

EXHIBIT J  
DISBURSEMENT AGREEMENT  
(behind this page)

**DISBURSEMENT AGREEMENT**  
**FOR REVOLVING LOAN FUND PROGRAM**

This Disbursement Agreement For the Revolving Loan Fund Program (RLFP) Loan ("Disbursement Agreement") is entered into by and between the COUNTY OF RIVERSIDE, a political subdivision of the State of California ("County") and Summertree Interiors, Inc., a California corporation, doing business as Newport Cottages ("Borrower") as of the Effective Date (defined below).

**RECITALS**

- A. The County and Borrower have entered into that certain Loan Agreement (Revolving Loan Fund Program) dated \_\_\_\_\_, 2020 ("Agreement"). All capitalized terms not defined herein shall have the meaning ascribed to such terms in the Agreement.
- B. Pursuant to the Agreement, County agreed to provide financial assistance to Borrower in an amount not to exceed One Hundred Twenty Thousand Dollars and Zero Cents (\$120,000.00) ("RLFP Loan") to be used to purchase of machinery, equipment, inventory and working capital for business expenses.
- C. The RLFP Loan is evidenced by that certain Promissory Note dated on or about the date hereof and executed by Borrower in favor of the County ("Promissory Note"), which Promissory Note is secured by, among things that certain Deed of Trust dated on or about the date hereof executed by Borrower for the benefit of County and that certain UCC-1 Fixture Filing.
- D. The purpose of this Disbursement Agreement is to set forth the terms whereby the RLFP Loan funds will be disbursed to the Borrower by the County.

NOW, THEREFORE, the parties agree as follows:

1. Disbursement. RLFP Loan shall be subject to all terms and conditions of the County's disbursement procedures.
2. Use of County RLFP Loan Funds. Borrower shall use the RLFP Loan exclusively to purchase of machinery, equipment, inventory and working capital for business expenses.
3. General Disbursement Procedures. Subject to the satisfaction of the conditions set forth in Sections 108 and 203 of the Agreement, the County shall disburse the proceeds of the County RLFP Loan as set forth herein.
4. Disbursement Schedule. Subject to Borrower's satisfaction of certain conditions precedent set forth in the Agreement and the milestone(s) identified below, the disbursement of the RLFP Loan from the County to Borrower for the purchase of machinery, equipment, inventory and working capital for business expenses shall occur as follows:
  - a. Purchase of equipment upon submittal of documentation of purchase request from vendor(s).
  - b. Working Capital; upon submittal of Payment Request Memo.



Borrower shall submit to County a Payment Request Memo on company letterhead for each separate disbursement of loan funds as further discussed in Section 5 below.

5. Disbursement. The County shall disburse the County RLFP Loan funds as follows:
- a. Disbursement shall be made upon submission of a written request and upon the satisfaction of the milestone set forth in Section 4 above, signed by Borrower ("Payment Request Memo") for each separate use of funds.
  - b. Payment Request Memo shall include description of intended uses of funds in tabular form.
  - c. Correspondence with your letterhead verifying your business address and "remit to" address (if different from business address). Examples of correspondences can be: blank invoice, letterhead or business card.
  - d. IRS 147-C Letter (New Authorization Letter) confirming that your Employer Identification Number (EIN) matches with your business name.
  - e. A completed and signed IRS W-9 Form (Request for Taxpayer Identification Number and Certification). Will need to be submitted to County.
  - f. A printout of the "COMPANY INFORMATION" page in the County Purchasing website.
    - i. You will need to register **online** with the County Purchasing department in order to obtain this printout.
    - ii. A brief procedure for registering online is attached – **Please complete all the steps in the online registration**
    - iii. The web address for the County Purchasing website is:  
<http://purchasing.co.riverside.ca.us/>
    - iv. If you have questions regarding registering online, please contact the Oasis Help Desk at: [OASISHelpDesk@co.riverside.ca.us](mailto:OASISHelpDesk@co.riverside.ca.us).
  - g. To have funds sent electronically to Borrower's account, bank routing information will need to be submitted with Payment Request Memo.

The term "Year" as used herein shall be as defined in the Agreement.

6. Effective Date. The Effective Date shall be the date the parties execute this Disbursement Agreement. If the parties execute this Disbursement Agreement on more than one date, then the last date this Disbursement Agreement is executed by a party shall be the effective date.

7. Integrated Agreement. This Disbursement Agreement is made for the sole benefit and protection of the parties hereto and no other person or persons shall have any right of action or right to rely hereon. As this agreement contains all the terms and conditions agreed upon between the parties in connection with the disbursement of the RLFP Loan, except for the Agreement, no other agreement regarding the subject matter thereof, shall be deemed to exist or bind any party unless in writing and signed by the party to be charged.

8. Termination of this Agreement. This agreement shall terminate when the RLFP Loan funds have been fully disbursed or if the County requests to terminate the Agreement in its discretion.

**IN WITNESS WHEREOF**, the County and Borrower have executed this Disbursement Agreement as of the dates set forth below.

**“COUNTY”**

**COUNTY OF RIVERSIDE**, a political subdivision of the State of California

By: \_\_\_\_\_  
V. Manuel Perez, Chairman  
Board of Supervisors

Date: \_\_\_\_\_

ATTEST:  
Kecia R. Harper  
Clerk of the Board

By: \_\_\_\_\_  
Deputy

APPROVED AS TO FORM:  
Gregory P. Priamos  
County Counsel

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

**“BORROWER”**

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

By: \_\_\_\_\_  
Pockets F. Alvarez

Its: \_\_\_\_\_

Date: \_\_\_\_\_

By: \_\_\_\_\_  
Cristina S. Alvarez

Its: \_\_\_\_\_

Date: \_\_\_\_\_



EXHIBIT K  
DOC STANDARD TERMS AND CONDITIONS  
(behind this page)

**U.S. DEPARTMENT OF COMMERCE  
ECONOMIC DEVELOPMENT ADMINISTRATION  
APPLICABLE STANDARD TERMS AND CONDITIONS  
REVOLVING LOAN FUND**

**INTRODUCTION**

The County of Riverside has been awarded a financial assistance award from the United States Department of Commerce's Economic Development Administration (USEDA) to capitalize a Revolving Loan Fund (RLF) for business lending. The award is subject to the laws and regulations of the United States. Any inconsistency or conflict in these Applicable Standard Terms and Conditions shall be resolved according to the following order of precedence: public laws, regulations and applicable notices published in the Federal Register, Executive Orders, OMB Circulars, USEDAs Standard Terms and Conditions and special award conditions.

**I. DEFINITIONS**

- A. "Agreement" means that certain loan agreement entered into by Borrower and County;
- B. "Award" refers to the Federal Award ID No. 07 79 070282, Economic Adjustment Assistance Program award by the United States Department of Commerce's Economic Development Administration (USEDA) to the County of Riverside;
- C. "Borrower" refers to the business or individual, party to Agreement and its authorized representatives, assigns, transferees, or successors-in-interest;
- D. "Closed Loan" is any loan for which all required documentation has been received, reviewed and executed by Borrower;
- E. "CFR" means the Code of Federal Regulations;
- F. "County" means the County of Riverside, a political subdivision of the State of California;
- G. "Department" or "DOC" refers to the U.S. Department of Commerce;
- H. "FR" means the Federal Register;
- I. "Government" or "Federal Government" refers to USEDAs;
- J. "PL" means Public Law;
- K. "Project" refers to the activity or purpose for which loan Agreement is being executed;
- L. "RLF" refers to the County of Riverside's Revolving Loan Fund;
- M. "Terms and Conditions" means these Applicable Standard Terms and Conditions;
- N. "USC" means the United States Code;

**II. RECORDKEEPING**

- A. Borrower shall establish and maintain sufficient records in their original form to enable County to determine whether Borrower has met the requirements of RLF Program. Records in their original form pertaining to matters covered by Agreement shall, at all times, be retained within the Riverside County area, unless authorization to remove them is granted in writing by County.



- B. At all reasonable times and following reasonable notice to the Borrower, any duly authorized representative of the County or the Inspector General of the Department of Commerce shall have access to and the right to inspect, copy, audit and examine all such books, records, accounts, reports, files and other documents of the Borrower until completion of all close-out procedures and final settlement and conclusion of all issues.
- C. The Borrower shall furnish such statements, records, reports, including litigation reports, data and other information as the County may from time to time reasonably request.
- D. The Borrower shall retain all other records that are required to be retained under this section shall be retained for a period of three (3) years after termination of Agreement and all other pending matters are closed. "Pending Matters" include, but are not limited to, an audit, litigation, or other actions involving records until such time as audit findings have been resolved, whichever is later. County may, at its discretion, take possession and retain said records.
- E. At a minimum, the following records are needed:
1. Records providing a full description of each activity assisted (or being assisted) with RLF funds, including its location, the amount of funds budgeted, obligated and expended for the activity. Such documentation must include, to the extent applicable, invoices, schedules containing comparisons of budgeted amounts and actual expenditures, construction progress schedules signed by appropriate parties (e.g., general contractor and/or a project architect), and/or other documentation appropriate to the nature of the activity.
  2. Records demonstrating that activity undertaken meet the job creation or retention requirements of the RLF Agreement. Such records shall include the following information:
    - a. For each activity based on the creation of jobs, the Borrower shall provide:
      - (i). Documentation establishing that the jobs did not exist prior to assistance provided to Borrower under this Agreement;
      - (ii). Documentation describing and listing by job title of the permanent jobs to be created and which jobs are part-time, if any; and
      - (iii). A listing by job title of the permanent jobs filled
    - b. For each activity based on the retention of jobs:
      - (i) Evidence that, in the absence of RLF assistance, jobs
      - (ii) would be lost; and
      - (iii) For each business assisted, a listing by job title of permanent jobs retained;
  3. Records related to real property acquired or improved in whole or in part using RLF funds.

4. Record of agreements or subcontracts indicating, at a minimum, the requirements of this Agreement, and the following:
  - a. In accordance with Terms and Conditions, suspension or termination may occur if the sub-contractor materially fails to comply with any term of the Agreement (see 15 CFR §§ 14.61 or 24.43, as applicable) and that the Agreement may be terminated for convenience (see 15 CFR §§ 14.61 or 24.44 as applicable).

### **III. REPORTS**

- A. Borrower shall submit the following performance and/or evaluation report to County to facilitate mandated reporting to USED A:
  1. A calendar quarterly report of progress and accomplishments for all funded activities;
  2. Borrower may be required to submit such other reports and information as County determines are necessary to carry out its responsibilities.
  3. If Borrower's reports or other documentation are not submitted as required, County reserves the right to withhold payment to Borrower, or to impose other sanctions, at County's sole discretion.

### **IV. AUDITS**

- A. At any time during normal business hours and as often as the Grantor, the U.S. Inspector General, Auditor General of the State of California or County may deem necessary, Borrower shall make available for examination all of its records.
- B. Borrower shall conduct or have conducted on an annual basis and within six (6) months after the close of Borrower's fiscal year, an audit. The audit is to be conducted annually on an organization-wide basis to test the fiscal integrity of financial transactions, as well as compliance with the terms and conditions of the Federal funds and this Agreement.
  1. Borrower's expending funds of \$300,000 or more in a year in Federal awards shall have a single or program-specific audit conducted for that year in accordance with the provisions of OMB Circular A-133.
  2. Borrower, no later than fifteen (15) days of receipt of the final audit report and within six (6) months after the close of Borrower's fiscal year, shall submit a copy of the report to County.
- C. In the event Borrower has only Performance Based or Fixed Unit Price Contracts, a written request may be made to County for permission to have an annual audit performed using alternative audit requirements.

The alternative audit requirements of County require an audit that shall result in the following reports from the independent auditor:

  1. Report on the Schedule of Federal Financial Assistance (Grant funds earned through contract performance);
  2. Report on internal controls (accounting and Administrative) that were evaluated, the scope of the auditor's assessment work and any significant weaknesses found;



3. Opinion on compliance with contract provisions and specific requirements applicable to Federal financial assistance;
  4. Report on compliance with general requirements applicable to Federal financial assistance; and
  5. Schedule of findings and questioned costs.
- D. County reserves the right to impose any or all of the following sanctions for Borrower's failure to comply with the requirements of the Single Audit Act and the provisions of this Agreement.
1. Withholding a percentage of Federal awards until the audit is completed satisfactorily
  2. Withholding or disallowing overhead costs
  3. Suspending Federal awards until the audit is conducted; or
  4. Terminating the Federal award

#### **V. MONITORING**

County will monitor Borrower's use of Federal funds through reporting, onsite visits, regular contact or other means to provide reasonable assurance that Borrower administers the Federal funds in compliance with laws, regulations, and the provisions of contracts or agreements and that the performance goals are achieved.

#### **VI. DISCLAIMER PROVISION**

- A. The United States expressly disclaims any and all responsibility or liability to the Borrower, contractor or sub-contractor, or third persons for the actions of the Borrower, contractor or sub-contractor or third persons resulting in death, bodily injury, property damages, or any other losses resulting in any way from the performance of Agreement or any other losses resulting in any way from the performance of this Agreement, or any sub-agreement or subcontract under this Agreement.
- B. Borrower's acceptance of this Agreement does not in any way constitute an agency relationship between the United States and Borrower.

