with the authority, but without any obligation, to file for record any notices of completion or cessation of labor or any other notice that Beneficiary deems necessary or desirable to protect its interest in and to the Security, the Loan Agreement, or the Note; provided, however, that Beneficiary shall exercise its rights as agent or Trustor only in the event that Trustor shall fail to take, or shall fail to diligently continue to take, those actions as hereinbefore provided.

Upon demand by Beneficiary, Trustor shall make or cause to be made such demands or claims as Beneficiary shall specify upon laborers, suppliers, subcontractors or other persons who have furnished or claim to have furnished labor, services or materials in connection with the Security. Nothing herein contained shall require Trustor to pay any claims for labor, materials or services which Trustor in good faith disputes and is diligently contesting provided that Trustor shall, within thirty (30) days after the filing of any claim of lien, record in the Office of the Recorder of the County of Riverside, a surety bond in an amount 1-1/2 times the amount of such claim item to protect against a claim of lien, or otherwise protect Beneficiary's security to Beneficiary's reasonable satisfaction.

Section 2.2 Granting of Easements

Trustor may not grant easements, licenses, rights-of-way or other rights or privileges in the nature of easements with respect to any property or rights included in the Security except those required or desirable for installation and maintenance of public utilities including, without limitation, water, gas, electricity, sewer, telephone, cable television and telegraph, or those required by law. As to these exceptions, Beneficiary will grant and/or direct the Trustee to grant such easements.

ARTICLE 3 RESERVED

ARTICLE 4 TAXES AND INSURANCE; ADVANCES

Section 4.1 Taxes, Other Governmental Charges and Utility Charges

Trustor shall pay all taxes, assessments, charges and levies imposed by any public authority or utility company which are or may become a lien affecting the Security or any part thereof; provided, however, that Trustor shall not be required to pay and discharge any such tax, assessment, charge or levy so long as (a) the legality thereof shall be promptly and actively contested in good faith and by appropriate proceedings, and (b) Trustor maintains reserves adequate to pay any liabilities contested pursuant to this Section 4.1. With respect to taxes, special assessments or other similar governmental charges, Trustor shall pay such amount in full prior to the maturity of any lien therefore on any part of the Security; provided, however, if such taxes, assessments or charges may be paid in installments, Trustor may pay in such installments. Except as provided in clause (b) of the first sentence of this paragraph, the provisions of this Section shall not be construed to require that Trustor maintain a reserve account, escrow account, impound account or other similar account for the payment of future taxes, assessments, charges and levies.

In the event that Trustor shall fail to pay any of the foregoing items required by this Section to be paid by Trustor, Beneficiary may (but shall be under no obligation to) pay the same, after the Beneficiary has notified the Trustor of such failure to pay and the Trustor fails to fully pay such items within seven (7) business days after receipt of such notice. Any amount so advanced therefore by Beneficiary, together with interest thereon from the date of such advance at the lesser of twelve percent (12%) per annum, or the maximum rate permitted by law, shall become an additional obligation of Trustor to the Beneficiary and shall be secured hereby, and Trustor agrees to pay all such amounts.

Section 4.2 Provisions Respecting Insurance

Trustor agrees to provide insurance as may reasonably be required by the Beneficiary and as described in Section 306 of the Loan Agreement to insure the Property and improvements thereon against fires and other perils. Such insurance shall be maintained at all times until all amounts secured by this Deed of Trust have been paid and all other obligations secured hereunder fulfilled, and this Deed of Trust reconveyed.

All such insurance policies and coverages shall be maintained at Trustor's sole cost and expense. Certificates of insurance for all of the above insurance policies, showing the same to be in full force and effect, shall be delivered to the Beneficiary upon demand therefore at any time prior to the Beneficiary's receipt of the entire Principal and all amounts secured by this Deed of Trust. All such insurance policies shall name the Beneficiary as the loss payee.

Section 4.3 Advances

In the event the Trustor shall fail to maintain the full insurance coverage required by this Deed of Trust or shall fail to keep the Security in accordance with the Loan Agreement or any Debt Instruments, the Beneficiary, after at least seven (7) days prior notice to Trustor, may (but shall be under no obligation to) take out the required policies of insurance and pay the premiums on the same or may make such repairs or replacements as are necessary and provide for payment thereof; and all amounts so advanced therefore by the Beneficiary shall become an additional obligation of the Trustor to the Beneficiary (together with interest as set forth below) and shall be secured hereby, which amounts the Trustor agrees to pay on the demand of the Beneficiary, and if not so paid, shall bear interest from the date of the advance at the lesser of twelve percent (12%) per annum or the maximum rate permitted by law.

