

**THE BOARD OF SUPERVISORS OF THE COUNTY OF STANISLAUS
BOARD ACTION SUMMARY**

DEPT: Chief Executive Office

BOARD AGENDA: 5.B.19
AGENDA DATE: June 29, 2021

SUBJECT:

Approve a Five-Year Loan Agreement in the Amount of \$1,200,000 between Stanislaus County and Graffiti USA Classic Car Museum Inc. to Purchase Property Located at 610 North 9th Street, Modesto CA

BOARD ACTION AS FOLLOWS:

RESOLUTION NO. 2021-0307

On motion of Supervisor Grewal Seconded by Supervisor Withrow
and approved by the following vote,

Ayes: Supervisors: B. Condit, Withrow, Grewal, C. Condit, and Chairman Chiesa

Noes: Supervisors: None

Excused or Absent: Supervisors: None

Abstaining: Supervisor: None

- 1) Approved as recommended
- 2) Denied
- 3) Approved as amended
- 4) Other:

MOTION:

This item was removed from consent calendar for discussion and consideration.

ATTEST: **ELIZABETH A. KING, Clerk**
Stanislaus County Board of Supervisors,
State of California



File No.

**THE BOARD OF SUPERVISORS OF THE COUNTY OF STANISLAUS
AGENDA ITEM**

DEPT: Chief Executive Office

BOARD AGENDA:5.B.19
AGENDA DATE: June 29, 2021

CONSENT:

CEO CONCURRENCE: YES

4/5 Vote Required: No

SUBJECT:

Approve a Five-Year Loan Agreement in the Amount of \$1,200,000 between Stanislaus County and Graffiti USA Classic Car Museum Inc. to Purchase Property Located at 610 North 9th Street, Modesto CA

STAFF RECOMMENDATION:

1. Approve a five-year loan agreement under Government Code Section 26227 between Stanislaus County and the Graffiti USA Classic Car Museum Inc., a California Nonprofit Public Benefit Corporation, for \$1,200,000 to pay the existing bridge loan used to purchase the building and property located 610 North 9th Street, Modesto CA., that serves as the location of the museum.
2. Authorize the Chief Executive Officer to execute the loan agreement with Graffiti USA Classic Car Museum Inc. and sign the necessary documents and any other related documents.
3. Authorize the Treasurer-Tax Collector and Auditor Controller to loan funds to the Graffiti USA Classic Car Museum Inc. in the amount of \$1,200,000 with interest set forth in the loan agreement.

DISCUSSION:

According to Visit California's Economic Impact Report, travelers visiting California in 2019 contributed an estimated \$144.9 billion in travel related spending to the State economy. In Stanislaus County, this equated to approximately \$670.8 million dollars in annual direct travel related spending, \$59.4 million in state and local tax revenue, and nearly 7,000 jobs¹.

The potential for tourism in Stanislaus County is fueled by our strategic location; proximate to the State Capitol, San Francisco, Los Angeles and one of the primary gateways to Yosemite National Park. With over 4 million people living within a 50-mile radius, and over 11 million people living within 100 miles (day trip mileage) of the Stanislaus communities, the benefits of this industry are an important element of a comprehensive economic development strategy.

¹ <https://industry.visitcalifornia.com/research/economic-impact>

Recognizing that the County is more marketable as a collective region and that working together allows each community to do more with limited resources, the Stanislaus Regional Tourism Roundtable (RTR) was established. The RTR has been promoting regional tourism and marketing for Stanislaus County communities for eighteen years. With the economic downturn, funding for these efforts was cut in 2009. Stanislaus County renewed its efforts to increase regional tourism by re-engaging the RTR in Fall of 2018.

In 2019, Destination Analysts, an industry leading market research firm in the tourism industry, conducted a Stanislaus County Market Analysis identifying key insights from the comprehensive study of in-market visitors and pass-through visitors as well as Stanislaus County residents. In early 2020, an RFP was conducted and the County selected Vladimir Jones as the marketing firm to develop a regional brand platform and a marketing and communication plan. These efforts will not only encourage tourism, an economic development opportunity, but will also address several regional challenges including a negative image and messaging of the region to those outside the community and negative self-perception from those living within the community.

Among other findings, the Stanislaus County Market Analysis affirmed that not having a defined visitor experience with unique attractions is a challenge to get tourists to the region. A group of local business leaders and dedicated supporters of the region's American Graffiti heritage developed a concept for and have begun building a Graffiti USA Classic Car Museum, a family friendly experience in Modesto which will serve as a unique regional attraction. The Graffiti USA Classic Car Museum, Inc., a California Nonprofit Public Benefit Corporation (Graffiti Museum), was established and registered with the State of California on January 25, 2018. The vision "is for a thriving Graffiti USA Classic Car Museum that brings people, revenue, events, students of all ages and businesses to downtown Modesto." This would also serve as a historical educational forum and a tourist attraction for the region bringing tourists and visitors year-round contributing positively to the economic health of the region.