#### **VII. HOLD HARMLES PROVISION**

- A. Borrower agrees to hold the Federal Government harmless from and against all liabilities that the Federal government may incur as a result of providing funds under Award to assist, directly or indirectly in site preparation or construction, as well as the result direct or indirect renovation or repair of any facility or site.
- B. These protections apply to the extent that the Federal government may become potentially liable as a result of ground water, surface, soil or natural or man-made conditions on the property caused by operations of the Borrower, predecessor or successors (13 CFR § 307.10 (c)).

## VIII. GOVERNMENT-WIDE DEBARMENT AND SUSPENSION (NON-PROCUREMENT)

Borrower shall comply with the provisions of subpart C of 2 C.F.R. part 1326, "*Non Procurement Debarment and Suspension*" (71 FR 76573, December 21, 2006), which generally prohibit entities that have been debarred, suspended, or voluntarily excluded from participating in Federal non-procurement transactions either through primary or lower-tier covered transactions, and which set forth the responsibilities of Borrowers of Federal financial assistance regarding transactions with other persons, including sub-Borrowers and contractors.

## IX. ENVIRONMENTAL REVIEW

To the extent that environmental review under the California Environmental Quality Act is required with respect to activities under this Loan Agreement, the County shall review such report or document. Borrower shall provide all information, assistance, and cooperation necessary to prepare such report or document. Borrower warrants that it has not and shall not take any action which might have a material adverse environmental effect, limit the choices among competing environmental alternatives, or alter environmental premises upon which the County's environmental findings are based. Borrower agrees not to undertake any activity having a potential adverse environmental effect until such time as the County has advised Borrower that it has completed and necessary environmental assessment of the Project in accordance with the necessary National Environmental Protection Act.

The Borrower and any contractor or sub-contractor must comply with all environmental standards, to include those proscribed under the following statutes and Executive Orders, and shall identify to the awarding agency any impact the

Award may have on the environment.

- A. The National Environmental Policy Act of 1969 (42 U.S.C. §§ 4321-4327). The National Environmental Policy Act (NEPA) and the Council on Environmental Quality's (CEQ) implementing regulations (40 C.F.R. parts 1500-1508) require that an environmental analysis be completed for all major Federal actions significantly affecting the environment. NEPA applies to the actions of Federal agencies and may include a Federal agency's decision to fund non-Federal projects under grants and cooperative agreements. Borrowers of Federal assistance are required to identify to the awarding agency any impact an award will have on the quality of the human environment, and assist the agency to comply with NEPA. Borrowers also may be requested to assist the Department in drafting an environmental assessment, if the Department determines an assessment is required. In the event that any additional information is required during the project period in order to assess any impacts that a project may have on the environment, funds can be withheld by the Grants Officer under a special award condition requiring the Borrower to submit such additional environmental compliance information sufficient to enable the Department to make the requisite assessment.
- B. National Historic Preservation Act (16 U.S.C. § 470 *et seq.*) Section 106 of the National Historic Preservation Act (NHPA) (16 U.S.C. § 470f) and the Advisory



Council on Historic Preservation implementing regulations (36 C.P.R. Part 800) require that Federal agencies take into account the effects of their undertakings on historic properties. Borrowers of Federal funding are required to identify to the awarding agency any effects the award may have on properties included on or eligible for inclusion on the National Register of Historic Places. Borrowers may also be requested to assist the Department in consulting with State or Tribal Historic Preservation Officers or other applicable interested parties necessary to identify, assess and resolve adverse effects to historic properties. Until such time as the appropriate NHPA consultations and documentation is complete, funds can be withheld by the Grants Officer under a special award condition requiring the Borrower to fully comply with the requirement of the NHPA. In the event that any additional information is required during the project period in order to assess any impacts that a project may have on historic properties, funds can be withheld by the Grants Officer under a special award condition requiring the Borrower to submit such additional information sufficient to enable the Department to make the requisite assessment.

- C. Executive Order 11988 (Floodplain Management) and Executive Order 11990 (Protection of Wetlands, May 24, 1977). Borrowers must identify proposed actions in federally defined floodplains and wetlands to enable the agency to make a determination whether there is an alternative to minimize any potential harm.
- D. Clean Air Act, (42 U.S.C. § 7401 *et seq.*), Federal Water Pollution Control Act (33 U.S.C. § 1251 *et seq.*) (Clean Water Act) and Executive Order 11738 ("Providing for administration of the Clean Air Act and the Federal Water Pollution Control Act with respect to Federal contracts, grants or loans"). Borrowers must comply with the provisions of the Clean Air Act (42 U.S.C. § 7401 *et seq.*), Clean Water Act (42 U.S.C. § 1251 *et seq.*) and Executive Order 11738, and shall not use a facility on the Environmental Protection Agency's (EPA) List of Violating Facilities (this list is incorporated into the Excluded Parties List System located at <https://www.sam.gov/portal/public/SAMD> in performing any Award that is nonexempt under 2 C.P.R. § 1532, and shall notify the Federal Project Officer in writing if it intends to use a facility that is on EPA's List of Violating Facilities or knows that the facility has been recommended to be placed on the List.
- E. The Flood Disaster Protection Act of 1973 (42 U.S.C. § 4002 *et seq.* P.L. 93-234). Flood insurance, when available, is required for federally-assisted construction or acquisition in flood-prone areas. Borrower must comply with purchase requirements of Section 102 (a) which requires that in a special flood hazard area Borrowers must participate in the program and to purchase flood insurance if the total cost of insurable construction and acquisition is \$10,000 or more.
- F. The Endangered Species Act of 1973, as amended (16 U.S.C. § 1531 *et seq.* P.L. 93-205). Borrowers must identify any impact or activities which may involve a threatened or endangered species. Federal agencies have the responsibility to ensure that no adverse effects to the protected species or habitat occur from actions



under Federal assistance awards and conduct the required reviews under the Endangered Species Act, as applicable.

- G. The Coastal Zone Management Act, as amended (16 U.S.C. § 1451 et seq.). Funded Projects must be consistent with a coastal State's approved management program for the coastal zone.
- H. The Coastal Barriers Resources Act (16 U.S.C. § 3501 et seq.). Only in certain circumstances can Federal funding be provided for actions within a Coastal Barrier System.
- I. The Wild and Scenic Rivers Act, as amended (16 U.S.C. § 1271 et seq.). This Act applies to Awards that may affect existing or proposed components of the National Wild and Scenic Rivers system.
- J. The Safe Drinking Water Act of 1974, as amended (42 U.S.C. § 300f et seq.). This Act precludes Federal assistance for any project that EPA determines may contaminate a sole source aquifer so as to threaten public health.
- K. The Resource Conservation and Recovery Act of 1976, as amended (42 U.S.C. § 6901 et seq.). This Act regulates the generation, transportation, treatment, and disposal of hazardous wastes, and also provides that Borrowers of Federal funds give preference in their procurement programs to the purchase of recycled products pursuant to EPA guidelines.
- L. The Comprehensive Environmental Response, Compensation, and Liability Act (Superfund) (42 U.S.C. § 9601 et seq.) and the Community Environmental Response Facilitation Act (41 U.S.C. § 11001 et seq.). These requirements address responsibilities of hazardous substance releases, threatened releases and environmental cleanup. There is also a requirement to impose reporting and community involvement requirements to ensure disclosure of the release or disposal of regulated substances and cleanup of hazards to state and local emergency responders.
- M. Executive Order 12898 (*"Federal Actions to Address Environmental Justice in Minority Populations and Low-Income Populations"*)- This Order requires Federal agencies to identify and address the disproportionately high and adverse human health or environmental effects of Federal programs, policies and activities on low income and minority populations.

## X. APPLICABLE COST PRINCIPLES

### A. Basic Guidelines

- i. Factors affecting allowability of costs. To be allowable under Federal awards, costs must meet the following general criteria:
  - a. Be necessary and reasonable for proper and efficient performance and administration of Federal awards.
  - b. Be allocable to Federal awards under the provisions of 2 CFR part 225.
  - c. Be authorized or not prohibited under State or local laws or



regulations.

- d. Conform to any limitations or exclusions set forth in these principles, Federal laws, terms and conditions of the Federal award, or other governing regulations as to types or amounts of cost items.
  - e. Be consistent with policies, regulations, and procedures that apply uniformly to both Federal awards and other activities of the governmental unit.
  - f. Be accorded consistent treatment. A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost.
  - g. Except as otherwise provided for in 2 CFR part 225, be determined in accordance with generally accepted accounting principles.
  - h. Not be included as a cost or used to meet cost sharing or matching requirements of any other Federal award in either the current or a prior period, except as specifically provided by Federal law or regulation.
  - i. Be the net of all applicable credits.
  - j. Be adequately documented.
- ii. Reasonable costs. A cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost. The question of reasonableness is particularly important when governmental units or components are predominately federally-funded. In determining reasonableness of a given cost, consideration shall be given to:
- a. Whether the cost is of a type generally recognized as ordinary and necessary for the operation of the governmental unit or the performance of the Federal award.
  - b. The restraints or requirements imposed by such factors as: Sound business practices; arm's-length bargaining; Federal, State and other laws and regulations; and, terms and conditions of the Federal award.
  - c. Market prices for comparable goods or services.
  - d. Whether the individuals concerned acted with prudence in the circumstances considering their responsibilities to the governmental unit, its employees, the public at large, and the Federal Government.
  - e. Significant deviations from the established practices of the governmental unit which may unjustifiably increase the Federal award's cost.
- iii. Allocable costs.
- a. A cost is allocable to a particular cost objective if the goods or services involved are chargeable or assignable to such cost objective in accordance with relative benefits received.
  - b. All activities which benefit from the governmental unit's indirect cost,

- including unallowable activities and services donated to the governmental unit by third parties, will receive an appropriate allocation of indirect costs.
- c. Any cost allocable to a particular Federal award or cost objective under the principles provided for in 2 CFR part 225 may not be charged to other Federal awards to overcome fund deficiencies, to avoid restrictions imposed by law or terms of the Federal awards, or for other reasons.
  - d. Where an accumulation of indirect costs will ultimately result in charges to a Federal award, a cost allocation plan will be required as described in Appendices C, D, and E to this part.
- iv. Applicable credits.
- a. Applicable credits refer to those receipts or reduction of expenditure-type transactions that offset or reduce expense items allocable to Federal awards as direct or indirect costs. Examples of such transactions are: Purchase discounts, rebates or allowances, recoveries or indemnities on losses, insurance refunds or rebates, and adjustments of overpayments or erroneous charges. To the extent that such credits accruing to or received by the governmental unit relate to allowable costs, they shall be credited to the Federal award either as a cost reduction or cash refund, as appropriate.
  - b. In some instances, the amounts received from the Federal Government to finance activities or service operations of the governmental unit should be treated as applicable credits. Specifically, the concept of netting such credit items (including any amounts used to meet cost sharing or matching requirements) should be recognized in determining the rates or amounts to be charged to Federal awards. (See Appendix B to this part, item 11, "Depreciation and use allowances," for areas of potential application in the matter of Federal financing of activities.)

## **XI. DRUG-FREE WORKPLACE**

The Borrower shall comply with the provisions of the Drug-Free Workplace Act of 1988 (Public Law No. 100-690, Title V, sec. 5153, as amended by Public Law No. 105-85, Div. A, Title VIII, sec. 809, as codified at 41 U.S.C. § 8102), and the Department's implementing regulations, at 15 C.F.R. part 29, "*Government-wide Requirements for Drug-Free Workplace (Financial Assistance)*," which require the Borrower to take steps to provide a drug-free workplace.

*A Drug-free workplace* means a site for the performance of work done in connection with a specific award at which employees of the Borrower are prohibited from engaging in the unlawful manufacture, distribution, dispensing, possession, or use of a controlled



substance. Borrower will provide a drug-free workplace as mandated by the Drug-Free Workplace Act by:

- A. Publishing a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in the Borrower's workplace and specifying the actions that will be taken against employees for violation of such prohibition;
- B. Establishing an ongoing drug-free awareness program to inform employees about:
  1. The dangers of drug abuse in the workplace;
  2. The Borrower's policy of maintaining a drug-free workplace;
  3. Any available drug counseling, rehabilitation, and employee assistance programs; and
  4. The penalties that may be imposed upon employees for drug abuse violations occurring in the workplace;
- C. Making it a requirement that each employee to be engaged in the performance of the grant be given a copy of the statement required by paragraph 1;
- D. Notifying the employee in the statement required by paragraph 1 that as a condition of employment under the grant the employee will:
  1. Abide by the terms of the statement; and
  2. Notify the employer in writing of his or her conviction for a violation of a criminal drug statute occurring in the workplace no later than five calendar days after such conviction;
- E. Notifying the County in writing, within ten calendar days after receiving notice under subparagraph D. (2.) from an employee or otherwise receiving actual notice of such conviction. Employers of convicted employees must provide notice, including position title, to every grant officer or other designee on whose grant activity the convicted employee was working, unless the Federal agency has designated a central point for the receipt of such notices. Notice shall include the identification number(s) of each affected grant;
- F. Taking the following actions, within 30 calendar days of receiving notice under subparagraph D. (2.), with respect to any employee who is so convicted:
  1. Taking appropriate personnel action against such an employee, up to and including termination, consistent with the requirements of the Rehabilitation Act of 1973, as amended; or,
  2. Requiring such employee to participate satisfactorily in drug abuse assistance or rehabilitation program approved for such purposes by a Federal, State, or local health, law enforcement, or other appropriate agency;
- G. Making a good faith effort to continue to maintain a drug-free workplace through implementation of paragraphs A, B, C, D, E, and F.