ARTICLE 5 DAMAGE, DESTRUCTION OR CONDEMNATION

Section 5.1 Awards and Damages

In the event of any fire or casualty to the Property or any portion thereof, or eminent domain proceedings resulting in the condemnation of the Property or any portion thereof, such event shall not constitute a default under the Note, Loan Agreement, this Deed of Trust (collectively, the "Loan Document") and the Trustor shall have the right, subject to approval by Beneficiary, to rebuild the affected portion(s) of the Property, and to use all available insurance or condemnation proceeds to that end, provided that: (a) the available proceeds, together with any funds supplied by Trustor from other sources, are sufficient to rebuild the affected property in a manner that provides adequate security to the Trustor for repayment of any amounts due pursuant to the Loan Documents; and (b) no material default then exists under any Loan Documents.

ARTICLE 6 AGREEMENTS AFFECTING THE DEVELOPMENT; FURTHER ASSURANCES; PAYMENT OF PRINCIPAL AND INTEREST

Section 6.1 Other Agreements Affecting Development

The Trustor shall duly and punctually perform all terms, covenants, conditions and agreements binding upon it under the Loan Agreement, the Note, the Debt Instruments and any other agreement of any nature whatsoever now or hereafter involving or affecting the Security or any part thereof. The terms of each said document is incorporated herein by reference. Each such document contains covenants intended by Trustor and Beneficiary to run with the land and obligations which survive reconveyance of this Deed of Trust.

Section 6.2 Agreement to Pay Attorneys' Fees and Expenses

In the event of any Event of Default (as defined below) hereunder, and if the Beneficiary should employ attorneys or incur other expenses for the collection of amounts due or the enforcement of performance or observance of an obligation or agreement on the part of the Trustor in this Deed of Trust, the Trustor agrees that it will, on demand therefore, pay to the Beneficiary the fees of such attorneys and such other expenses so incurred by the Beneficiary; and any such amounts paid by the Beneficiary shall be added to the indebtedness secured by the lien of this Deed of Trust, and shall bear interest from the date such expenses are incurred at the lesser of twelve percent (12%) per annum or the maximum rate permitted by law.

Section 6.3 Payment of the Principal

The Trustor shall pay to the Beneficiary the Principal and any other payments as set forth in the Note in the amounts and by the times set out therein.

Section 6.4 Personal Property

To the maximum extent permitted by law, the personal property subject to this Deed of Trust shall be deemed to be fixtures and part of the real property and this Deed of Trust shall constitute a fixtures filing under the California Commercial Code. As to any personal property not deemed or permitted to be fixtures, this Deed of Trust shall constitute a security agreement under the California Commercial Code.

Section 6.5 Financing Statement

Upon request of the Beneficiary, the Trustor shall execute and deliver to the Beneficiary such Financing Statements pursuant to the appropriate statutes, and any other documents or instruments as are required to convey to the Beneficiary a valid perfected security interest in the Security. The Trustor agrees to perform all acts which the Beneficiary may reasonably request so as to enable the Beneficiary to maintain such valid perfected security interest in the Security in order to secure the payment of the Note in accordance with its terms. The Beneficiary is authorized to file a copy of any such Financing Statement in any jurisdiction(s) as it shall deem appropriate from time to time in order to protect the security interest established pursuant to this instrument.

Section 6.6 Operation of the Security

The Trustor agrees and covenants to operate the Security (and, in case of a transfer of a portion of the Security subject to this Deed of Trust, the transferee shall operate such portion of the Security) in full compliance with the Loan Agreement, and the Debt Instruments.

Section 6.7 Inspection of the Security

If in the reasonable opinion of Beneficiary, the Security may be impaired, the Trustor covenants and agrees that at any and all reasonable times upon seventy-two (72) hours notice, the Beneficiary and its duly authorized agents, attorneys, experts, engineers, accountants and representatives, shall have the right, without payment of charges or fees, to inspect the Security.