The Graffiti Museum requested a \$1,200,000 million, five-year loan, from Stanislaus County to pay the bridge loan used to purchase the previously occupied Warden's building and adjacent parking lot located at 610 North 9th Street, APN 115-002-003, to serve as the location for the museum. Per the property appraisal, this building is 42,975 square feet on a 2.71-acre parcel. The loan will be made pursuant to a Loan Agreement with the County and will be evidenced by a Promissory Note secured by a Deed of Trust.

There are three phases to build out the Graffiti Museum. Phase 1 builds out 5,000 square feet that will house the Graffiti USA welcome center and create a reception lobby that will showcase the museum plan, explain key exhibits, and will be used to educate and peak interest for potential donors. Phase 1 includes a new diner façade, showroom, and a gift shop. Phase 2 builds out an additional 15,000 square feet to establish a functioning diner, Modesto radio history exhibit, police and fire facades, and a Walk of Fame highlighting legends of the Cruise exhibit, and classic car exhibits. Phase 3 builds out the remaining 20,000 square feet to include a classic car chop shop, interactive education center, event and meeting space, performance stage, sit down banquet space for 700 people, drive in theatre space, and additional exhibits.

The Graffiti Museum will continue fundraising efforts through foundations, government grants, sponsorships, and donations from individuals, corporations and small businesses. Accessing sponsorships and donations will be completed through individual networking as well as benefits, special events and a variety of fundraising activities however, these efforts have been impacted by the COVID-19 emergency.

If the loan is approved, significant fund-raising efforts will commence to finance building improvements. Once the Graffiti Museum is open, revenue will be raised through memberships, admission fees, car sales, car ride-a-longs, rentals of event and conference space, retail sales and food sales. All revenue projections are derived from consultation with the California Automobile Museum which estimates the Graffiti Museum will have revenue of 25 to 40 percent of the California Automobile Museum's annual revenue. Operating revenue will be reinvested as it becomes available to support additional renovations to realize the plans for each of the three phases described above.

Ongoing operating expenses consist of salaries and wages, insurance, utilities, maintenance, security, equipment maintenance and rental, interest, computer/network support, and advertising/marketing. The initial staffing plan calls for volunteers to staff and perform administrative duties. One of the Graffiti USA Classic Car Museum Board members will serve as the pro bono General Manager initially. Board members and volunteers will serve as docents and guides. This staffing model mirrors the California Automobile Museum's staffing model. Based on other organization's success in garnering volunteers (i.e. Kiwanis, car clubs, and other clubs), it is anticipated that volunteers will provide adequate staffing levels for initial operations. Once funding is available, a General Manager will be hired for the Graffiti Museum and any other needed staff.

A Phase I Environmental Report completed found that there was residual contaminated soil located on the subject property from years ago. A Phase II Environmental Report was conducted to determine the full exposure of the contamination on the property. The State Water Quality Control Board (SWQCB) was alerted to the contamination and ordered the findings be registered and for soil remediation to be completed. Soil remediation was completed, and quarterly groundwater monitoring was required for one-year post remediation to ensure no additional contamination was present. Monitoring was completed in September 2020 and a "No Further Action" (NFA) letter was provided from the SWQCB in May 2021. Graffiti Museum Board Members individually paid the upfront cost of \$255,000 to fund the contamination remediation efforts.

Due to the yearlong contamination monitoring required by the SWQCB to issue the NFA letter and the Graffiti Museum's desire to keep the project moving forward, a "Bridge Loan" of \$945,000 was secured by the Graffiti Museum from the property owners to purchase the property. As of July 29, 2020, ownership of the building and adjacent parking lot located at 610 North 9th Street, APN 115-002-003, was transferred to Graffiti USA Classic Car Museum, Inc. and Phase 1 renovations and build out plans have commenced.

POLICY ISSUE:

Government Code Section 26227 states that the Board of Supervisors may finance or assist in the financing of the acquisition or improvement of real property to be owned or operated by any nonprofit corporation to carry out programs which the Board of Supervisors deems to be necessary to meet the social needs of the population of the County including the area of education. The loan requires Board of Supervisors' approval.

FISCAL IMPACT:

As stipulated in Government Code Section 26227, the Board of Supervisors of any County may appropriate and expend money from the general fund of the County to fund programs deemed to be necessary by the Board of Supervisors to meet the social needs of the population of the County.

As detailed in the Loan Agreement, the Graffiti Museum agrees to repay the five-year \$1,200,000 loan including principal and interest. The Auditor-Controller will calculate the interest rate annually based on the prior fiscal year-to-date average rate of return in the County's Treasury. Interest income is estimated at just under \$63,000 over the five-year loan period based on the latest interest rates and the attached amortization schedule. Payments are estimated to be \$252,490 each year and will be invoiced in June, with the first payment due July 1, 2022 and the final payment due July 1, 2026.

The collateral for the loan is the property and the building located at 610 North 9th Street which was appraised in December 2020 and valued at \$2,140,000 which is \$940,000 more than the loan amount. Should the Graffiti USA Classic Car Museum Inc. default on the loan per the events of default described in the Loan Agreement, the County can foreclose on its Deed of Trust and force a sale of the property, potentially becoming the owner of the property.

If the loan of \$1,200,000 is approved by the Board of Supervisors \$255,000 will be used to cover for the upfront advance of the costs previously expended to complete the contamination remediation and \$945,000 will be used to pay the "Bridge Loan" from the previous property owners used by the Graffiti Museum to initially purchase the property.