## **XII. NON-DISCRIMINATION**

- A. No person shall on the grounds of race, color, religion creed, sex, sexual preference or orientation, national origin, ancestry, physical handicap, medical condition, age, marital status, mental condition, blindness or other physical disability, familial status, pregnancy, childbirth or related medical condition, acquired immune deficiency syndrome (AIDS), acquired or perceived, be excluded from participation in, be denied the benefit of, or be subjected to discrimination under this Project. For purposes of this Section, Title 24 Code of Federal Regulations Section 570.601(b) defines specific discriminatory actions which are prohibited and corrective action which shall be taken in situations as defined.
- B. Borrower shall comply with the nondiscrimination and affirmative action provisions of the laws of the United States of America, the State of California and County. In performing this Loan Agreement, Borrower shall not discriminate in its employment practices against any employee, or applicant for employment because of such person's race, color, religion, creed, sex, sexual preference or orientation, national origin, ancestry, physical handicap, medical condition, age, marital status, mental condition, blindness or other physical disability, acquired immune deficiency syndrome (AIDS), acquired or perceived, familial status, pregnancy, childbirth or related medical condition. Any subcontract entered into by Borrower relating to this Loan Agreement, to the extent allowed hereunder, shall be subject to the provisions of this paragraph.
- C. Borrower shall comply with all Federal statutes relating to nondiscrimination. These include, but are not limited to the following:
1. Title VI of the Civil Rights Act of 1964, as amended (42 U.S.C. § 2000 d et seq.) (P.L. 88-352) which prohibits discrimination on the basis of race, color or national origin and the Department's implementing regulations found at 15CFR part 8 (Pub. L. 92-65, title I, §112, Aug. 5, 1971, 85 Stat. 168.)
  2. Title IX of the Education Amendments of 1972, as amended (20 U.S.C. §§1681, 1683, and 1685-1686), 42 U.S.C. §§ 3123 and 6709 which prohibits discrimination on the basis of sex and Department's implementing regulations found at 15 CFR §§ 8.7-8.15;
  3. Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. §794), which prohibits discrimination on the basis of handicaps and Department's implementing regulations found at 15 CFR part 8 b;
  4. Age Discrimination Act of 1975, as amended (42 U.S.C. §§6101-6107), which prohibits discrimination on the basis of age.
  5. Drug Abuse Office and Treatment Act of 1972 (P.L. 92-255), as amended, relating to nondiscrimination on the basis of drug abuse.
  6. Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment and Rehabilitation Act of 1970 (P.L. 91-616), as amended, relating to nondiscrimination on the basis of alcohol abuse or alcoholism.
  7. §§523 and 527 of the Public Health Service Act of 1912 (42 U.S.C. §§290 dd-3 and 290 ee 3), as amended, relating to confidentiality of alcohol and drug



abuse patient records.

8. Title VIII of the Civil Rights Act of 1968 (42 U.S.C. §§3601 et seq.), as amended, relating to nondiscrimination in the sale, rental or financing of housing.
9. Any other nondiscrimination provisions in the specific statute(s) under which application for Federal assistance is being made.
10. The requirements of any other nondiscrimination statute(s) which may apply to the application.

### **XIII. EQUAL EMPLOYMENT OPPORTUNITY**

Borrower must comply with Parts II and III of Executive Order (E.O.) 11246, "Equal Employment Opportunity" (30 FR 12319, 1965), as amended by E.O. 11375 (32 FR 14303, 1967) and E.O. 12086 (43 FR 46501, 1978) requiring Federally assisted construction contracts to include the nondiscrimination provisions of §§ 202 and 203 of that E.O. and the Department of Labor regulations implementing E.O. 11246 (41 CFR § 60-1.4 (b) 1991). Borrower, for itself and its successors and assigns, agrees that:

- A. Borrower shall not discriminate against any employee or applicant for employment because of race, color, religion, creed, sex, sexual preference or orientation, national origin, ancestry, physical handicap, medical condition, age, marital status, mental condition, blindness or other physical disability, acquired immune deficiency syndrome (AIDS), acquired or perceived, familial status, pregnancy, childbirth or related medical condition. 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, creed, sex, sexual preference or orientation, national origin, ancestry, physical handicap, medical condition, age, marital status, mental condition, blindness or other physical disability, acquired immune deficiency syndrome (AIDS), acquired or perceived, familial status, pregnancy, childbirth or related medical condition. Such action shall include, but not be limited to, the following: employment, upgrading, demotion, transfer, recruitment or recruitment advertising, layoff or termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship. Borrower shall post in conspicuous places, available to employees and applicants for employment, notices setting forth the provisions of this nondiscrimination clause.
- B. Borrower shall, in all solicitations or advertisements for employees placed by or on behalf of the Borrower, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, creed, sex, sexual preference or orientation, national origin, ancestry, physical handicap, medical condition, age, marital status, mental condition, blindness or other physical disability, acquired immune deficiency syndrome (AIDS), acquired or perceived, familial status, pregnancy, childbirth or related medical condition.
- C. Borrower shall send a notice to each labor union or representative of workers with which Borrower has a collective bargaining agreement or other contract or



understanding, advising the labor union or worker's representative of Borrower's commitments under Executive Order 11246 of September 24, 1965, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

- D. Borrower shall 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.
- E. Borrower shall furnish all information and reports required by Executive Order 11246 of September 24, 1965, and by the rules, regulations, and orders of the Secretary of Commerce pursuant thereto and will permit access to Borrower's books, records and accounts by the County, the Secretary of Commerce, and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.
- F. In the event of Borrower's noncompliance with the nondiscrimination clauses of this Section, or with any of the said rules, regulations, or orders, following notice and an opportunity to cure as provided in below, this Loan 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 by Executive Order 11246 of September 24, 1965, or by rules, regulations, or orders of the Secretary of Labor, or as otherwise provided by law.
- G. Borrower shall include the provisions of Paragraphs (a) through (f) of this Section in every contract or purchase order, and will require the inclusion of these provisions in every subcontract entered into by any of its contractors, 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 such contractor, subcontractor, or vendor, as the case may be. Borrower will take such action with respect to any construction contract, subcontract, or purchase order as the County or HUD may direct as a means of enforcing such provisions, including sanctions for noncompliance. For the purpose of including such provisions in any construction contract, subcontract, or purchase order, as required hereby, the first two lines of this subsection shall be changed to read "During the performance of this Contract, Borrower agrees as follows:" and the term "Borrower" shall be changed to "Contractor."
- H. Except as provided in California Government Code Section 12940, et seq., Borrower shall not engage in the following prohibited employment practices: Refusal to hire or employ any person or refusal to select any person for any training program leading to employment, or to bar or to discharge such person from employment or from such training program leading to employment, or discriminate against such person in compensation or in terms, conditions or privileges of employment because of race, color, religion, creed, sex, sexual preference or orientation, national origin, ancestry, physical handicap, medical condition, age, marital status, mental condition, blindness



or other physical disability, acquired immune deficiency syndrome (AIDS), acquired or perceived, familial status, pregnancy, childbirth or related medical condition.

#### **XIV. NON-COMPLIANCE WITH REQUIREMENTS FOR RLF FUNDS**

Borrower shall use monies received pursuant to this Agreement in conformity with the applicable provisions. Failure to comply with the provisions of RLF may be considered grounds for appropriate enforcement action pursuant 2 CFR § 200.338 (Remedies for noncompliance), including but not limited to: the imposition of additional loan conditions in accordance with 2 CFR § 200.207 (Specific Conditions); temporarily withholding any payments pending the correction of the deficiency; the disallowance of costs and the establishment of an accounts receivable; wholly or partially suspending or terminating loan; initiating suspension or debarment proceedings in accordance with 2 CFR parts 180 and 1326; and such other remedies as may be legally available. See also 2 CFR §§ 200.339 (Termination) through 200.342 (Effects of Suspension and termination).

#### **XV. LOCAL, STATE AND FEDERAL LAWS**

- A. Borrower shall carry out the Project in conformity with all applicable laws, including all applicable federal and state labor standards. Borrower shall be responsible for complying with all applicable County, County and State building codes, and planning and zoning requirements, and shall take all necessary steps so that the development of the Site and the construction, use, operation, and maintenance of the Improvements thereon in accordance with the provisions of this Loan Agreement shall be in conformity with applicable zoning and General Plan requirements, and that all applicable environmental mitigation measures and other requirements shall have been complied with.
- B. Borrower shall carry out the administration of this Loan Agreement in conformity with all applicable laws, including, but not limited to the following applicable federal, state and local laws and regulations:
  - 1. Executive Order 11063 and regulations at 24 CFR Part 107.
  - 2. Architectural Barriers Act of 1968, 42 U.S.C. 4151-4157.
  - 3. Lead-Based Paint Poisoning Prevention Act, 42 U.S.C. 4821-4846 and implementing regulations at 24 CFR Part 35.
  - 4. Titles II and III of the Uniform Relocation Assistance and Real Property Acquisitions Policies Act of 1970, 42 U.S.C. 4601, et seq. (P.L. 91-646).
  - 5. County and Other Governmental Agency Permits
- C. Before commencement of any work on the Project, Borrower shall secure or shall cause to be secured, and at all times maintain, any and all permits, approvals and reviews which may be required by the County or any other governmental agency. Borrower shall pay such fees as may be required in connection therewith.
- D. The Project shall be developed in accordance with applicable State and local building codes or, in the absence of such codes, in accordance with a nationally recognized model building code.

## **XVI. CONFLICT OF INTEREST**

No member, officer or employee of Borrower or its designees or agents who exercises any function of responsibility with respect to the Project during his tenure or for one (1) year thereafter shall have any interest, direct or indirect, in any contract or subcontract, or the proceeds thereof, for work to be performed in connection with the program assisted under this Agreement. Borrower shall incorporate in all subcontracts provisions prohibiting such interest in accordance with 13 CFR § 302.17 (a).

## **XVII. APPLICABILITY OF PROVISIONS TO CONTRACTS AND SUBCONTRACTS**

The Borrower shall include the following notice in any request for applications or bids for contract, or subcontract as applicable:

*Applicants/bidders for a lower-tier covered transaction (except for goods and services under \$25,000 not requiring the consent of a DOC official) are subject to 2 C.F.R. part 1326, subpart C, "Non-procurement Debarment and Suspension" In addition, applicants/bidders for a lower-tier covered transaction (for a sub-award, contract, or subcontract) greater than \$100,000 of Federal funds at any tier are subject to 15 C.F.R. part 28, "New Restrictions on Lobbying." Applicants/bidders should familiarize themselves with these provisions, including the certification requirements. Therefore, applications for a lower-tier covered transaction must include and complete without modification Form CD-512, "Certifications Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion--Lower Tier Covered Transactions and Lobbying".*

- A. The Borrower shall include a statement in all lower-tier covered transactions (for a sub-award, contract or subcontract), that the award is subject to subpart C of 2 CFR part 1326, "Non-procurement Debarment and Suspension."
- B. The Borrower shall include a statement in all lower-tier covered transactions (for a sub-award, contract or subcontract) exceeding \$100,000 in Federal funds, that the sub-award, contract or subcontract is subject to 31 U.S.C. § 1352 and to the Department's implementing regulations found at 15 C.F.R. part 28, "New Restrictions on Lobbying." The Borrower shall further require the sub-recipient, contractor or subcontractor to submit a completed Form SF- LLL, "Disclosure of Lobbying Activities," regarding the use of non-Federal funds for lobbying. Form SF-LLL shall be submitted within 15 days following the end of the calendar quarter in which there occurs any event that requires disclosure or that materially affects the accuracy of the information contained in any disclosure form previously filed. Form SF-LLL shall be submitted from tier to tier until received by the Borrower. The Borrower must submit all disclosure forms received, including those that report lobbying activity on its own behalf, to the County within 30 days following the end of the quarter.



### **XVIII. SMALL/MINORITY/WOMEN'S BUSINESS ENTERPRISES REQUIREMENTS**

The U.S. Department of Commerce encourages all recipients of Federal funds to utilize small businesses, minority business enterprises, and women's business enterprises in contracts under financial assistance awards. The Minority Business Development Agency will assist Borrower in matching qualified minority owned enterprises with contract opportunities. For further information visit MBDA's website at <http://www.mdba.gov>. If you do not have access to the Internet, you may contact MDBA via mail at the following address:

U.S. Department of Commerce  
Minority Business Development Agency  
Office of Business Development  
1401 Constitution Avenue, NW  
Washington, DC 20230

### **XIX. FEDERAL LABOR STANDARD**

Except with respect to the rehabilitation of residential property designed for residential use for less than eight families, Borrower and all subcontractors engaged under contracts in excess of \$2,000 for the construction, prosecution, completion or repair of any building or work financed in whole or in part with assistance provided under this Agreement agree to comply with requirements pertaining to such contracts and the applicable requirements of the regulations of the Department of Labor under 29 CFR Parts 3, 5 and 5a, governing the payment of wages and the ratio of apprentices and trainees to journeymen. If wage rates higher than those required under such regulations are imposed by State or local law, nothing hereunder is intended to relieve Borrower of its obligations, if any, to require payment of the higher rates. Borrower shall cause or require to be inserted in full in all such contracts subject to such regulations, provisions meeting the requirements of the Federal Labor Standards Provision. No award of the contracts covered under this section of this Agreement shall be made to any contractor who is at the time ineligible under the provisions of any applicable regulation of the Department of Labor to receive an award of such contract.