Section 6.8 Reserved

Section 6.9 Hazardous Materials

a. Covenants

1. Hazardous Materials Activities. The Trustor herein covenants by and for itself, its heirs, executors, administrators, and assigns, and all persons claiming under or through them, that Trustor, its heirs, executors, administrators and assigns shall not cause or permit the Property to be used as a site for the use, generation, manufacture, storage, treatment, release, discharge, disposal, transportation or presence of any oil, petroleum product, flammable explosives, asbestos, urea formaldehyde insulation, radioactive materials, hazardous wastes, toxic or contaminated substances or similar materials, including, without limitation, any substances which are "hazardous substances," "hazardous wastes," "hazardous materials" or "toxic substances" under applicable environmental laws, ordinances or regulations (collectively, "Hazardous Materials"). Reasonable quantities of household products and maintenance supplies normally found on property and used exclusively for residential purposes and, during construction, reasonable quantities of materials customarily used for construction shall not be considered as Hazardous Materials.

2. Hazardous Materials Laws. The Trustor herein covenants by and for itself, its heirs, executors, administrators, and assigns, and all persons claiming under or through them, that Trustor, its heirs, executors, administrators and assigns shall comply and cause the Property and any improvements thereon to comply with all laws, ordinances and regulations relating to Hazardous Materials ("Hazardous Materials Laws"), including, without limitation, those relating to soil and groundwater conditions.

3. Notices. The Trustor herein covenants by and for itself, its heirs, executors, administrators, and assigns, and all persons claiming under or through them, that Trustor, its heirs, executors, administrators and assigns shall immediately notify the Beneficiary in writing of: (a) the discovery of any Hazardous Materials on or under the Property; (b) any knowledge by Trustor that the Property does not comply with any Hazardous Materials laws; (c) any claims or actions pending or threatened against the Trustor or the Property by any governmental entity or agency or any other person or entity relating to Hazardous Materials or pursuant to any Hazardous Materials Laws ("Hazardous Materials Claims"); and (d) the discovery of any occurrence or condition on any real property adjoining or in the vicinity of the Property that could cause the Property or any part thereof to be designated as "border zone property" under the provisions of California Health and Safety Code Section 25220, et seq., or any regulation adopted in accordance therewith.

4. Remedial Action. In response to the presence of any Hazardous Materials on, under or about the Property, Trustor shall immediately take, at Trustor's sole expense, all remedial action required by any Hazardous Materials Laws or any judgment, consent decree, settlement or compromise with respect to any Hazardous Materials Claims.

b. Legal Effect of Section. Trustor and Beneficiary agree that:

1. This Section 6.9 is intended as Beneficiary's written request for information (and Trustor's response) concerning the environmental condition of the Property as required by California Code of Civil Procedure §726.5; and

2. Each representation and warranty in this Section 6.9 (together with any indemnity applicable to a breach of any such representation and warranty) with respect to the environmental condition of the Property is intended by Beneficiary and Trustor to be an "environmental provision" for purposes of California Code of Civil Procedure §736.

c. Environmental Indemnity. Trustor shall defend, indemnify, and hold the Beneficiary free and harmless against any claims, demands, administrative actions, litigation,

liabilities, losses, damages, response costs, and penalties, including all costs of legal proceedings and attorney's fees, that the Beneficiary may directly or indirectly sustain or suffer as a consequence of any inaccuracy or breach of any representation, warranty, agreement, or covenant contained in this Deed of Trust with respect to Hazardous Materials, or as a consequence of any use, generation, manufacture, storage, release, or disposal (whether or not Trustor knew of same) of any Hazardous Materials occurring after the disbursement of the RLF Loan.

ARTICLE 7 EVENTS OF DEFAULT AND REMEDIES

Section 7.1 Events of Default

The following shall constitute Events of Default: (1) failure to make any payment when due to Beneficiary under the Note after notice, if any is required, and failure to cure or the time to cure has expired; (2) failure to observe or perform any of Trustor's other covenants, agreements or obligations under the Loan Agreement, including, without limitation, the provisions concerning nondiscrimination and continuance of such failure after any applicable cure periods; or (3) failure to make any payment or perform any of Trustor's other covenants, agreements, or obligations under any other Debt Instruments or Loan Documents secured by the Property which default shall not be cured within the times and in the manner provided therein.