BOARD OF SUPERVISORS' PRIORITY:

The recommended action is consistent with the Board's priority of *Developing a Healthy Economy* by supporting economic development through regional tourism efforts with the establishment of a unique tourist attraction celebrating one aspect of the cultural history of the community.

STAFFING IMPACT:

If approved, execution and monitoring of the loan would be performed with existing staff in the Treasurer-Tax Collector's Office, the Auditor-Controller's Office and the Chief Executive Office.

CONTACT PERSON:

Raul Mendez, Assistant Executive Officer
Kelly Covello, Senior Management Consultant

209-525-6333
209-525-6333

ATTACHMENT(S):

1. Graffiti Museum Loan Agreement
2. No Further Action Letter
3. Covenant and Environmental Restrictions
4. Property Appraisal
5. Title Report

STANISLAUS COUNTY LOAN AGREEMENT

Graffiti Classic Car Museum

This Loan Agreement is entered into as of July 1, 2021, by and between the COUNTY OF STANISLAUS, a political subdivision of the State of California ("County"), and GRAFFITI USA CLASSIC CAR MUSEUM, INC., a California domestic nonprofit corporation ("Borrower"), with reference to the following facts:

A. In September 2018 Stanislaus County began to revitalize its tourism efforts by reengaging the Regional Tourism Roundtable ("RTR").

B. Tourism research funded by Stanislaus County and completed by the RTR in Fall 2019 confirmed that not having a defined visitor experience with unique attractions is an impediment to attracting tourists to the region.

C. A group of local business leaders and dedicated supporters of the region's Graffiti heritage have been developing a plan to establish a Graffiti USA Classic Car Museum and family friendly experience in Modesto.

D. A nonprofit California corporation named "Graffiti USA Classic Car Museum, Inc." ("Graffiti Museum") has been formed by this group of local business leaders to spearhead the development of the museum.

E. The Board of the Graffiti Museum has identified a 2.71-acre parcel at 610 North 9th Street in the City of Modesto, County of Stanislaus, State of California, as more particularly described in Exhibit A attached hereto ("Property"), as an ideal place to house the museum. This site is an improved property that houses the previously occupied Warden's building consisting of approximately of 41,000 square feet.

F. To consummate the acquisition of the Property, Borrower wishes to borrow from the County and the County wishes to extend to Borrower a loan of One Million Two Hundred Thousand and No/100s Dollars (\$1,200,000.00) ("Loan", as more particularly described herein). The Borrower has offered the County the Property as collateral for the Loan and the Loan will be evidenced by a promissory note executed by Borrower in favor of County and secured by a deed of trust on the Property.

G. The California Environmental Quality Act (Public Resources Code Sections 21000 et seq.) ("CEQA") imposes no conditions on the County's consideration and approval of this Agreement, because the project undertaken pursuant to this Agreement is exempt from CEQA requirements under the categorical exemption set forth in 14 CCR Section 15332.

H. The Board of the Graffiti USA Classic Car Museum has agreed to repay the Loan with interest with the first payment due July 1, 2022 and the final payment due July 1, 2026 as set forth more specifically herein.

NOW, THEREFORE, the Parties agree as follows:

ARTICLE 1 DEFINITIONS AND EXHIBITS

Section 1.1 Definitions.

The following capitalized terms have the meanings set forth in this Section 1.1 wherever used in this Agreement, unless otherwise provided:

- (a) "Agreement" shall mean this Loan Agreement.
- (b) "Borrower" has the meaning set forth in the first paragraph of this Agreement.
- (c) "County" has the meaning set forth in the first paragraph of this Agreement.
- (d) "Closing" has the meaning set forth in Section 2.4 below.
- (e) "Deed of Trust" shall mean the deed of trust dated on or before July 31, 2021, among Borrower, as trustor, Chicago Title Company, as trustee, and the County, as beneficiary, that will encumber the Property and Development (as defined herein) to secure repayment of the Loan and performance of the covenants of the Loan Documents (as defined herein). The form of the Deed of Trust shall be provided by the County in a form substantially as set forth in Exhibit E.
- (f) "Default" shall have the meaning set forth in Section 6.1 below.
- (g) "Default Rate" shall have the meaning set forth in Section 2.7(c).
- (h) "Development" shall mean the rehabilitation of existing building on the Property to house the Graffiti Antique Car Museum and attendant site improvements.
- (i) "Hazardous Materials" shall have the meaning set forth in Section 4.2 below.
- (j) "Hazardous Materials Claim" shall have the meaning set forth in Section 4.2 below.
- (k) "Hazardous Materials Law" shall have the meaning set forth in Section 4.2 below.
- (l) "Loan" shall mean the loan County is making to Borrower pursuant to this Agreement in the total principal amount of One Million Two Hundred Thousand and No/100s Dollars (\$1,200,000.00). The Loan will be evidenced by a promissory note executed by Borrower in favor of County and secured by a deed of trust on the Property.
- (m) "Lender's Title Policy" shall have the meaning set forth in Section 2.5(g) below.
- (n) "Loan Documents" shall mean this Agreement, the Promissory Note, and the Deed of Trust.
- (o) "Loan Funds" shall mean the funds the County is lending to Borrower pursuant to this Agreement.