### **XX. LABOR STANDARDS PROVISIONS/CALIFORNIA LABOR CODE**

- A. Borrower shall understand that conditions set forth in Chapter 1, Part 7, Division 2 of the California Labor Code shall be considered part of the contract agreement.
- B. Prevailing Wage/Davis Bacon Rates – Borrower will insure that the prime contractor to whom the contract is awarded and any subcontractor must pay the general prevailing wage rates or Davis Bacon wage rates, if applicable, as ascertained from time to time which shall be applicable to this project.
- C. Borrower will insure that the contractor performing the work shall be responsible for obtaining a copy of the State wage rate or Davis-Bacon wage rate determination. The contractor shall be responsible for posting said wage rate at a prominent location at the work site and shall maintain same in a good readable condition for the duration of the work. In those projects where federal funds and state or local funds are involved, as indicated by referenced to or the inclusion of the Federal Wage Determination and

State Prevailing Wage Determination in these contract documents, the minimum wages to be paid shall be the highest of either the state or federal prevailing wage rates. In those projects where only federal funds are involved, as indicated by referenced to or the inclusion of the Federal Wage Determinations only, wages to be paid shall be federal prevailing wage rates.

- D. If the Federal Wage Determination is modified between the date of project advertisement and ten (10) days prior to the bid opening date, a letter of clarification will be issued and will include the latest modification.
- E. Borrower will insure that the contractors and subcontractors comply with the Contract Work Hours and Safety Standards Act (40 USC §§ 327-333), regarding labor standards for federally assisted construction sub-agreements.
- F. Borrower will insure that the contractor shall be responsible for submitting weekly payroll documentation to designated County staff.

#### **XXI. WORKER'S COMPENSATION INSURANCE**

In all operations connected with the work herein specified, the Borrower shall observe the provisions of Section 3700, et seq., of the Labor Code, which requires every employer to be insured against liability for Worker's Compensation or to undertake self-insurance in accordance with the provisions of that code before commencing the performance of the work of this Agreement.

#### **XXII. CRIMINAL AND PROHIBITED ACTIVITIES**

- A. The Program Fraud Civil Remedies Act (31 USC § 3801 et seq.), provides for the imposition of civil penalties against persons who make false, fictitious, or fraudulent claims against the Federal Government for money (including money representing grants, loans, or other benefits).
- B. The False Claims Amendments Act of 1986 and the False Statements Accountability Act of 1996 (18 USC §§ 287 and 1001, respectively), provide that whoever makes or presents any false fictitious, or fraudulent statement, representation, or claim, against the United States shall be subject to imprisonment of not more than five years and shall be subject to a fine in the amount provided by 18 USC § 287.
- C. The Civil False Claims Act (31 USC §§ 3729-3733), provides that suits can be brought by the government, or a person on behalf of the government, for false claims made under Federal assistance programs.
- D. The Copeland "Anti-Kickback" Act (18 USC § 874), prohibits a person or organization engaged in a federally supported project from enticing an employee working on the project from giving up a part of his compensation under an employment contract. The Copeland "Anti-Kickback" Act also applies to contractors and subcontractors pursuant 40 USC § 3145.



**XXIII. HATCH ACT**

Borrower agrees that no funds provided, nor personnel employed under this contract, shall be in any way or to any extent engaged in the conduct of political activities in violation of Chapter 15 of Title V United States Code.

EXHIBIT L  
RLF JOB CREATION CERTIFICATE  
(behind this page)



**COUNTY OF RIVERSIDE REVOLVING LOAN FUND PROGRAM**

**JOB CREATION/RETENTION CERTIFICATION**

\_\_\_\_/\_\_\_\_/\_\_\_\_  
DATE

I, the undersigned, certify and declare the following:

Summertree Interiors, Inc., a California corporation, doing business as Newport Cottages will use Revolving Loan Fund Program (RLFP) funds to pay for a minimum of four (4) permanent *full-time* job to be created. This will be a new job to be created and did not exist prior to RLFP Loan. New job will pay a minimum of \$ 11.00 per hour; job created is permanent and directly related to the company's approved job classifications.

Summertree Interiors, Inc., a California corporation, doing business as Newport Cottages continues to participate in the monitoring and reporting process and site visits, including: an environmental review; compliance with Davis/Bacon Labor & Wage regulations as necessary, participating with the quarterly reports and site visits which update the project progress and compile job creation/retention information; and submit biannual financial and business reports i.e., balance sheet, income and expense report, cash flow reports, **PLUS** copies of annual business income tax returns.

	<b>Occupation Title</b>	<b>Hours per Week</b>	<b>Hourly Wage</b>	<b>Weeks Paid</b>
1	Example	10	\$ 20.00	52
2				
3				
4				
5				
6			\$	
7			\$	
8			\$	
9			\$	
10			\$	

I declare under penalty of perjury the foregoing, including any attachments and exhibits hereto, is true and correct.

**BORROWER:**

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

By: \_\_\_\_\_

Name: Pockets F. Alvarez

Its: \_\_\_\_\_

By: \_\_\_\_\_

Name: Cristina S. Alvarez

Its: \_\_\_\_\_

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

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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 FILLING (the "Deed of Trust") is made as of this 29<sup>th</sup> day of January, 2020 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: January 29, 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 January 29, 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 January 29, 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: 1/29/2020

TRUSTOR:

By:   
Cristina S. Alvarez

Date: 1/29/2020



**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.

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 Riverside

On Jan. 29, 2020 before me, Candice E. Etter, Notary Public  
(insert name and title of the officer)

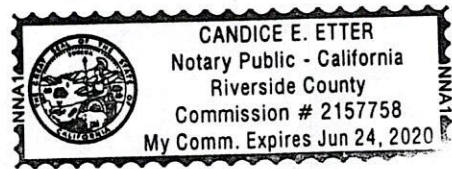
personally appeared Pockets F. Alvarez and Cristina S. Alvarez,  
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are  
subscribed to the within instrument and acknowledged to me that he/she/they executed the same in  
his/her/their authorized capacity(ies), 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

(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)

PROMISSORY NOTE

\$120,000.00

7.25 % Simple Interest

January 29, 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 January 29, 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 April 28, 2020 and ending on March 28, 2025 (“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 April 28, 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 USEDAs 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.

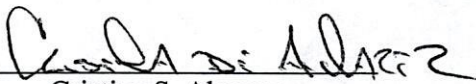
**XXVI. Miscellaneous.** Time is of the essence hereof. This Note shall be governed by and construed under the laws of the State of California except to the extent Federal laws preempt the laws of the State of California. The Borrower irrevocably and unconditionally submits to the jurisdiction of the 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: PRESIDENT

By:   
Cristina S. Alvarez

Its: SECRETARY

**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 Riverside )

On Jan. 29, 2020 before me, Candice E. Etter, Notary Public  
(insert name and title of the officer)

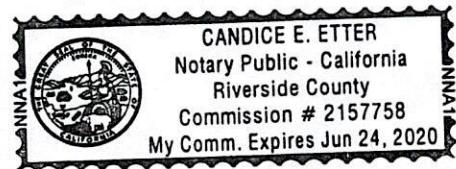
personally appeared Pockets F. Alvarez and Cristina S. Alvarez,  
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are  
subscribed to the within instrument and acknowledged to me that he/she/they executed the same in  
his/her/their authorized capacity(ies), 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

(Seal)





**DISBURSEMENT AGREEMENT**  
**FOR REVOLVING LOAN FUND PROGRAM**

This Disbursement Agreement For the Revolving Loan Fund Program (RLFP) Loan ("Disbursement Agreement") is entered into by and between the COUNTY OF RIVERSIDE, a political subdivision of the State of California ("County") and Summertree Interiors, Inc., a California corporation, doing business as Newport Cottages ("Borrower") as of the Effective Date (defined below).

**RECITALS**

A. The County and Borrower have entered into that certain Loan Agreement (Revolving Loan Fund Program) dated January 29, 2020 ("Agreement"). All capitalized terms not defined herein shall have the meaning ascribed to such terms in the Agreement.

B. Pursuant to the Agreement, County agreed to provide financial assistance to Borrower in an amount not to exceed One Hundred Twenty Thousand Dollars and Zero Cents (\$120,000.00) ("RLFP Loan") to be used to purchase of machinery, equipment, inventory and working capital for business expenses.

C. The RLFP Loan is evidenced by that certain Promissory Note dated on or about the date hereof and executed by Borrower in favor of the County ("Promissory Note"), which Promissory Note is secured by, among things that certain Deed of Trust dated on or about the date hereof executed by Borrower for the benefit of County and that certain UCC-1 Fixture Filing.

D. The purpose of this Disbursement Agreement is to set forth the terms whereby the RLFP Loan funds will be disbursed to the Borrower by the County.

NOW, THEREFORE, the parties agree as follows:

1. Disbursement. RLFP Loan shall be subject to all terms and conditions of the County's disbursement procedures.

2. Use of County RLFP Loan Funds. Borrower shall use the RLFP Loan exclusively to purchase of machinery, equipment, inventory and working capital for business expenses.

3. General Disbursement Procedures. Subject to the satisfaction of the conditions set forth in Sections 108 and 203 of the Agreement, the County shall disburse the proceeds of the County RLFP Loan as set forth herein.

4. Disbursement Schedule. Subject to Borrower's satisfaction of certain conditions precedent set forth in the Agreement and the milestone(s) identified below, the disbursement of the RLFP Loan from the County to Borrower for the purchase of machinery, equipment, inventory and working capital for business expenses shall occur as follows:

- a. Purchase of equipment upon submittal of documentation of purchase request from vendor(s).
- b. Working Capital; upon submittal of Payment Request Memo.

Borrower shall submit to County a Payment Request Memo on company letterhead for each separate disbursement of loan funds as further discussed in Section 5 below.

5. Disbursement. The County shall disburse the County RLFP Loan funds as follows:
- a. Disbursement shall be made upon submission of a written request and upon the satisfaction of the milestone set forth in Section 4 above, signed by Borrower ("Payment Request Memo") for each separate use of funds.
  - b. Payment Request Memo shall include description of intended uses of funds in tabular form.
  - c. Correspondence with your letterhead verifying your business address and "remit to" address (if different from business address). Examples of correspondences can be: blank invoice, letterhead or business card.
  - d. IRS 147-C Letter (New Authorization Letter) confirming that your Employer Identification Number (EIN) matches with your business name.
  - e. A completed and signed IRS W-9 Form (Request for Taxpayer Identification Number and Certification). Will need to be submitted to County.
  - f. A printout of the "COMPANY INFORMATION" page in the County Purchasing website.
    - i. You will need to register online with the County Purchasing department in order to obtain this printout.
    - ii. A brief procedure for registering online is attached – **Please complete all the steps in the online registration**
    - iii. The web address for the County Purchasing website is:  
<http://purchasing.co.riverside.ca.us/>
    - iv. If you have questions regarding registering online, please contact the Oasis Help Desk at: [OASISHelpDesk@co.riverside.ca.us](mailto:OASISHelpDesk@co.riverside.ca.us).
  - g. To have funds sent electronically to Borrower's account, bank routing information will need to be submitted with Payment Request Memo.

The term "Year" as used herein shall be as defined in the Agreement.

6. Effective Date. The Effective Date shall be the date the parties execute this Disbursement Agreement. If the parties execute this Disbursement Agreement on more than one date, then the last date this Disbursement Agreement is executed by a party shall be the effective date.

7. Integrated Agreement. This Disbursement Agreement is made for the sole benefit and protection of the parties hereto and no other person or persons shall have any right of action or right to rely hereon. As this agreement contains all the terms and conditions agreed upon between the parties in connection with the disbursement of the RLFP Loan, except for the Agreement, no other agreement regarding the subject matter thereof, shall be deemed to exist or bind any party unless in writing and signed by the party to be charged.

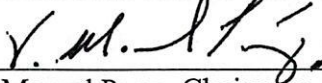


8. Termination of this Agreement. This agreement shall terminate when the RLFP Loan funds have been fully disbursed or if the County requests to terminate the Agreement in its discretion.

**IN WITNESS WHEREOF**, the County and Borrower have executed this Disbursement Agreement as of the dates set forth below.

**“COUNTY”**

**COUNTY OF RIVERSIDE**, a political subdivision of the State of California

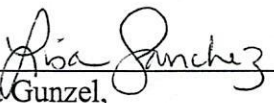
By:   
V. Manuel Perez, Chairman  
Board of Supervisors

Date: MAR 17 2020

ATTEST:  
Kecia R. Harper  
Clerk of the Board

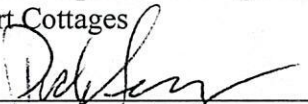
By:   
Deputy

APPROVED AS TO FORM:  
Gregory P. Priamos  
County Counsel

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

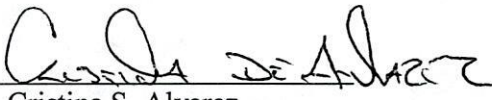
**“BORROWER”**

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

By:   
Pockets F. Alvarez

Its: PRESIDENT

Date: 1/29/2020

By:   
Cristina S. Alvarez

Its: SECRETARY

Date: 1/29/2020

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

EXHIBIT J  
DISBURSEMENT AGREEMENT  
(behind this page)



**DISBURSEMENT AGREEMENT**  
**FOR REVOLVING LOAN FUND PROGRAM**

This Disbursement Agreement For the Revolving Loan Fund Program (RLFP) Loan ("Disbursement Agreement") is entered into by and between the COUNTY OF RIVERSIDE, a political subdivision of the State of California ("County") and Summertree Interiors, Inc., a California corporation, doing business as Newport Cottages ("Borrower") as of the Effective Date (defined below).