Section 7.2 Acceleration of Maturity

If an Event of Default shall have occurred and be continuing, then at the option of the Beneficiary, the amount of any payment related to the Event of Default and the unpaid Principal, plus accrued Interest, of the Note shall immediately become due and payable without notice or demand which are hereby expressly waived, upon written notice by the Beneficiary to the Trustor and no omission on the part of the Beneficiary to exercise such option when entitled to do so shall be construed as a waiver of such right.

Section 7.3 The Beneficiary's Right to Enter and Take Possession

If an Event of Default shall have occurred and be continuing, the Beneficiary may:

a. Either in person or by agent, with or without bringing any action or proceeding, or by a receiver appointed by a court, and without regard to the adequacy of its security, enter upon the Security and take possession thereof (or any part thereof) and of any of the Security, in its own name or in the name of Trustee, and do any acts which it deems necessary or desirable to preserve the value or marketability of the Property, or part thereof or interest therein, increase the income therefrom or protect the security thereof. The entering upon and taking possession of the Security shall not cure or waive any Event of Default or Notice of Default hereunder or invalidate any act done in response to such Event of Default or pursuant to such Notice of Default and, notwithstanding the continuance in possession of the Security, Beneficiary shall be entitled to exercise every right provided for in this Deed of Trust, or by law upon occurrence of any Event of Default, including the right to exercise the power of sale;

b. Commence an action to foreclose this Deed of Trust as a mortgage, appoint a receiver, or specifically enforce any of the covenants hereof;

c. Deliver to Trustee a written declaration of default and demand for sale, and a written Notice of Default and election to cause Trustor's interest in the Security to be sold, which notice Trustee or Beneficiary shall cause to be duly filed for record in the Official Records of the County of Riverside; or

d. Exercise all other rights and remedies provided herein, in the instruments by which the Trustor acquires title to any Security, or in any other document or agreement now or hereafter evidencing, creating or security all or any portion of the obligations secured hereby, or provided by law.

Section 7.4 Foreclosure by Power of Sale

Should the Beneficiary elect to foreclose by exercise of the power of sale herein contained, the Beneficiary shall notify Trustee and shall deposit with Trustee this Deed of Trust, and the Note which is secured hereby (the deposit of which shall be deemed to constitute evidence that the unpaid principal amount of the Note is immediately due and payable), and such receipts and evidence of any expenditures made that are additionally secured hereby as Trustee may require.

a. Upon receipt of such notice from the Beneficiary, Trustee shall cause to be recorded, published and delivered to Trustor such Notice of Default and Election to Sell as then required by law and by this Deed of Trust. Trustee shall, without demand on Trustor, after lapse of such time as may then be required by law and after recordation of such Notice of Default and after Notice of Sale having been given as required by law, sell the Security, at the time and place of sale fixed by it in said Notice of Sale, whether as a whole or in separate lots or parcels or items as Trustee shall deem expedient and in such order as it may determine unless specified otherwise by the Trustor according to California Civil Code Section 2924g(b), at public auction to the highest bidder, for cash in lawful money of the United States payable at the time of sale. Trustee shall deliver to such purchaser or purchasers thereof its good and sufficient deed or deeds conveying the property so sold, but without any covenant or warranty, express or implied. The recitals in such deed or any matters of facts shall be conclusive proof of the truthfulness thereof.

b. After deducting all reasonable costs, fees and expenses of Trustee, including costs of evidence of title in connection with such sale, Trustee shall apply the proceeds of sale to payment of: (1) the unpaid Principal amount of the Note; (2) all other sums then secured hereby; and (3) the remainder, if any, to Trustor.

c. Trustee may postpone sale of all or any portion of the Property by public announcement at such time and place of sale, and from time to time thereafter, and without further notice make such sale at the time fixed by the last postponement, or may, in its discretion, give a new Notice of Sale.

Section 7.5 Receiver

If an Event of Default shall have occurred and be continuing, Beneficiary, as a matter of right and without further notice to Trustor or anyone claiming under the Security, and without regard to the then value of the Security or the interest of Trustor therein, shall have the right to apply to any court having jurisdiction to appoint a receiver or receivers of the Security (or a part thereof), and Trustor hereby irrevocably consents to such appointment and waives further notice of any application therefor. Any such receiver or receivers shall have all the usual powers and duties of receivers in like or similar cases, and all the powers and duties of Beneficiary in case of entry as provided herein, and shall continue as such and exercise all such powers until the date of confirmation of sale of the Security, unless such receivership is sooner terminated.