(p) "Museum Property" shall mean the Property together with the Development thereon.

(q) "Parties" shall mean the County and Borrower, and each may be referred to as a "Party" herein.

(r) "Promissory Note" shall mean the promissory note dated on or before July 31, 2021 in the amount of One Million Two Hundred Thousand and No/100s Dollars (\$1,200,000.00) from Borrower to the County evidencing Borrower's obligation to repay the Loan. The form of the Promissory Note shall be provided by the County in a form substantially as set forth in Exhibit D.

(s) "Property" has the meaning set forth in paragraph E of the Recitals.

(t) "Term" shall have the meaning set forth in Section 2.6 below.

110 (u) "Title Company" shall mean Chicago Title Company at 3203 W. March Lane, Ste
Stockton, CA 95219. Title Company may also be referred to as "Escrow Holder"
herein.

(v) "Transfer" shall have the meaning set forth in Section 4.7 below.

Section 1.2 Exhibits.

The following exhibits are attached to this Agreement and incorporated into this Agreement by this reference:

EXHIBIT A: Legal Description of the Property

EXHIBIT B: Insurance Requirements

EXHIBIT C: Hypothetical Loan Interest Schedule

EXHIBIT D: Form of Promissory Note

EXHIBIT E: Form of Deed of Trust

ARTICLE 2 LOAN PROVISIONS

Section 2.1 Loan.

The County shall loan to the Borrower the Loan for the purposes set forth in Section 2.2 of this Agreement. The obligation to repay the Loan shall be evidenced by the Promissory Note and secured by the Deed of Trust. Borrower agrees to repay the principal amount of the Loan together with interest as set forth herein.

Section 2.2 Use of Loan Funds.

(a) The Borrower shall use the Loan Funds to consummate the funding of the acquisition of the Property.

(b) The Borrower shall not use the Loan for any other purposes without the prior written consent of the County.

Section 2.3 Security.

Borrower shall secure its obligation to repay the Loan, as evidenced by the Promissory Note, by executing the Deed of Trust and recording it as a lien against the Property before or concurrently with the disbursement of the Loan Funds to Borrower at the Closing.

Section 2.4 Closing.

Funding of the Loan shall take place through an escrow ("Escrow") at the Title Company on or before July 31, 2021 ("Closing"). This Agreement shall constitute the instructions of the Parties to Escrow Holder. At least two (2) business days before the scheduled Closing, Borrower shall deliver to Escrow the fully-executed Promissory Note and the fully-executed and acknowledged Deed of Trust and any other documentation required by the Title Company to accomplish the funding of the Loan in a first priority position against the Property, and at least one (1) business days before the scheduled Closing, County shall have caused to be deposited with Title Company One Million Two Hundred Thousand and No/100s Dollars (\$1,200,000.00) in readily available funds. The delivery of the Loan Funds to Borrower by Title Company after recording of the Deed of Trust (upon the Title Insurer's commitment to issue the Lender's Title Policy to County) shall constitute the closing of the Loan (the "Closing" or "Close of Escrow"). The cost of the Escrow shall be split evenly between Borrower and County; the cost of the Lender's Title Policy shall be paid by Borrower.

Section 2.5 Conditions Precedent to Disbursement of Loan Funds.

The County shall not be obligated to make any disbursements of Loan funds for acquisition of the Property or take any other action under the Loan Documents unless the following conditions precedent are satisfied prior to each such disbursement of Loan funds:

(a) There exists no Default nor any act, failure, omission or condition that would constitute an event of Default under this Agreement.

(b) The Borrower holds title to the Property;

(c) Borrower has delivered to the County a copy of a corporate resolution authorizing Borrower's execution of the Loan Documents;

(d) The Borrower has furnished the County with current evidence of the insurance coverage meeting the requirements of Section 4.8 below;

(e) Borrower has caused to be executed and delivered to the County all County Loan Documents and any other instruments, and policies required under the Loan Documents;

(f) The Deed of Trust has been recorded, or is being recorded through the Closing, against the Property in the Office of the Recorder of the County of Stanislaus;

(g) A title insurer reasonably acceptable to the County is unconditionally and irrevocably committed to issuing an LP-10 2006 ALTA Lender's Policy of title insurance insuring the priority of the Deed of Trust in the amount of the Loan, subject only to such exceptions and exclusions as may be acceptable to the County, and containing such endorsements as the County may require ("Lender's Title Policy"). The Borrower shall provide whatever documentation (including an indemnification agreement), deposits or surety is reasonably required by the Title Company in order for the County's Deed of Trust to be senior in lien priority to any mechanics liens in connection with any early start of rehabilitation. Any liens or encumbrances related to prior seller-financing of the Property acquisition shall be paid off at and through the Closing;

(h) The County has completed and approved all environmental reviews required under CEQA and NEPA, as necessary for the rehabilitation of the Development and the Property, and Borrower has provided the County evidence of compliance with any required NEPA requirements and mitigation measures; and

(i) The County has determined that the proceeds of the Loan together with other funds Borrower has obtained in connection with the acquisition of the Property, are not less than the amount that is necessary to pay for and consummate the acquisition of the Property and to satisfy all of the covenants contained in this Agreement.