**RECITALS**

- A. The County and Borrower have entered into that certain Loan Agreement (Revolving Loan Fund Program) dated \_\_\_\_\_, 2020 ("Agreement"). All capitalized terms not defined herein shall have the meaning ascribed to such terms in the Agreement.
- B. Pursuant to the Agreement, County agreed to provide financial assistance to Borrower in an amount not to exceed One Hundred Twenty Thousand Dollars and Zero Cents (\$120,000.00) ("RLFP Loan") to be used to purchase of machinery, equipment, inventory and working capital for business expenses.
- C. The RLFP Loan is evidenced by that certain Promissory Note dated on or about the date hereof and executed by Borrower in favor of the County ("Promissory Note"), which Promissory Note is secured by, among things that certain Deed of Trust dated on or about the date hereof executed by Borrower for the benefit of County and that certain UCC-1 Fixture Filing.
- D. The purpose of this Disbursement Agreement is to set forth the terms whereby the RLFP Loan funds will be disbursed to the Borrower by the County.

NOW, THEREFORE, the parties agree as follows:

1. Disbursement. RLFP Loan shall be subject to all terms and conditions of the County's disbursement procedures.
2. Use of County RLFP Loan Funds. Borrower shall use the RLFP Loan exclusively to purchase of machinery, equipment, inventory and working capital for business expenses.
3. General Disbursement Procedures. Subject to the satisfaction of the conditions set forth in Sections 108 and 203 of the Agreement, the County shall disburse the proceeds of the County RLFP Loan as set forth herein.
4. Disbursement Schedule. Subject to Borrower's satisfaction of certain conditions precedent set forth in the Agreement and the milestone(s) identified below, the disbursement of the RLFP Loan from the County to Borrower for the purchase of machinery, equipment, inventory and working capital for business expenses shall occur as follows:
  - a. Purchase of equipment upon submittal of documentation of purchase request from vendor(s).
  - b. Working Capital; upon submittal of Payment Request Memo.



Borrower shall submit to County a Payment Request Memo on company letterhead for each separate disbursement of loan funds as further discussed in Section 5 below.

5. Disbursement. The County shall disburse the County RLFP Loan funds as follows:
- a. Disbursement shall be made upon submission of a written request and upon the satisfaction of the milestone set forth in Section 4 above, signed by Borrower ("Payment Request Memo") for each separate use of funds.
  - b. Payment Request Memo shall include description of intended uses of funds in tabular form.
  - c. Correspondence with your letterhead verifying your business address and "remit to" address (if different from business address). Examples of correspondences can be: blank invoice, letterhead or business card.
  - d. IRS 147-C Letter (New Authorization Letter) confirming that your Employer Identification Number (EIN) matches with your business name.
  - e. A completed and signed IRS W-9 Form (Request for Taxpayer Identification Number and Certification). Will need to be submitted to County.
  - f. A printout of the "COMPANY INFORMATION" page in the County Purchasing website.
    - i. You will need to register **online** with the County Purchasing department in order to obtain this printout.
    - ii. A brief procedure for registering online is attached – **Please complete all the steps in the online registration**
    - iii. The web address for the County Purchasing website is:  
<http://purchasing.co.riverside.ca.us/>
    - iv. If you have questions regarding registering online, please contact the Oasis Help Desk at: [OASISHelpDesk@co.riverside.ca.us](mailto:OASISHelpDesk@co.riverside.ca.us).
  - g. To have funds sent electronically to Borrower's account, bank routing information will need to be submitted with Payment Request Memo.

The term "Year" as used herein shall be as defined in the Agreement.

6. Effective Date. The Effective Date shall be the date the parties execute this Disbursement Agreement. If the parties execute this Disbursement Agreement on more than one date, then the last date this Disbursement Agreement is executed by a party shall be the effective date.

7. Integrated Agreement. This Disbursement Agreement is made for the sole benefit and protection of the parties hereto and no other person or persons shall have any right of action or right to rely hereon. As this agreement contains all the terms and conditions agreed upon between the parties in connection with the disbursement of the RLFP Loan, except for the Agreement, no other agreement regarding the subject matter thereof, shall be deemed to exist or bind any party unless in writing and signed by the party to be charged.



8. Termination of this Agreement. This agreement shall terminate when the RLFP Loan funds have been fully disbursed or if the County requests to terminate the Agreement in its discretion.

**IN WITNESS WHEREOF**, the County and Borrower have executed this Disbursement Agreement as of the dates set forth below.

**“COUNTY”**

**COUNTY OF RIVERSIDE**, a political subdivision of the State of California

By: \_\_\_\_\_  
V. Manuel Perez, Chairman  
Board of Supervisors

Date: \_\_\_\_\_

ATTEST:  
Kecia R. Harper  
Clerk of the Board

By: \_\_\_\_\_  
Deputy

APPROVED AS TO FORM:  
Gregory P. Priamos  
County Counsel

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

**“BORROWER”**

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

By: \_\_\_\_\_  
Pockets F. Alvarez

Its: \_\_\_\_\_

Date: \_\_\_\_\_

By: \_\_\_\_\_  
Cristina S. Alvarez

Its: \_\_\_\_\_

Date: \_\_\_\_\_

EXHIBIT K  
DOC STANDARD TERMS AND CONDITIONS  
(behind this page)



**U.S. DEPARTMENT OF COMMERCE  
ECONOMIC DEVELOPMENT ADMINISTRATION  
APPLICABLE STANDARD TERMS AND CONDITIONS  
REVOLVING LOAN FUND**

**INTRODUCTION**

The County of Riverside has been awarded a financial assistance award from the United States Department of Commerce's Economic Development Administration (USEDA) to capitalize a Revolving Loan Fund (RLF) for business lending. The award is subject to the laws and regulations of the United States. Any inconsistency or conflict in these Applicable Standard Terms and Conditions shall be resolved according to the following order of precedence: public laws, regulations and applicable notices published in the Federal Register, Executive Orders, OMB Circulars, USEDAs Standard Terms and Conditions and special award conditions.

**I. DEFINITIONS**

- A. "Agreement" means that certain loan agreement entered into by Borrower and County;
- B. "Award" refers to the Federal Award ID No. 07 79 070282, Economic Adjustment Assistance Program award by the United States Department of Commerce's Economic Development Administration (USEDA) to the County of Riverside;
- C. "Borrower" refers to the business or individual, party to Agreement and its authorized representatives, assigns, transferees, or successors-in-interest;
- D. "Closed Loan" is any loan for which all required documentation has been received, reviewed and executed by Borrower;
- E. "CFR" means the Code of Federal Regulations;
- F. "County" means the County of Riverside, a political subdivision of the State of California;
- G. "Department" or "DOC" refers to the U.S. Department of Commerce;
- H. "FR" means the Federal Register;
- I. "Government" or "Federal Government" refers to USEDAs;
- J. "PL" means Public Law;
- K. "Project" refers to the activity or purpose for which loan Agreement is being executed;
- L. "RLF" refers to the County of Riverside's Revolving Loan Fund;
- M. "Terms and Conditions" means these Applicable Standard Terms and Conditions;
- N. "USC" means the United States Code;

**II. RECORDKEEPING**

- A. Borrower shall establish and maintain sufficient records in their original form to enable County to determine whether Borrower has met the requirements of RLF Program. Records in their original form pertaining to matters covered by Agreement shall, at all times, be retained within the Riverside County area, unless authorization to remove them is granted in writing by County.

- B. At all reasonable times and following reasonable notice to the Borrower, any duly authorized representative of the County or the Inspector General of the Department of Commerce shall have access to and the right to inspect, copy, audit and examine all such books, records, accounts, reports, files and other documents of the Borrower until completion of all close-out procedures and final settlement and conclusion of all issues.
- C. The Borrower shall furnish such statements, records, reports, including litigation reports, data and other information as the County may from time to time reasonably request.
- D. The Borrower shall retain all other records that are required to be retained under this section shall be retained for a period of three (3) years after termination of Agreement and all other pending matters are closed. "Pending Matters" include, but are not limited to, an audit, litigation, or other actions involving records until such time as audit findings have been resolved, whichever is later. County may, at its discretion, take possession and retain said records.
- E. At a minimum, the following records are needed:
1. Records providing a full description of each activity assisted (or being assisted) with RLF funds, including its location, the amount of funds budgeted, obligated and expended for the activity. Such documentation must include, to the extent applicable, invoices, schedules containing comparisons of budgeted amounts and actual expenditures, construction progress schedules signed by appropriate parties (e.g., general contractor and/or a project architect), and/or other documentation appropriate to the nature of the activity.
  2. Records demonstrating that activity undertaken meet the job creation or retention requirements of the RLF Agreement. Such records shall include the following information:
    - a. For each activity based on the creation of jobs, the Borrower shall provide:
      - (i). Documentation establishing that the jobs did not exist prior to assistance provided to Borrower under this Agreement;
      - (ii). Documentation describing and listing by job title of the permanent jobs to be created and which jobs are part-time, if any; and
      - (iii). A listing by job title of the permanent jobs filled
    - b. For each activity based on the retention of jobs:
      - (i) Evidence that, in the absence of RLF assistance, jobs
      - (ii) would be lost; and
      - (iii) For each business assisted, a listing by job title of permanent jobs retained;
  3. Records related to real property acquired or improved in whole or in part using RLF funds.



4. Record of agreements or subcontracts indicating, at a minimum, the requirements of this Agreement, and the following:
  - a. In accordance with Terms and Conditions, suspension or termination may occur if the sub-contractor materially fails to comply with any term of the Agreement (see 15 CFR §§ 14.61 or 24.43, as applicable) and that the Agreement may be terminated for convenience (see 15 CFR §§ 14.61 or 24.44 as applicable).

### **III. REPORTS**

- A. Borrower shall submit the following performance and/or evaluation report to County to facilitate mandated reporting to USED A:
  1. A calendar quarterly report of progress and accomplishments for all funded activities;
  2. Borrower may be required to submit such other reports and information as County determines are necessary to carry out its responsibilities.
  3. If Borrower's reports or other documentation are not submitted as required, County reserves the right to withhold payment to Borrower, or to impose other sanctions, at County's sole discretion.

### **IV. AUDITS**

- A. At any time during normal business hours and as often as the Grantor, the U.S. Inspector General, Auditor General of the State of California or County may deem necessary, Borrower shall make available for examination all of its records.
- B. Borrower shall conduct or have conducted on an annual basis and within six (6) months after the close of Borrower's fiscal year, an audit. The audit is to be conducted annually on an organization-wide basis to test the fiscal integrity of financial transactions, as well as compliance with the terms and conditions of the Federal funds and this Agreement.
  1. Borrower's expending funds of \$300,000 or more in a year in Federal awards shall have a single or program-specific audit conducted for that year in accordance with the provisions of OMB Circular A-133.
  2. Borrower, no later than fifteen (15) days of receipt of the final audit report and within six (6) months after the close of Borrower's fiscal year, shall submit a copy of the report to County.
- C. In the event Borrower has only Performance Based or Fixed Unit Price Contracts, a written request may be made to County for permission to have an annual audit performed using alternative audit requirements.

The alternative audit requirements of County require an audit that shall result in the following reports from the independent auditor:

  1. Report on the Schedule of Federal Financial Assistance (Grant funds earned through contract performance);
  2. Report on internal controls (accounting and Administrative) that were evaluated, the scope of the auditor's assessment work and any significant weaknesses found;

3. Opinion on compliance with contract provisions and specific requirements applicable to Federal financial assistance;
  4. Report on compliance with general requirements applicable to Federal financial assistance; and
  5. Schedule of findings and questioned costs.
- D. County reserves the right to impose any or all of the following sanctions for Borrower's failure to comply with the requirements of the Single Audit Act and the provisions of this Agreement.
1. Withholding a percentage of Federal awards until the audit is completed satisfactorily
  2. Withholding or disallowing overhead costs
  3. Suspending Federal awards until the audit is conducted; or
  4. Terminating the Federal award

#### **V. MONITORING**

County will monitor Borrower's use of Federal funds through reporting, onsite visits, regular contact or other means to provide reasonable assurance that Borrower administers the Federal funds in compliance with laws, regulations, and the provisions of contracts or agreements and that the performance goals are achieved.

#### **VI. DISCLAIMER PROVISION**

- A. The United States expressly disclaims any and all responsibility or liability to the Borrower, contractor or sub-contractor, or third persons for the actions of the Borrower, contractor or sub-contractor or third persons resulting in death, bodily injury, property damages, or any other losses resulting in any way from the performance of Agreement or any other losses resulting in any way from the performance of this Agreement, or any sub-agreement or subcontract under this Agreement.
- B. Borrower's acceptance of this Agreement does not in any way constitute an agency relationship between the United States and Borrower.