Section 7.6 Remedies Cumulative

No right, power or remedy conferred upon or reserved to the Beneficiary by this Deed of Trust is intended to be exclusive of any other right, power or remedy, but each and every such right, power and remedy shall be cumulative and concurrent and shall be in addition to any other right, power and remedy given hereunder or now or hereafter existing at law or in equity.

Section 7.7 No Waiver

a. No delay or omission of the Beneficiary to exercise any right, power or remedy accruing upon any Event of Default shall exhaust or impair any such right, power or remedy, or shall be construed to be a waiver of any such Event of Default or acquiescence therein; and every right, power and remedy given by this Deed of Trust to the Beneficiary may be exercised from time to time and as often as may be deemed expeditious by the Beneficiary. No consent or waiver, expressed or implied, by the Beneficiary to or any breach by the Trustor in the performance of the obligations hereunder shall be deemed or construed to be a consent to or waiver of obligations of the Trustor hereunder. Failure on the part of the Beneficiary to complain of any act or failure to act or to declare an Event of Default, irrespective of how long such failure continues, shall not constitute a waiver by the Beneficiary of its right hereunder or impair any rights, power or remedies consequent on any Event of Default by the Trustor.

b. If the Beneficiary (1) grants forbearance or an extension of time for the payment of any sums secured hereby, (2) takes other or additional security for the payment of any sums secured hereby, (3) waives or does not exercise any right granted in the Loan Agreement, the Promissory Note, (4) releases any part of the Security from the lien of this Deed of Trust, or otherwise changes any of the terms, covenants, conditions or agreements in the Loan Agreement, or the Promissory Note, (5) consents to the granting of any easement or other right affecting the Security, or (6) makes or consents to any agreement subordinating the lien hereof, any such act or omission shall not release, discharge, modify, change or affect the Trustor's obligation under this Deed of Trust, or any other obligation of the Trustor or any subsequent purchaser of the Security or any part thereof, or any maker, co-signer, endorser, surety or guarantor (unless expressly released); nor shall any such act or omission preclude the Beneficiary from exercising any right, power or privilege herein granted or intended to be granted in any Event of Default then made or of any subsequent Event of Default, nor, except as otherwise expressly provided in an instrument or instruments executed by the Beneficiary, shall the lien of this Deed of Trust be altered thereby.

Section 7.8 Suits to Protect the Security

The Beneficiary shall have power to institute and maintain such suits and proceedings as it may deem expedient to (1) prevent any impairment of the Security and the rights of the Beneficiary as may be unlawful or any violation of this Deed of Trust, (2) preserve or protect its interest (as described in this Deed of Trust) in the Security, and (3) restrain the enforcement of or compliance with any legislation or other governmental enactment, rule or order that may be unconstitutional or otherwise invalid, if the enforcement or compliance with such enactment, rule or order would impair the Security thereunder or be prejudicial to the interest of the Beneficiary.

Section 7.9 Trustee May File Proofs of Claim

In the case of any receivership, insolvency, bankruptcy, reorganization, arrangements, adjustment, composition or other proceedings affecting the Trustor, its creditors or its property, the Beneficiary, to the extent permitted by law, shall be entitled to file such proofs of claim and other documents as may be necessary or advisable in order to have the claims of the Beneficiary allowed in such proceedings and for any additional amount which may become due and payable by the Trustor hereunder after such date.

Section 7.10 Waiver

Except where notice is required to trigger a cure period, the Trustor waives presentment, demand for payment, notice of dishonor, notice of protest and nonpayment, protest, and all other notices or demands under the California Commercial Code, notice of costs, expenses, or losses and interest thereon, notice of interest on interest and late charges, and diligence in taking any action to collect any sums owing under the Note or in proceedings against the Security, in connection with the delivery, acceptance, performance, default, endorsement or guaranty of this Deed of Trust.

ARTICLE 8
MISCELLANEOUS

Section 8.1 Amendments

This instrument cannot be waived, changed, discharged or terminated orally, but only by an instrument in writing signed by Beneficiary and Trustor.