(j) The County Board of Supervisors has approved the Loan and the Loan Documents and has authorized the County Chief Executive Officer or his designee to execute the Loan Documents on behalf of the County.

Section 2.6 Term.

The Loan and this Agreement shall have a term of five (5) years commencing July 1, 2021 and expiring on July 1, 2026 ("Term").

Section 2.7 Interest.

(a) Interest Rate. Beginning at the end of the first loan year on July 1, 2021, and at the end of each succeeding twelve-month period until the end of the Term, or until the Loan is fully repaid, the Treasurer-Tax Collector shall calculate in arrears an interest rate equal to the County's pool Fiscal Year to Date Effective Rate of Return for the year ending June 30 ("Interest Rate").

(b) Accrued Interest. Subject to the provisions of Section 2.7(c) below, interest on the outstanding principal balance of the Loan shall accrue interest at the Interest Rate.

(c) Default Rate. In the event of a Default, interest on the Loan shall begin to accrue, as of the date of Default and continuing until such time as the Loan is repaid in full or the Default is cured, at the default rate of the lesser of ten percent (10%), compounded annually, and the highest rate permitted by law ("Default Rate").

Section 2.8 Repayment.

The Loan shall be repaid as follows:

(a) Annual Payments. Borrower shall pay on each July 1st, beginning at the end of the first loan year until the end of the Term, or until the Loan is fully repaid, a payment consisting of an equal annual installment of principal plus the interest accrued on the outstanding principal balance of the Loan over the preceding twelve-month period using the Interest Rate as determined in Section 2.7(b) or (c), as applicable. At the expiration of the Term on July 1, 2026, if the Loan has not been previously repaid in full, Borrower shall make a final payment in the amount of the remaining principal balance of the Loan together with unpaid accrued interest. A hypothetical example for illustrative purposes only showing equal annual installments of principal and the manner in which interest shall be calculated is attached hereto as Exhibit C and incorporated herein by this reference.

(b) Payment in Full. The principal amount of the Loan and remaining accrued interest on the Loan shall be due in full on the earlier to occur of (i) the date of any Transfer not authorized by the County, (ii) the date of any Default, and (iii) the expiration of the Term on July 1, 2026, with a final payment in the amount of the remaining principal balance of the Loan together with unpaid accrued interest.

(e) Prepayment. The Borrower shall have the right to prepay the remaining outstanding principal balance of the Loan plus accrued interest at any time without premium or penalty. However, the Agreement shall remain in effect for the entire Loan Term.

ARTICLE 3 REHABILITATION OF THE PROPERTY

Section 3.1 Construction Pursuant to Plans and Laws; Prevailing Wages.

(a) Borrower shall perform the rehabilitation of the Development and the Property in conformance with the plans and specifications approved by the City of Modesto Building Department.

(b) Borrower shall cause all work performed in connection with the rehabilitation of the Property and the Development to be performed in compliance with (i) all applicable laws, ordinances, rules and regulations of federal, state, county or municipal governments or agencies now in force or that may be enacted hereafter, including without limitation and to the extent applicable, the prevailing wage provisions of the federal Davis-Bacon Act and implementing rules and regulations, as further set forth in subsection (c) below, and state prevailing wages pursuant to Labor Code Section 1770 et seq., and the regulations pursuant thereto, as further set forth in subsection (d) below; (ii) all directions, rules and regulations of any fire marshal, health officer, building inspector, or other officer of every governmental agency now having or hereafter acquiring jurisdiction. The work shall proceed only after procurement of each permit, license, or other authorization that may be required by any governmental agency having jurisdiction, and Borrower shall be responsible to the County for the procurement and maintenance thereof, as may be required of Borrower and all entities engaged in work on the Development and the Property.

(c) To the extent required by applicable law, the Borrower shall cause rehabilitation of the Development and the Property to be in compliance with the prevailing wage requirements of the federal Davis-Bacon Act (40 USC 3141-3148).

(d) To the extent required by applicable law in connection with the County lending public funds to the Borrower, the Borrower shall pay and shall cause the contractor and subcontractors to pay prevailing wages in the rehabilitation of the Development and the Property as those wages are determined pursuant to Labor Code Sections 1720 et seq., to employ apprentices as required by Labor Code Sections 1777.5 et seq., and the implementing regulations of the Department of Industrial Relations (the "DIR"). The Borrower shall and shall cause the contractor and subcontractors to comply with the other applicable provisions of Labor Code Sections 1720 et seq., 1777.5 et seq., and implementing regulations of the DIR. The Borrower shall and shall cause the contractor and subcontractors to keep and retain such records as are necessary to determine if such prevailing wages have been paid as required pursuant to Labor Code Sections 1720 et seq., and apprentices have been employed are required by Labor Code Sections 1777.5 et seq. Copies of the currently applicable current per diem prevailing wages are available from DIR. During the rehabilitation of the Development and the Property, Borrower shall or shall cause the contractor to post at the Property the applicable prevailing rates of per diem wages.