#### **VII. HOLD HARMLES PROVISION**

- A. Borrower agrees to hold the Federal Government harmless from and against all liabilities that the Federal government may incur as a result of providing funds under Award to assist, directly or indirectly in site preparation or construction, as well as the result direct or indirect renovation or repair of any facility or site.
- B. These protections apply to the extent that the Federal government may become potentially liable as a result of ground water, surface, soil or natural or man-made conditions on the property caused by operations of the Borrower, predecessor or successors (13 CFR § 307.10 (c)).



## VIII. GOVERNMENT-WIDE DEBARMENT AND SUSPENSION (NON-PROCUREMENT)

Borrower shall comply with the provisions of subpart C of 2 C.F.R. part 1326, "*Non Procurement Debarment and Suspension*" (71 FR 76573, December 21, 2006), which generally prohibit entities that have been debarred, suspended, or voluntarily excluded from participating in Federal non-procurement transactions either through primary or lower-tier covered transactions, and which set forth the responsibilities of Borrowers of Federal financial assistance regarding transactions with other persons, including sub-Borrowers and contractors.

## IX. ENVIRONMENTAL REVIEW

To the extent that environmental review under the California Environmental Quality Act is required with respect to activities under this Loan Agreement, the County shall review such report or document. Borrower shall provide all information, assistance, and cooperation necessary to prepare such report or document. Borrower warrants that it has not and shall not take any action which might have a material adverse environmental effect, limit the choices among competing environmental alternatives, or alter environmental premises upon which the County's environmental findings are based. Borrower agrees not to undertake any activity having a potential adverse environmental effect until such time as the County has advised Borrower that it has completed and necessary environmental assessment of the Project in accordance with the necessary National Environmental Protection Act.

The Borrower and any contractor or sub-contractor must comply with all environmental standards, to include those proscribed under the following statutes and Executive Orders, and shall identify to the awarding agency any impact the

Award may have on the environment.

- A. The National Environmental Policy Act of 1969 (42 U.S.C. §§ 4321-4327). The National Environmental Policy Act (NEPA) and the Council on Environmental Quality's (CEQ) implementing regulations (40 C.F.R. parts 1500-1508) require that an environmental analysis be completed for all major Federal actions significantly affecting the environment. NEPA applies to the actions of Federal agencies and may include a Federal agency's decision to fund non-Federal projects under grants and cooperative agreements. Borrowers of Federal assistance are required to identify to the awarding agency any impact an award will have on the quality of the human environment, and assist the agency to comply with NEPA. Borrowers also may be requested to assist the Department in drafting an environmental assessment, if the Department determines an assessment is required. In the event that any additional information is required during the project period in order to assess any impacts that a project may have on the environment, funds can be withheld by the Grants Officer under a special award condition requiring the Borrower to submit such additional environmental compliance information sufficient to enable the Department to make the requisite assessment.
- B. National Historic Preservation Act (16 U.S.C. § 470 *et seq.*) Section 106 of the National Historic Preservation Act (NHPA) (16 U.S.C. § 470f) and the Advisory



Council on Historic Preservation implementing regulations (36 C.P.R. Part 800) require that Federal agencies take into account the effects of their undertakings on historic properties. Borrowers of Federal funding are required to identify to the awarding agency any effects the award may have on properties included on or eligible for inclusion on the National Register of Historic Places. Borrowers may also be requested to assist the Department in consulting with State or Tribal Historic Preservation Officers or other applicable interested parties necessary to identify, assess and resolve adverse effects to historic properties. Until such time as the appropriate NHPA consultations and documentation is complete, funds can be withheld by the Grants Officer under a special award condition requiring the Borrower to fully comply with the requirement of the NHPA. In the event that any additional information is required during the project period in order to assess any impacts that a project may have on historic properties, funds can be withheld by the Grants Officer under a special award condition requiring the Borrower to submit such additional information sufficient to enable the Department to make the requisite assessment.

- C. Executive Order 11988 (Floodplain Management) and Executive Order 11990 (Protection of Wetlands, May 24, 1977). Borrowers must identify proposed actions in federally defined floodplains and wetlands to enable the agency to make a determination whether there is an alternative to minimize any potential harm.
- D. Clean Air Act, (42 U.S.C. § 7401 *et seq.*), Federal Water Pollution Control Act (33 U.S.C. § 1251 *et seq.*) (Clean Water Act) and Executive Order 11738 ("Providing for administration of the Clean Air Act and the Federal Water Pollution Control Act with respect to Federal contracts, grants or loans"). Borrowers must comply with the provisions of the Clean Air Act (42 U.S.C. § 7401 *et seq.*), Clean Water Act (42 U.S.C. § 1251 *et seq.*) and Executive Order 11738, and shall not use a facility on the Environmental Protection Agency's (EPA) List of Violating Facilities (this list is incorporated into the Excluded Parties List System located at <https://www.sam.gov/portal/public/SAMD> in performing any Award that is nonexempt under 2 C.P.R. § 1532, and shall notify the Federal Project Officer in writing if it intends to use a facility that is on EPA's List of Violating Facilities or knows that the facility has been recommended to be placed on the List.
- E. The Flood Disaster Protection Act of 1973 (42 U.S.C. § 4002 *et seq.* P.L. 93-234). Flood insurance, when available, is required for federally-assisted construction or acquisition in flood-prone areas. Borrower must comply with purchase requirements of Section 102 (a) which requires that in a special flood hazard area Borrowers must participate in the program and to purchase flood insurance if the total cost of insurable construction and acquisition is \$10,000 or more.
- F. The Endangered Species Act of 1973, as amended (16 U.S.C. § 1531 *et seq.* P.L. 93-205). Borrowers must identify any impact or activities which may involve a threatened or endangered species. Federal agencies have the responsibility to ensure that no adverse effects to the protected species or habitat occur from actions



under Federal assistance awards and conduct the required reviews under the Endangered Species Act, as applicable.

- G. The Coastal Zone Management Act, as amended (16 U.S.C. § 1451 et seq.). Funded Projects must be consistent with a coastal State's approved management program for the coastal zone.
- H. The Coastal Barriers Resources Act (16 U.S.C. § 3501 et seq.). Only in certain circumstances can Federal funding be provided for actions within a Coastal Barrier System.
- I. The Wild and Scenic Rivers Act, as amended (16 U.S.C. § 1271 et seq.). This Act applies to Awards that may affect existing or proposed components of the National Wild and Scenic Rivers system.
- J. The Safe Drinking Water Act of 1974, as amended (42 U.S.C. § 300f et seq.). This Act precludes Federal assistance for any project that EPA determines may contaminate a sole source aquifer so as to threaten public health.
- K. The Resource Conservation and Recovery Act of 1976, as amended (42 U.S.C. § 6901 et seq.). This Act regulates the generation, transportation, treatment, and disposal of hazardous wastes, and also provides that Borrowers of Federal funds give preference in their procurement programs to the purchase of recycled products pursuant to EPA guidelines.
- L. The Comprehensive Environmental Response, Compensation, and Liability Act (Superfund) (42 U.S.C. § 9601 et seq.) and the Community Environmental Response Facilitation Act (41 U.S.C. § 11001 et seq.). These requirements address responsibilities of hazardous substance releases, threatened releases and environmental cleanup. There is also a requirement to impose reporting and community involvement requirements to ensure disclosure of the release or disposal of regulated substances and cleanup of hazards to state and local emergency responders.
- M. Executive Order 12898 (*"Federal Actions to Address Environmental Justice in Minority Populations and Low-Income Populations"*)- This Order requires Federal agencies to identify and address the disproportionately high and adverse human health or environmental effects of Federal programs, policies and activities on low income and minority populations.

## X. APPLICABLE COST PRINCIPLES

### A. Basic Guidelines

- i. Factors affecting allowability of costs. To be allowable under Federal awards, costs must meet the following general criteria:
  - a. Be necessary and reasonable for proper and efficient performance and administration of Federal awards.
  - b. Be allocable to Federal awards under the provisions of 2 CFR part 225.
  - c. Be authorized or not prohibited under State or local laws or

regulations.

- d. Conform to any limitations or exclusions set forth in these principles, Federal laws, terms and conditions of the Federal award, or other governing regulations as to types or amounts of cost items.
  - e. Be consistent with policies, regulations, and procedures that apply uniformly to both Federal awards and other activities of the governmental unit.
  - f. Be accorded consistent treatment. A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost.
  - g. Except as otherwise provided for in 2 CFR part 225, be determined in accordance with generally accepted accounting principles.
  - h. Not be included as a cost or used to meet cost sharing or matching requirements of any other Federal award in either the current or a prior period, except as specifically provided by Federal law or regulation.
  - i. Be the net of all applicable credits.
  - j. Be adequately documented.
- ii. Reasonable costs. A cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost. The question of reasonableness is particularly important when governmental units or components are predominately federally-funded. In determining reasonableness of a given cost, consideration shall be given to:
- a. Whether the cost is of a type generally recognized as ordinary and necessary for the operation of the governmental unit or the performance of the Federal award.
  - b. The restraints or requirements imposed by such factors as: Sound business practices; arm's-length bargaining; Federal, State and other laws and regulations; and, terms and conditions of the Federal award.
  - c. Market prices for comparable goods or services.
  - d. Whether the individuals concerned acted with prudence in the circumstances considering their responsibilities to the governmental unit, its employees, the public at large, and the Federal Government.
  - e. Significant deviations from the established practices of the governmental unit which may unjustifiably increase the Federal award's cost.
- iii. Allocable costs.
- a. A cost is allocable to a particular cost objective if the goods or services involved are chargeable or assignable to such cost objective in accordance with relative benefits received.
  - b. All activities which benefit from the governmental unit's indirect cost,



- including unallowable activities and services donated to the governmental unit by third parties, will receive an appropriate allocation of indirect costs.
- c. Any cost allocable to a particular Federal award or cost objective under the principles provided for in 2 CFR part 225 may not be charged to other Federal awards to overcome fund deficiencies, to avoid restrictions imposed by law or terms of the Federal awards, or for other reasons.
  - d. Where an accumulation of indirect costs will ultimately result in charges to a Federal award, a cost allocation plan will be required as described in Appendices C, D, and E to this part.
- iv. Applicable credits.
- a. Applicable credits refer to those receipts or reduction of expenditure-type transactions that offset or reduce expense items allocable to Federal awards as direct or indirect costs. Examples of such transactions are: Purchase discounts, rebates or allowances, recoveries or indemnities on losses, insurance refunds or rebates, and adjustments of overpayments or erroneous charges. To the extent that such credits accruing to or received by the governmental unit relate to allowable costs, they shall be credited to the Federal award either as a cost reduction or cash refund, as appropriate.
  - b. In some instances, the amounts received from the Federal Government to finance activities or service operations of the governmental unit should be treated as applicable credits. Specifically, the concept of netting such credit items (including any amounts used to meet cost sharing or matching requirements) should be recognized in determining the rates or amounts to be charged to Federal awards. (See Appendix B to this part, item 11, "Depreciation and use allowances," for areas of potential application in the matter of Federal financing of activities.)

## **XI. DRUG-FREE WORKPLACE**

The Borrower shall comply with the provisions of the Drug-Free Workplace Act of 1988 (Public Law No. 100-690, Title V, sec. 5153, as amended by Public Law No. 105-85, Div. A, Title VIII, sec. 809, as codified at 41 U.S.C. § 8102), and the Department's implementing regulations, at 15 C.F.R. part 29, "*Government-wide Requirements for Drug-Free Workplace (Financial Assistance)*," which require the Borrower to take steps to provide a drug-free workplace.

*A Drug-free workplace* means a site for the performance of work done in connection with a specific award at which employees of the Borrower are prohibited from engaging in the unlawful manufacture, distribution, dispensing, possession, or use of a controlled

substance. Borrower will provide a drug-free workplace as mandated by the Drug-Free Workplace Act by:

- A. Publishing a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in the Borrower's workplace and specifying the actions that will be taken against employees for violation of such prohibition;
- B. Establishing an ongoing drug-free awareness program to inform employees about:
  1. The dangers of drug abuse in the workplace;
  2. The Borrower's policy of maintaining a drug-free workplace;
  3. Any available drug counseling, rehabilitation, and employee assistance programs; and
  4. The penalties that may be imposed upon employees for drug abuse violations occurring in the workplace;
- C. Making it a requirement that each employee to be engaged in the performance of the grant be given a copy of the statement required by paragraph 1;
- D. Notifying the employee in the statement required by paragraph 1 that as a condition of employment under the grant the employee will:
  1. Abide by the terms of the statement; and
  2. Notify the employer in writing of his or her conviction for a violation of a criminal drug statute occurring in the workplace no later than five calendar days after such conviction;
- E. Notifying the County in writing, within ten calendar days after receiving notice under subparagraph D. (2.) from an employee or otherwise receiving actual notice of such conviction. Employers of convicted employees must provide notice, including position title, to every grant officer or other designee on whose grant activity the convicted employee was working, unless the Federal agency has designated a central point for the receipt of such notices. Notice shall include the identification number(s) of each affected grant;
- F. Taking the following actions, within 30 calendar days of receiving notice under subparagraph D. (2.), with respect to any employee who is so convicted:
  1. Taking appropriate personnel action against such an employee, up to and including termination, consistent with the requirements of the Rehabilitation Act of 1973, as amended; or,
  2. Requiring such employee to participate satisfactorily in drug abuse assistance or rehabilitation program approved for such purposes by a Federal, State, or local health, law enforcement, or other appropriate agency;
- G. Making a good faith effort to continue to maintain a drug-free workplace through implementation of paragraphs A, B, C, D, E, and F.