Section 8.2 Reconveyance by Trustee

Upon written request of Beneficiary stating that all sums secured hereby have been paid, and upon surrender of this Deed of Trust to Trustee for cancellation and retention, and upon payment by Trustor of Trustee's reasonable fees, Trustee shall reconvey the Security to Trustor, or to the person or persons legally entitled thereto.

Section 8.3 Notices

If at any time after the execution of this Deed of Trust it shall become necessary or convenient for one of the parties hereto to serve any notice, demand or communication upon the other party, such notice, demand or communication shall be in writing and shall be served personally or by depositing the same in the registered United States mail, return receipt requested, postage prepaid or by delivery through Federal Express or a similar service which provides a signed receipt for delivery and if intended for Beneficiary shall be addressed to:

County of Riverside
Economic Development Agency
3403 10th Street Suite 300
Riverside, CA 92501
Attn: Assistant CEO/ECD

with a copy to:

County of Riverside
Office of County Counsel
3960 Orange Street, Suite 500
Riverside, CA 92501
Attn: County Counsel

and if intended for Trustor shall be addressed to:

Summertree Interiors, Inc., doing business as Newport Cottages
4111 Buchanan Avenue
Riverside, CA 92503
Attn: Pockets F. Alvarez

Any notice, demand or communication shall be deemed given, received, made or communicated on the date delivery is effected or, if mailed in the manner herein specified, on the delivery date or date delivery is refused by the addressee, as shown on the return receipt. Either party may change its address at any time by giving written notice of such change to Beneficiary or Trustor as the case may be, in the manner provided herein, at least ten (10) days prior to the date such change is desired to be effective.

Section 8.4 Successors and Joint Trustors

Where an obligation is created herein binding upon Trustor, the obligation shall also apply to and bind any transferee or successors in interest. Where the terms of the Deed of Trust have the effect of creating an obligation of the Trustor and a transferee, such obligation shall be deemed to be a joint and several obligation of the Trustor and such transferee.

Section 8.5 Captions

The captions or headings at the beginning of each Section hereof are for the convenience of the parties and are not a part of this Deed of Trust.

Section 8.6 Invalidity of Certain Provisions

Every provision of this Deed of Trust is intended to be severable. In the event any term or provision hereof is declared to be illegal or invalid for any reason whatsoever by a court or other body of competent jurisdiction, such illegality or invalidity shall not affect the balance of the terms and provisions hereof, which terms and provisions shall remain binding and enforceable. If the lien of this Deed of Trust is invalid or unenforceable as to any part of the debt, or if the lien is invalid or unenforceable as to any part of the Security, the unsecured or partially secured portion of the debt, and all payments made on the debt, whether voluntary or under foreclosure or other enforcement action or procedure, shall be considered to have been first paid or applied to the full payment of that portion of the debt which is not secured or partially secured by the lien of this Deed of Trust.

Section 8.7 Governing Law

This Deed of Trust shall be governed by and construed in accordance with the laws of the State of California.

Section 8.8 Gender and Number

In this Deed of Trust the singular shall include the plural and the masculine shall include the feminine and neuter and vice versa, if the context so requires.

Section 8.9 Deed of Trust, Mortgage

Any reference in this Deed of Trust to a mortgage shall also refer to a deed of trust and any reference to a deed of trust shall also refer to a mortgage.

Section 8.10 Actions

Trustor agrees to appear in and defend any action or proceeding purporting to affect the Security.

Section 8.11 Substitution of Trustee

Beneficiary may from time to time substitute a successor or successors to any Trustee named herein or acting hereunder to execute this Trust. Upon such appointment, and without conveyance to the successor trustee, the latter shall be vested with all title, powers, and duties conferred upon any Trustee herein named or acting hereunder. Each such appointment and substitution shall be made by written instrument executed by Beneficiary, containing reference to this Deed of Trust and its place of record, which, when duly recorded in the proper office of the county or counties in which the Property is situated, shall be conclusive proof of proper appointment of the successor trustee.

Section 8.12 Reserved

Section 8.13 Conflicts

If any term or provision of this Deed of Trust conflicts with any term of provision of the Loan Agreement, the term or provision of the Loan Agreement shall control to the extent of such conflict.

IN WITNESS WHEREOF, Trustor has executed this Deed of Trust as of the day and year first above written.