(e) The Borrower shall indemnify, hold harmless and defend (with counsel reasonably acceptable to the County) the County against any claim for damages, compensation, fines, penalties or other amounts, including satisfying any liens against the Property, arising out of the failure or alleged failure of any person or entity (including the Borrower, its contractor and subcontractors) to pay prevailing wages as determined pursuant to the prevailing wage provisions of the federal Davis-Bacon Act and implementing rules and regulations, to pay prevailing wages as determined pursuant to Labor Code Section 1720 et seq., to employ apprentices pursuant to Labor Code 1777.5 et seq., or to comply with other applicable provisions and implementing regulations of the Department of Industrial Relations related to the aforesaid sections in connection with the rehabilitation of the Development and the Property or any other work undertaken or in connection with the Property. The requirements in this Subsection shall survive repayment of the Loan and the reconveyance of the Deed of Trust.

Section 3.2 Equal Opportunity.

During the rehabilitation of the Development and the Property there shall be no discrimination against any employee, applicant for employment or any other person in the hiring, firing, promoting, or demoting of any person engaged in the rehabilitation work in violation of any Federal, State or local law, rule or regulation because of race, religious creed, color, national origin, ancestry, physical or mental disability including perception of a disability, medical condition, genetic information, pregnancy related condition, marital status, gender/sex, sexual orientation, gender identity, gender expression, age (over 40), political affiliation or belief, or military and veteran status. Borrower and its officers, employees, agents, representatives or subcontractors shall comply with all applicable Federal, State and local laws and regulations related to non-discrimination and equal opportunity, including without limitation the County's non-discrimination policy; the Fair Employment and Housing Act (Government Code sections 12900 et seq.); California Labor Code sections 1101, and 1102; the Federal Civil Rights Act of 1964 (P.L. 88-352), as amended; and all applicable regulations promulgated in the California Code of Regulations or the Code of Federal Regulations.

Section 3.3 Local Contractors.

Borrower will use its best efforts to afford local business enterprises the maximum practicable opportunity to participate in the rehabilitation of the Development and the Property. Borrower shall, at a minimum, notify applicable local business firms located in Stanislaus County of bid opportunities

for the rehabilitation of the Development and the Property. Documentation of such notifications shall be maintained by Borrower and available to the County as requested.

Section 3.4 Mechanics Liens, Stop Notices, and Notices of Completion.

(a) If any claim of lien is filed against the Property or a stop notice affecting the Loan is served on the County or any other lender or other third party in connection with the Development, then Borrower shall, within twenty (20) days after such filing or service, either pay and fully discharge the lien or stop notice, effect the release of such lien or stop notice by delivering to the County a surety bond in sufficient form and amount, or provide the County with other assurance satisfactory to the County that the claim of lien or stop notice will be paid or discharged.

(b) If Borrower fails to discharge any lien, encumbrance, charge, or claim in the manner required in this Section, then in addition to any other right or remedy, the County may (but shall be under no obligation to) discharge such lien, encumbrance, charge, or claim at Borrower's expense. Alternately, the County may require Borrower to immediately deposit with the County the amount necessary to satisfy such lien or claim and any costs, pending resolution thereof. The County may use such deposit to satisfy any claim or lien that is adversely determined against Borrower.

(c) Borrower shall file a valid notice of cessation or notice of completion upon cessation of rehabilitation on the Development and the Property for a continuous period of thirty (30) days or more, and take all other reasonable steps to forestall the assertion of claims of lien against the Property. Borrower authorizes the County, but without any obligation, to record any notices of completion or cessation of labor, or any other notice that the County deems necessary or desirable to protect its interest in the Development and Property.

ARTICLE 4 LOAN REQUIREMENTS

Section 4.1 Records.

The Borrower shall keep and maintain at the Development, or elsewhere with the County's written consent, full, complete and appropriate books, record and accounts relating to the Property and Development, including all such books, records and accounts necessary or prudent to evidence and substantiate in full detail Borrower's compliance with the terms and provisions of this Agreement.

Section 4.2 Hazardous Materials.

(a) Borrower shall keep and maintain the Property in compliance with, and shall not cause or permit the Property to be in violation of any federal, state or local laws, ordinances or regulations relating to industrial hygiene or to the environmental conditions on, under or about the Property including, but not limited to, soil and ground water conditions. Borrower shall not use, generate, manufacture, store or dispose of on, under, or about the Property or transport to or from the Property any flammable explosives, radioactive materials, hazardous wastes, toxic substances or related materials, including without limitation, any substances defined as or included in the definition of "hazardous substances", "hazardous wastes", "hazardous materials", or "toxic substances" under any applicable federal or state laws or regulations (collectively referred to hereinafter as "Hazardous Materials") except such of the foregoing as may be customarily used in rehabilitation of projects like the Development or kept and used in and about residential property of this type.