## **XII. NON-DISCRIMINATION**

- A. No person shall on the grounds of race, color, religion creed, sex, sexual preference or orientation, national origin, ancestry, physical handicap, medical condition, age, marital status, mental condition, blindness or other physical disability, familial status, pregnancy, childbirth or related medical condition, acquired immune deficiency syndrome (AIDS), acquired or perceived, be excluded from participation in, be denied the benefit of, or be subjected to discrimination under this Project. For purposes of this Section, Title 24 Code of Federal Regulations Section 570.601(b) defines specific discriminatory actions which are prohibited and corrective action which shall be taken in situations as defined.
- B. Borrower shall comply with the nondiscrimination and affirmative action provisions of the laws of the United States of America, the State of California and County. In performing this Loan Agreement, Borrower shall not discriminate in its employment practices against any employee, or applicant for employment because of such person's race, color, religion, creed, sex, sexual preference or orientation, national origin, ancestry, physical handicap, medical condition, age, marital status, mental condition, blindness or other physical disability, acquired immune deficiency syndrome (AIDS), acquired or perceived, familial status, pregnancy, childbirth or related medical condition. Any subcontract entered into by Borrower relating to this Loan Agreement, to the extent allowed hereunder, shall be subject to the provisions of this paragraph.
- C. Borrower shall comply with all Federal statutes relating to nondiscrimination. These include, but are not limited to the following:
1. Title VI of the Civil Rights Act of 1964, as amended (42 U.S.C. § 2000 d et seq.) (P.L. 88-352) which prohibits discrimination on the basis of race, color or national origin and the Department's implementing regulations found at 15CFR part 8 (Pub. L. 92-65, title I, §112, Aug. 5, 1971, 85 Stat. 168.)
  2. Title IX of the Education Amendments of 1972, as amended (20 U.S.C. §§1681, 1683, and 1685-1686), 42 U.S.C. §§ 3123 and 6709 which prohibits discrimination on the basis of sex and Department's implementing regulations found at 15 CFR §§ 8.7-8.15;
  3. Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. §794), which prohibits discrimination on the basis of handicaps and Department's implementing regulations found at 15 CFR part 8 b;
  4. Age Discrimination Act of 1975, as amended (42 U.S.C. §§6101-6107), which prohibits discrimination on the basis of age.
  5. Drug Abuse Office and Treatment Act of 1972 (P.L. 92-255), as amended, relating to nondiscrimination on the basis of drug abuse.
  6. Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment and Rehabilitation Act of 1970 (P.L. 91-616), as amended, relating to nondiscrimination on the basis of alcohol abuse or alcoholism.
  7. §§523 and 527 of the Public Health Service Act of 1912 (42 U.S.C. §§290 dd-3 and 290 ee 3), as amended, relating to confidentiality of alcohol and drug



abuse patient records.

8. Title VIII of the Civil Rights Act of 1968 (42 U.S.C. §§3601 et seq.), as amended, relating to nondiscrimination in the sale, rental or financing of housing.
9. Any other nondiscrimination provisions in the specific statute(s) under which application for Federal assistance is being made.
10. The requirements of any other nondiscrimination statute(s) which may apply to the application.

### **XIII. EQUAL EMPLOYMENT OPPORTUNITY**

Borrower must comply with Parts II and III of Executive Order (E.O.) 11246, "Equal Employment Opportunity" (30 FR 12319, 1965), as amended by E.O. 11375 (32 FR 14303, 1967) and E.O. 12086 (43 FR 46501, 1978) requiring Federally assisted construction contracts to include the nondiscrimination provisions of §§ 202 and 203 of that E.O. and the Department of Labor regulations implementing E.O. 11246 (41 CFR § 60-1.4 (b) 1991). Borrower, for itself and its successors and assigns, agrees that:

- A. Borrower shall not discriminate against any employee or applicant for employment because of race, color, religion, creed, sex, sexual preference or orientation, national origin, ancestry, physical handicap, medical condition, age, marital status, mental condition, blindness or other physical disability, acquired immune deficiency syndrome (AIDS), acquired or perceived, familial status, pregnancy, childbirth or related medical condition. 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, creed, sex, sexual preference or orientation, national origin, ancestry, physical handicap, medical condition, age, marital status, mental condition, blindness or other physical disability, acquired immune deficiency syndrome (AIDS), acquired or perceived, familial status, pregnancy, childbirth or related medical condition. Such action shall include, but not be limited to, the following: employment, upgrading, demotion, transfer, recruitment or recruitment advertising, layoff or termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship. Borrower shall post in conspicuous places, available to employees and applicants for employment, notices setting forth the provisions of this nondiscrimination clause.
- B. Borrower shall, in all solicitations or advertisements for employees placed by or on behalf of the Borrower, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, creed, sex, sexual preference or orientation, national origin, ancestry, physical handicap, medical condition, age, marital status, mental condition, blindness or other physical disability, acquired immune deficiency syndrome (AIDS), acquired or perceived, familial status, pregnancy, childbirth or related medical condition.
- C. Borrower shall send a notice to each labor union or representative of workers with which Borrower has a collective bargaining agreement or other contract or



understanding, advising the labor union or worker's representative of Borrower's commitments under Executive Order 11246 of September 24, 1965, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

- D. Borrower shall 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.
- E. Borrower shall furnish all information and reports required by Executive Order 11246 of September 24, 1965, and by the rules, regulations, and orders of the Secretary of Commerce pursuant thereto and will permit access to Borrower's books, records and accounts by the County, the Secretary of Commerce, and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.
- F. In the event of Borrower's noncompliance with the nondiscrimination clauses of this Section, or with any of the said rules, regulations, or orders, following notice and an opportunity to cure as provided in below, this Loan 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 by Executive Order 11246 of September 24, 1965, or by rules, regulations, or orders of the Secretary of Labor, or as otherwise provided by law.
- G. Borrower shall include the provisions of Paragraphs (a) through (f) of this Section in every contract or purchase order, and will require the inclusion of these provisions in every subcontract entered into by any of its contractors, 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 such contractor, subcontractor, or vendor, as the case may be. Borrower will take such action with respect to any construction contract, subcontract, or purchase order as the County or HUD may direct as a means of enforcing such provisions, including sanctions for noncompliance. For the purpose of including such provisions in any construction contract, subcontract, or purchase order, as required hereby, the first two lines of this subsection shall be changed to read "During the performance of this Contract, Borrower agrees as follows:" and the term "Borrower" shall be changed to "Contractor."
- H. Except as provided in California Government Code Section 12940, et seq., Borrower shall not engage in the following prohibited employment practices: Refusal to hire or employ any person or refusal to select any person for any training program leading to employment, or to bar or to discharge such person from employment or from such training program leading to employment, or discriminate against such person in compensation or in terms, conditions or privileges of employment because of race, color, religion, creed, sex, sexual preference or orientation, national origin, ancestry, physical handicap, medical condition, age, marital status, mental condition, blindness

or other physical disability, acquired immune deficiency syndrome (AIDS), acquired or perceived, familial status, pregnancy, childbirth or related medical condition.

#### **XIV. NON-COMPLIANCE WITH REQUIREMENTS FOR RLF FUNDS**

Borrower shall use monies received pursuant to this Agreement in conformity with the applicable provisions. Failure to comply with the provisions of RLF may be considered grounds for appropriate enforcement action pursuant 2 CFR § 200.338 (Remedies for noncompliance), including but not limited to: the imposition of additional loan conditions in accordance with 2 CFR § 200.207 (Specific Conditions); temporarily withholding any payments pending the correction of the deficiency; the disallowance of costs and the establishment of an accounts receivable; wholly or partially suspending or terminating loan; initiating suspension or debarment proceedings in accordance with 2 CFR parts 180 and 1326; and such other remedies as may be legally available. See also 2 CFR §§ 200.339 (Termination) through 200.342 (Effects of Suspension and termination).

#### **XV. LOCAL, STATE AND FEDERAL LAWS**

- A. Borrower shall carry out the Project in conformity with all applicable laws, including all applicable federal and state labor standards. Borrower shall be responsible for complying with all applicable County, County and State building codes, and planning and zoning requirements, and shall take all necessary steps so that the development of the Site and the construction, use, operation, and maintenance of the Improvements thereon in accordance with the provisions of this Loan Agreement shall be in conformity with applicable zoning and General Plan requirements, and that all applicable environmental mitigation measures and other requirements shall have been complied with.
- B. Borrower shall carry out the administration of this Loan Agreement in conformity with all applicable laws, including, but not limited to the following applicable federal, state and local laws and regulations:
  - 1. Executive Order 11063 and regulations at 24 CFR Part 107.
  - 2. Architectural Barriers Act of 1968, 42 U.S.C. 4151-4157.
  - 3. Lead-Based Paint Poisoning Prevention Act, 42 U.S.C. 4821-4846 and implementing regulations at 24 CFR Part 35.
  - 4. Titles II and III of the Uniform Relocation Assistance and Real Property Acquisitions Policies Act of 1970, 42 U.S.C. 4601, et seq. (P.L. 91-646).
  - 5. County and Other Governmental Agency Permits
- C. Before commencement of any work on the Project, Borrower shall secure or shall cause to be secured, and at all times maintain, any and all permits, approvals and reviews which may be required by the County or any other governmental agency. Borrower shall pay such fees as may be required in connection therewith.
- D. The Project shall be developed in accordance with applicable State and local building codes or, in the absence of such codes, in accordance with a nationally recognized model building code.



## **XVI. CONFLICT OF INTEREST**

No member, officer or employee of Borrower or its designees or agents who exercises any function of responsibility with respect to the Project during his tenure or for one (1) year thereafter shall have any interest, direct or indirect, in any contract or subcontract, or the proceeds thereof, for work to be performed in connection with the program assisted under this Agreement. Borrower shall incorporate in all subcontracts provisions prohibiting such interest in accordance with 13 CFR § 302.17 (a).

## **XVII. APPLICABILITY OF PROVISIONS TO CONTRACTS AND SUBCONTRACTS**

The Borrower shall include the following notice in any request for applications or bids for contract, or subcontract as applicable:

*Applicants/bidders for a lower-tier covered transaction (except for goods and services under \$25,000 not requiring the consent of a DOC official) are subject to 2 C.F.R. part 1326, subpart C, "Non-procurement Debarment and Suspension" In addition, applicants/bidders for a lower-tier covered transaction (for a sub-award, contract, or subcontract) greater than \$100,000 of Federal funds at any tier are subject to 15 C.F.R. part 28, "New Restrictions on Lobbying." Applicants/bidders should familiarize themselves with these provisions, including the certification requirements. Therefore, applications for a lower-tier covered transaction must include and complete without modification Form CD-512, "Certifications Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion--Lower Tier Covered Transactions and Lobbying".*

- A. The Borrower shall include a statement in all lower-tier covered transactions (for a sub-award, contract or subcontract), that the award is subject to subpart C of 2 CFR part 1326, "Non-procurement Debarment and Suspension."
- B. The Borrower shall include a statement in all lower-tier covered transactions (for a sub-award, contract or subcontract) exceeding \$100,000 in Federal funds, that the sub-award, contract or subcontract is subject to 31 U.S.C. § 1352 and to the Department's implementing regulations found at 15 C.F.R. part 28, "New Restrictions on Lobbying." The Borrower shall further require the sub-recipient, contractor or subcontractor to submit a completed Form SF- LLL, "Disclosure of Lobbying Activities," regarding the use of non-Federal funds for lobbying. Form SF-LLL shall be submitted within 15 days following the end of the calendar quarter in which there occurs any event that requires disclosure or that materially affects the accuracy of the information contained in any disclosure form previously filed. Form SF-LLL shall be submitted from tier to tier until received by the Borrower. The Borrower must submit all disclosure forms received, including those that report lobbying activity on its own behalf, to the County within 30 days following the end of the quarter.

### **XVIII. SMALL/MINORITY/WOMEN'S BUSINESS ENTERPRISES REQUIREMENTS**

The U.S. Department of Commerce encourages all recipients of Federal funds to utilize small businesses, minority business enterprises, and women's business enterprises in contracts under financial assistance awards. The Minority Business Development Agency will assist Borrower in matching qualified minority owned enterprises with contract opportunities. For further information visit MBDA's website at <http://www.mdba.gov>. If you do not have access to the Internet, you may contact MDBA via mail at the following address:

U.S. Department of Commerce  
Minority Business Development Agency  
Office of Business Development  
1401 Constitution Avenue, NW  
Washington, DC 20230

### **XIX. FEDERAL LABOR STANDARD**

Except with respect to the rehabilitation of residential property designed for residential use for less than eight families, Borrower and all subcontractors engaged under contracts in excess of \$2,000 for the construction, prosecution, completion or repair of any building or work financed in whole or in part with assistance provided under this Agreement agree to comply with requirements pertaining to such contracts and the applicable requirements of the regulations of the Department of Labor under 29 CFR Parts 3, 5 and 5a, governing the payment of wages and the ratio of apprentices and trainees to journeymen. If wage rates higher than those required under such regulations are imposed by State or local law, nothing hereunder is intended to relieve Borrower of its obligations, if any, to require payment of the higher rates. Borrower shall cause or require to be inserted in full in all such contracts subject to such regulations, provisions meeting the requirements of the Federal Labor Standards Provision. No award of the contracts covered under this section of this Agreement shall be made to any contractor who is at the time ineligible under the provisions of any applicable regulation of the Department of Labor to receive an award of such contract.