TRUSTOR:

By: _____,
Pockets F. Alvarez

Date: _____

TRUSTOR:

By: _____,
Cristina S. Alvarez

Date: _____

EXHIBIT "A"
Legal Description

All that real property located in the City of Corona, County of Riverside, State of California legally described as follows:

LOT 13 OF TRACT 19193, IN THE CITY OF CORONA, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS PER PLAT RECORDED IN BOOK 147 OF PARCEL MAPS, PAGES 70 THROUGH 72, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

Assessor's Parcel No: 110-433-004

Also known as 1867 Eureka Street, Corona, CA 92882.

EXHIBIT G
RESERVED

EXHIBIT H

UCC-I FIXTURE FILING (including Financing Statement)

(behind this page)

UCC FINANCING STATEMENT

FOLLOW INSTRUCTIONS

A. NAME & PHONE OF CONTACT AT FILER (optional) Joaquin Tijerina (760) 863-2529
B. E-MAIL CONTACT AT FILER (optional) JTijerina@rivco.org
C. SEND ACKNOWLEDGMENT TO: (Name and Address) <div style="border: 1px solid black; padding: 5px; margin: 5px 0;"> <p>Joaquin Tijerina, Economic Development Regional Manager Economic Development Agency 1325 Spruce Street, Suite 400 Riverside, California 92501</p> </div>

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1. DEBTOR'S NAME: Provide only one Debtor name (1a or 1b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name); if any part of the Individual Debtor's name will not fit in line 1b, leave all of item 1 blank, check here and provide the Individual Debtor information in item 10 of the Financing Statement Addendum (Form UCC1Ad)

1a. ORGANIZATION'S NAME Summertree Interiors, Inc				
OR	1b. INDIVIDUAL'S SURNAME Alvarez	FIRST PERSONAL NAME Pockets	ADDITIONAL NAME(S)/INITIAL(S) F.	SUFFIX
1c. MAILING ADDRESS 4111 Buchanan Avenue	CITY Riverside	STATE CA	POSTAL CODE 92503	COUNTRY USA

2. DEBTOR'S NAME: Provide only one Debtor name (2a or 2b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name); if any part of the Individual Debtor's name will not fit in line 2b, leave all of item 2 blank, check here and provide the Individual Debtor information in item 10 of the Financing Statement Addendum (Form UCC1Ad)

2a. ORGANIZATION'S NAME				
OR	2b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX
2c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY

3. SECURED PARTY'S NAME (or NAME of ASSIGNEE of ASSIGNOR SECURED PARTY): Provide only one Secured Party name (3a or 3b)

3a. ORGANIZATION'S NAME County of Riverside				
OR	3b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX
3c. MAILING ADDRESS 1325 Spruce Street, Suite 400	CITY Riverside	STATE CA	POSTAL CODE 92503	COUNTRY USA

4. COLLATERAL: This financing statement covers the following collateral:

See attached Exhibit A and Exhibit B.

5. Check only if applicable and check only one box: Collateral is held in a Trust (see UCC1Ad, item 17 and Instructions) being administered by a Decedent's Personal Representative

6a. Check <u>only</u> if applicable and check <u>only</u> one box: <input type="checkbox"/> Public-Finance Transaction <input type="checkbox"/> Manufactured-Home Transaction <input type="checkbox"/> A Debtor is a Transmitting Utility	6b. Check <u>only</u> if applicable and check <u>only</u> one box: <input type="checkbox"/> Agricultural Lien <input type="checkbox"/> Non-UCC Filing
--	--

7. ALTERNATIVE DESIGNATION (if applicable): Lessee/Lessor Consignee/Consignor Seller/Buyer Bailee/Bailor Licensee/Licenser

8. OPTIONAL FILER REFERENCE DATA:

UCC-1 Financing Statement

Debtor: Summertree Interiors, Inc., doing business as Newport Cottages
Secured Party: County of Riverside
Obligation Secured: \$120,000

EXHIBIT A

DESCRIPTION OF THE COLLATERAL

Attached to and being a part of UCC-1 Financing Statement from Summertree Interiors, Inc., doing business as Newport Cottages, as Debtor, to the County of Riverside, as Secured Party.