(b) Borrower shall immediately advise the County in writing if at any time it receives written notice of (i) any and all enforcement, cleanup, removal or other governmental or regulatory actions instituted, completed or threatened against Borrower or the Property pursuant to any applicable federal, state or local laws, ordinances, or regulations relating to any Hazardous Materials, ("Hazardous Materials Law"); (ii) all claims made or threatened by any third party against Borrower or the Property relating to damage, contribution, cost recovery compensation, loss or injury resulting from any Hazardous Materials (the matters set forth in clauses (i) and (ii) above are hereinafter referred to as "Hazardous Materials Claims"); and (iii) Borrower's 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 classified as "border-zone property" (as defined in California Health and Safety Code Section 25117.4) under the provision of California Health and Safety Code, Sections 25220 et seq., or any regulation adopted in accordance therewith, or to be otherwise subject to any restrictions on the ownership, occupancy, transferability or use of the Property under any Hazardous Materials Law.

(c) The County shall have the right to join and participate in, as a party if it so elects, any legal proceedings or actions initiated in connection with any Hazardous Materials Claims and to have its reasonable attorneys' fees in connection therewith paid by Borrower. Borrower shall indemnify and hold harmless the County and its board members, supervisors, directors, officers, employees, agents, successors and assigns from and against any loss, damage, cost, expense or liability directly or indirectly arising out of or attributable to the use, generation, storage, release, threatened release, discharge, disposal, or presence of Hazardous Materials on, under, or about the Property including without limitation: (i) all foreseeable consequential damages; (ii) the costs of any required or necessary repair, cleanup or detoxification of the Property and the preparation and implementation of any closure, remedial or other required plans; and (iii) all reasonable costs and expenses incurred by the County in connection with clauses (i) and (ii), including but not limited to reasonable attorneys' fees and consultant's fees. This indemnification applies whether or not any government agency has issued a cleanup order. Losses, claims, costs, suits, liability, and expenses covered by this indemnification provision include, but are not limited to: (1) losses attributable to diminution in the value of the Property; (2) loss or restriction of use of rentable space on the Property; (3) adverse effect on the marketing of any rental space on the Property; and (4) penalties and fines levied by, and remedial or enforcement actions of any kind issued by any regulatory agency (including but not limited to the costs of any required testing, remediation, repair, removal, cleanup or detoxification of the Property and surrounding properties). This obligation to indemnify shall survive termination of this Agreement.

(d) Without the County's prior written consent, which shall not be unreasonably withheld, Borrower shall not take any remedial action in response to the presence of any Hazardous Materials on, under or about the Property, nor enter into any settlement agreement, consent decree, or other compromise in respect to any Hazardous Material Claims, which remedial action, settlement, consent decree or compromise might, in the County's reasonable judgment, impair the value of the County's security hereunder; provided, however, that the County's prior consent shall not be necessary in the event that the presence of Hazardous Materials on, under, or about the Property either poses an immediate threat to the health, safety or welfare of any individual or is of such a nature that an immediate remedial response is necessary and it is not reasonably possible to obtain the County's consent before taking such action, provided that in such event Borrower shall notify the County as soon as practicable of any action so taken. The County agrees not to withhold its consent, where such consent is required hereunder, if (i) a particular remedial action is ordered by a court of competent jurisdiction, (ii) Borrower will or may be subjected to civil or criminal sanctions or penalties if it fails to take a required action; (iii) Borrower establishes to the reasonable satisfaction of the County that

there is no reasonable alternative to such remedial action which would result in less impairment of the County's security hereunder; or (iv) the action has been agreed to by the County.

(e) Borrower hereby acknowledges and agrees that (i) this Section is intended as the County's written request for information (and Borrower's response) concerning the environmental condition of the Property as required by California Code of Civil Procedure Section 726.5, and (ii) each representation and warranty in this Agreement (together with any indemnity obligation applicable to a breach of any such representation and warranty) with respect to the environmental condition of the Property is intended by the Parties to be an "environmental provision" for purposes of California Code of Civil Procedure Section 736.

(f) In the event that any portion of the Property is determined to be "environmentally impaired" (as that term is defined in California Code of Civil Procedure Section 726.5(e)(3)) or to be an "affected parcel" (as that term is defined in California Code of Civil Procedure Section 726.5(e)(1)), then, without otherwise limiting or in any way affecting the County's or the trustee's rights and remedies under the Deed of Trust, the County may elect to exercise its rights under California Code of Civil Procedure Section 726.5(a) to (1) waive its lien on such environmentally impaired or affected portion of the Property and (2) exercise (i) the rights and remedies of an unsecured creditor, including reduction of its claim against the borrower to judgment, and (ii) any other rights and remedies permitted by law. For purposes of determining the County's right to proceed as an unsecured creditor under California Code of Civil Procedure Section 726.5(a), the Borrower shall be deemed to have willfully permitted or acquiesced in a release or threatened release of Hazardous Materials, within the meaning of California Code of Civil Procedure Section 726.5(d)(1), if the release or threatened release of Hazardous Materials was knowingly or negligently caused or contributed to by any lessee, occupant, or user of any portion of the Property and the Borrower knew or should have known of the activity by such lessee, occupant, or user which caused or contributed to the release or threatened release. All costs and expenses, including (but not limited to) attorneys' fees, incurred by the County in connection with any action commenced under this paragraph, including any action required by California Code of Civil Procedure Section 726.5(b) to determine the degree to which the Property is environmentally impaired, plus interest thereon at the lesser of ten percent (10%) and the maximum rate permitted by law, until paid, shall be added to the indebtedness secured by the Deed of Trust and shall be due and payable to the County upon its demand made at any time following the conclusion of such action.