### **XX. LABOR STANDARDS PROVISIONS/CALIFORNIA LABOR CODE**

- A. Borrower shall understand that conditions set forth in Chapter 1, Part 7, Division 2 of the California Labor Code shall be considered part of the contract agreement.
- B. Prevailing Wage/Davis Bacon Rates – Borrower will insure that the prime contractor to whom the contract is awarded and any subcontractor must pay the general prevailing wage rates or Davis Bacon wage rates, if applicable, as ascertained from time to time which shall be applicable to this project.
- C. Borrower will insure that the contractor performing the work shall be responsible for obtaining a copy of the State wage rate or Davis-Bacon wage rate determination. The contractor shall be responsible for posting said wage rate at a prominent location at the work site and shall maintain same in a good readable condition for the duration of the work. In those projects where federal funds and state or local funds are involved, as indicated by referenced to or the inclusion of the Federal Wage Determination and



State Prevailing Wage Determination in these contract documents, the minimum wages to be paid shall be the highest of either the state or federal prevailing wage rates. In those projects where only federal funds are involved, as indicated by referenced to or the inclusion of the Federal Wage Determinations only, wages to be paid shall be federal prevailing wage rates.

- D. If the Federal Wage Determination is modified between the date of project advertisement and ten (10) days prior to the bid opening date, a letter of clarification will be issued and will include the latest modification.
- E. Borrower will insure that the contractors and subcontractors comply with the Contract Work Hours and Safety Standards Act (40 USC §§ 327-333), regarding labor standards for federally assisted construction sub-agreements.
- F. Borrower will insure that the contractor shall be responsible for submitting weekly payroll documentation to designated County staff.

#### **XXI. WORKER'S COMPENSATION INSURANCE**

In all operations connected with the work herein specified, the Borrower shall observe the provisions of Section 3700, et seq., of the Labor Code, which requires every employer to be insured against liability for Worker's Compensation or to undertake self-insurance in accordance with the provisions of that code before commencing the performance of the work of this Agreement.

#### **XXII. CRIMINAL AND PROHIBITED ACTIVITIES**

- A. The Program Fraud Civil Remedies Act (31 USC § 3801 et seq.), provides for the imposition of civil penalties against persons who make false, fictitious, or fraudulent claims against the Federal Government for money (including money representing grants, loans, or other benefits).
- B. The False Claims Amendments Act of 1986 and the False Statements Accountability Act of 1996 (18 USC §§ 287 and 1001, respectively), provide that whoever makes or presents any false fictitious, or fraudulent statement, representation, or claim, against the United States shall be subject to imprisonment of not more than five years and shall be subject to a fine in the amount provided by 18 USC § 287.
- C. The Civil False Claims Act (31 USC §§ 3729-3733), provides that suits can be brought by the government, or a person on behalf of the government, for false claims made under Federal assistance programs.
- D. The Copeland "Anti-Kickback" Act (18 USC § 874), prohibits a person or organization engaged in a federally supported project from enticing an employee working on the project from giving up a part of his compensation under an employment contract. The Copeland "Anti-Kickback" Act also applies to contractors and subcontractors pursuant 40 USC § 3145.

**XXIII. HATCH ACT**

Borrower agrees that no funds provided, nor personnel employed under this contract, shall be in any way or to any extent engaged in the conduct of political activities in violation of Chapter 15 of Title V United States Code.



EXHIBIT L

RLF JOB CREATION CERTIFICATE

(behind this page)

**COUNTY OF RIVERSIDE REVOLVING LOAN FUND PROGRAM**

**JOB CREATION/RETENTION CERTIFICATION**

\_\_\_\_/\_\_\_\_/\_\_\_\_  
DATE

I, the undersigned, certify and declare the following:

Summertree Interiors, Inc., a California corporation, doing business as Newport Cottages will use Revolving Loan Fund Program (RLFP) funds to pay for a minimum of four (4) permanent *full -time* job to be created. This will be a new job to be created and did not exist prior to RLFP Loan. New job will pay a minimum of \$ 11.00 per hour; job created is permanent and directly related to the company's approved job classifications.

Summertree Interiors, Inc., a California corporation, doing business as Newport Cottages continues to participate in the monitoring and reporting process and site visits, including: an environmental review; compliance with Davis/Bacon Labor & Wage regulations as necessary, participating with the quarterly reports and site visits which update the project progress and compile job creation/retention information; and submit biannual financial and business reports i.e., balance sheet, income and expense report, cash flow reports, **PLUS** copies of annual business income tax returns.

	<b>Occupation Title</b>	<b>Hours per Week</b>	<b>Hourly Wage</b>	<b>Weeks Paid</b>
1	Example	10	\$ 20.00	52
2				
3				
4				
5				
6			\$	
7			\$	
8			\$	
9			\$	
10			\$	

I declare under penalty of perjury the foregoing, including any attachments and exhibits hereto, is true and correct.

**BORROWER:**

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

By: \_\_\_\_\_

Name: Pockets F. Alvarez

Its: \_\_\_\_\_

By: \_\_\_\_\_

Name: Cristina S. Alvarez

Its: \_\_\_\_\_



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

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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 FILLING (the "Deed of Trust") is made as of this 29<sup>th</sup> day of January, 2020 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: January 29, 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 January 29, 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 January 29, 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: 1/29/2020

TRUSTOR:

By:   
Cristina S. Alvarez

Date: 1/29/2020

**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.



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 Riverside

On Jan. 29, 2020 before me, Candice E. Etter, Notary Public  
(insert name and title of the officer)

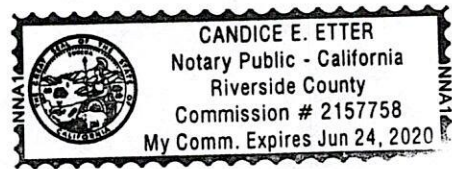
personally appeared Pockets F. Alvarez and Cristina S. Alvarez,  
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are  
subscribed to the within instrument and acknowledged to me that he/she/they executed the same in  
his/her/their authorized capacity(ies), 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

(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)



PROMISSORY NOTE

\$120,000.00  
7.25 % Simple Interest

January 29, 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 January 29, 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 April 28, 2020 and ending on March 28, 2025 (“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 April 28, 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 USED A 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.

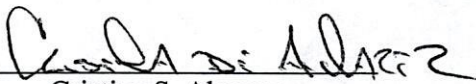
**XXVI. Miscellaneous.** Time is of the essence hereof. This Note shall be governed by and construed under the laws of the State of California except to the extent Federal laws preempt the laws of the State of California. The Borrower irrevocably and unconditionally submits to the jurisdiction of the 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: PRESIDENT

By:   
Cristina S. Alvarez

Its: SECRETARY



**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 Riverside )

On Jan. 29, 2020 before me, Candice E. Etter, Notary Public  
(insert name and title of the officer)

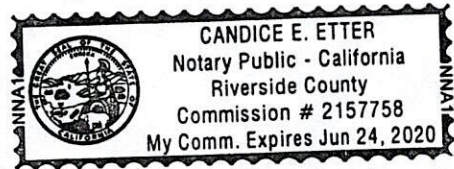
personally appeared Pockets F. Alvarez and Cristina S. Alvarez,  
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are  
subscribed to the within instrument and acknowledged to me that he/she/they executed the same in  
his/her/their authorized capacity(ies), 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

(Seal)



**DISBURSEMENT AGREEMENT**  
**FOR REVOLVING LOAN FUND PROGRAM**

This Disbursement Agreement For the Revolving Loan Fund Program (RLFP) Loan ("Disbursement Agreement") is entered into by and between the COUNTY OF RIVERSIDE, a political subdivision of the State of California ("County") and Summertree Interiors, Inc., a California corporation, doing business as Newport Cottages ("Borrower") as of the Effective Date (defined below).

**RECITALS**

A. The County and Borrower have entered into that certain Loan Agreement (Revolving Loan Fund Program) dated January 29, 2020 ("Agreement"). All capitalized terms not defined herein shall have the meaning ascribed to such terms in the Agreement.

B. Pursuant to the Agreement, County agreed to provide financial assistance to Borrower in an amount not to exceed One Hundred Twenty Thousand Dollars and Zero Cents (\$120,000.00) ("RLFP Loan") to be used to purchase of machinery, equipment, inventory and working capital for business expenses.

C. The RLFP Loan is evidenced by that certain Promissory Note dated on or about the date hereof and executed by Borrower in favor of the County ("Promissory Note"), which Promissory Note is secured by, among things that certain Deed of Trust dated on or about the date hereof executed by Borrower for the benefit of County and that certain UCC-1 Fixture Filing.

D. The purpose of this Disbursement Agreement is to set forth the terms whereby the RLFP Loan funds will be disbursed to the Borrower by the County.

NOW, THEREFORE, the parties agree as follows:

1. Disbursement. RLFP Loan shall be subject to all terms and conditions of the County's disbursement procedures.
2. Use of County RLFP Loan Funds. Borrower shall use the RLFP Loan exclusively to purchase of machinery, equipment, inventory and working capital for business expenses.
3. General Disbursement Procedures. Subject to the satisfaction of the conditions set forth in Sections 108 and 203 of the Agreement, the County shall disburse the proceeds of the County RLFP Loan as set forth herein.
4. Disbursement Schedule. Subject to Borrower's satisfaction of certain conditions precedent set forth in the Agreement and the milestone(s) identified below, the disbursement of the RLFP Loan from the County to Borrower for the purchase of machinery, equipment, inventory and working capital for business expenses shall occur as follows:
  - a. Purchase of equipment upon submittal of documentation of purchase request from vendor(s).
  - b. Working Capital; upon submittal of Payment Request Memo.



Borrower shall submit to County a Payment Request Memo on company letterhead for each separate disbursement of loan funds as further discussed in Section 5 below.

5. Disbursement. The County shall disburse the County RLFP Loan funds as follows:
- a. Disbursement shall be made upon submission of a written request and upon the satisfaction of the milestone set forth in Section 4 above, signed by Borrower ("Payment Request Memo") for each separate use of funds.
  - b. Payment Request Memo shall include description of intended uses of funds in tabular form.
  - c. Correspondence with your letterhead verifying your business address and "remit to" address (if different from business address). Examples of correspondences can be: blank invoice, letterhead or business card.
  - d. IRS 147-C Letter (New Authorization Letter) confirming that your Employer Identification Number (EIN) matches with your business name.
  - e. A completed and signed IRS W-9 Form (Request for Taxpayer Identification Number and Certification). Will need to be submitted to County.
  - f. A printout of the "COMPANY INFORMATION" page in the County Purchasing website.
    - i. You will need to register online with the County Purchasing department in order to obtain this printout.
    - ii. A brief procedure for registering online is attached – **Please complete all the steps in the online registration**
    - iii. The web address for the County Purchasing website is:  
<http://purchasing.co.riverside.ca.us/>
    - iv. If you have questions regarding registering online, please contact the Oasis Help Desk at: [OASISHelpDesk@co.riverside.ca.us](mailto:OASISHelpDesk@co.riverside.ca.us).
  - g. To have funds sent electronically to Borrower's account, bank routing information will need to be submitted with Payment Request Memo.

The term "Year" as used herein shall be as defined in the Agreement.

6. Effective Date. The Effective Date shall be the date the parties execute this Disbursement Agreement. If the parties execute this Disbursement Agreement on more than one date, then the last date this Disbursement Agreement is executed by a party shall be the effective date.

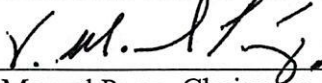
7. Integrated Agreement. This Disbursement Agreement is made for the sole benefit and protection of the parties hereto and no other person or persons shall have any right of action or right to rely hereon. As this agreement contains all the terms and conditions agreed upon between the parties in connection with the disbursement of the RLFP Loan, except for the Agreement, no other agreement regarding the subject matter thereof, shall be deemed to exist or bind any party unless in writing and signed by the party to be charged.

8. Termination of this Agreement. This agreement shall terminate when the RLFP Loan funds have been fully disbursed or if the County requests to terminate the Agreement in its discretion.

**IN WITNESS WHEREOF**, the County and Borrower have executed this Disbursement Agreement as of the dates set forth below.


**“COUNTY”**

**COUNTY OF RIVERSIDE**, a political subdivision of the State of California

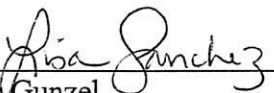
By:   
V. Manuel Perez, Chairman  
Board of Supervisors

Date: MAR 17 2020

ATTEST:  
Kecia R. Harper  
Clerk of the Board


By:   
Deputy

APPROVED AS TO FORM:  
Gregory P. Priamos  
County Counsel

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

**“BORROWER”**

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

By:   
Pockets F. Alvarez

Its: PRESIDENT

Date: 1/29/2020

By:   
Cristina S. Alvarez

Its: SECRETARY

Date: 1/29/2020