1. All fixtures, machinery, equipment, engines, boilers, incinerators, building materials, appliances and goods of every nature whatsoever now or hereafter located in, or on, or used, or intended to be used in connection with the property described in the attached Exhibit B, including, but not limited to, those for the purposes of supplying or distributing heating, cooling, electricity, gas, water, air and light; and all elevators, and related machinery and equipment, fire prevention and extinguishing apparatus, security and access control apparatus, plumbing, bath tubs, water heaters, water closets, sinks, ranges, stoves, refrigerators, dishwashers, disposals, washers, dryers, awnings, storm windows, storm doors, awnings, screens, blinds, shades, curtains and curtain rods, mirrors, cabinets, paneling, rugs, attached floor coverings, furniture, pictures, antennas, trees and plants, tax refunds, trade names, licenses, permits, Debtor's rights to insurance proceeds, unearned insurance premiums and choses in action; all of which, including replacements and additions thereto, shall be deemed to be and remain a part of the real property covered by this Instrument; and all of the foregoing, together with said property are herein referred to as the "Property";

2. All of Debtor's right, title and interest in, to and under any and all leases now or hereinafter in existence (as amended or supplemented from time to time) and covering space in or applicable to the Property (together with all other leases covering space or applicable to the Property, hereinafter referred to collectively as the "Leases" and singularly as a "Lease"), together with all rents, earnings, income, profits, benefits and advantages arising from the Property and from said Leases and all other sums due or to become due under and pursuant thereto, and together with any and all guarantees of or under any of said Leases, and together with all rights, powers, privileges, options and other benefits of Debtor as lessor under the Leases, including, without limitation, the immediate and continuing right to receive and collect all rents, income, revenues, issues, profits, condemnation awards, insurance proceeds, moneys and security payable or receivable under the Leases or pursuant to any of the provisions thereof, whether as rent

UCC-1 Financing Statement

Debtor: Summertree Interiors, Inc., doing business as Newport Cottages
Secured Party: County of Riverside
Obligation Secured: \$120,000

or otherwise, the right to accept or reject any offer made by any tenant pursuant to its Lease to purchase the Property and any other property subject to the Lease as, therein provided and to perform all other necessary or appropriate acts with respect to such Leases as agent and attorney-in-fact for Debtor, and the right to make all waivers and agreements, to give and receive all notices, consents and releases, to take such action upon the happening of a default under any Lease, including the commencement, conduct and consummation of proceedings at law or in equity as shall be permitted under any provision of any Lease or by any law, and to do any and all other things whatsoever which Debtor is or may become entitled to do under any such Lease together with all accounts receivable, contract rights, franchises, interests, estates or other claims, both at law and in equity, relating to the Property, to the extent not included in rent earnings and income under any of the Leases;

3. All of Debtor's right, title and interest in, to and under any and all reserve, deposit or escrow accounts (the "Accounts") made pursuant to any loan document made between Debtor and Secured Party with respect to the Property, together with all income, profits, benefits and advantages arising therefrom, and together with all rights, powers, privileges, options and other benefits of Debtor under the Accounts, and together with the right to do any and all other things whatsoever which Debtor is or may become entitled to do under the Accounts;

4. All agreements, contracts, certificates, reservations, guaranties, warranties, instruments, franchises, permits, licenses, plans, specifications and other documents, now or hereafter entered into, and all rights therein and thereto, pertaining to the use, occupancy, construction, management or operation of the Property and any part thereof and any improvements or respecting any business or activity conducted on the Property and any part thereof and all right, title and interest of Debtor therein, including the right to receive and collect any sums payable to Debtor thereunder and all deposits or other security or advance payments made by Debtor with respect to any of the services related to the Property or the operation thereof;

5. All trade names, trademarks, servicemarks, logos, copyrights, goodwill, books and records and all other general intangibles relating to or used in connection with the operation of the Property; and

6. Any and all proceeds resulting or arising from any of the foregoing (collectively, the "Collateral").

EXHIBIT "B"

LEGAL DESCRIPTION

All that real property located in the City of Corona, County of Riverside, State of California legally described as follows:

LOT 13 OF TRACT 19193, IN THE CITY OF CORONA, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS PER PLAT RECORDED IN BOOK 147 OF PARCEL MAPS, PAGES 70 THROUGH 72, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

Assessor's Parcel No: 110-433-004

Also known as 1867 Eureka Street, Corona, CA 92882.

EXHIBIT I
RESERVED