Section 4.3 Maintenance and Damage.

(a) During the course of both rehabilitation and operation of the Development, Borrower shall maintain the Development and the Property in good repair and in a neat, clean and orderly condition. If there arises a condition in contravention of this requirement, and if Borrower has not cured such condition within thirty (30) days after receiving a County notice of such a condition, then in addition to any other rights available to the County, the County shall have the right to perform all acts necessary to cure such condition, and to establish or enforce a lien or other encumbrance against the Property.

(b) If economically feasible in the County's reasonable judgment after consultation with the Borrower, if any improvement now or in the future on the Property is damaged or destroyed, then Borrower shall, at its cost and expense, diligently undertake to repair or restore such improvement consistent with the plans and specifications approved by the County with such changes as have been approved by the County. Such work or repair shall be commenced no later than the later of one hundred twenty (120) days, or such longer period approved by the County in writing, after the damage or loss occurs or thirty (30) days following receipt of the insurance proceeds, and shall be complete within

one (1) year thereafter. Any insurance proceeds collected for such damage or destruction shall be applied to the cost of such repairs or restoration and, if such insurance proceeds shall be insufficient for such purpose, then Borrower shall make up the deficiency. If Borrower does not make repairs, then any insurance proceeds collected for such damage or destruction shall be distributed to County.

Section 4.4 Fees and Taxes.

Borrower shall be solely responsible for payment of all fees, assessments, taxes, charges, and levies imposed by any public authority or utility company with respect to the Property and the Development to the extent owned by Borrower, and shall pay such charges prior to delinquency. However, Borrower shall not be required to pay and discharge any such charge so long as (a) the legality thereof is being contested diligently and in good faith and by appropriate proceedings, and (b) if requested by the County, Borrower deposits with the County any funds or other forms of assurance that the County in good faith from time to time determines appropriate to protect the County from the consequences of the contest being unsuccessful.

Section 4.5 Notice of Litigation.

Borrower shall promptly notify the County in writing of any litigation which has the potential to materially affect Borrower or the Property and of any claims or disputes that involve a material risk of such litigation.

Section 4.6 Nondiscrimination.

The Borrower covenants by and for itself and its successors and assigns that there shall be no discrimination against or segregation of a person or of a group of persons on account of race, religious creed, color, national origin, ancestry, physical or mental disability including perception of a disability, medical condition, genetic information, pregnancy related condition, marital status, gender/sex, sexual orientation, gender identity, gender expression, age (over 40), political affiliation or belief, or military and veteran status in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Property, nor shall the Borrower or any person claiming under or through the Borrower establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of customers, guests, invitees, tenants, lessees, subtenants, sublessees or vendees in the Property. The foregoing covenant shall run with the land.

Section 4.7 Transfer.

(a) For purposes of this Agreement, "Transfer" shall mean any sale, assignment, or transfer, whether voluntary or involuntary, of (i) any rights and/or duties under this Agreement, and/or (ii) any interest in the Museum Property, including (but not limited to) a fee simple interest, a joint tenancy interest, a life estate, a partnership interest, a leasehold interest, a security interest, or an interest evidenced by a land contract by which possession of the Property and/or the Development is transferred and Borrower retains title.

(b) No Transfer shall be permitted without the prior written consent of the County, which the County may withhold in its sole discretion. The Loan shall automatically accelerate and be due in full upon any Transfer made without the prior written consent of the County.

(c) The County approves the grant of the security interests in the Property described in Section 2.4 above.

Section 4.8 Insurance Requirements.

The Borrower shall maintain the insurance set forth in Exhibit B attached hereto and incorporated by this reference throughout the Term of the Loan.

ARTICLE 5 REPRESENTATIONS AND WARRANTIES OF BORROWER

Section 5.1 Representations and Warranties.

Borrower hereby represents and warrants to the County as follows:

(a) Organization. Borrower is a duly organized California domestic nonprofit corporation, validly existing and in good standing under the laws of the State of California and has the power and authority to own its property and carry on its business as now being conducted.

(b) Authority of Borrower. Borrower has full power and authority to execute and deliver this Agreement and to make and accept the borrowings contemplated hereunder, to execute and deliver the Loan Documents and all other documents or instruments executed and delivered, or to be executed and delivered, pursuant to this Agreement, and to perform and observe the terms and provisions of all of the above.

(c) Authority of Persons Executing Documents. This Agreement and the Loan Documents and all other documents or instruments executed and delivered, or to be executed and delivered, pursuant to this Agreement have been executed and delivered by persons who are duly authorized to execute and deliver the same for and on behalf of Borrower, and all actions required under Borrower's organizational documents and applicable governing law for the authorization, execution, delivery and performance of this Agreement and the Loan Documents and all other documents or instruments executed and delivered, or to be executed and delivered, pursuant to this Agreement, have been duly taken.

(d) Valid Binding Agreements. This Agreement and the Loan Documents and all other documents or instruments which have been executed and delivered pursuant to or in connection with this Agreement constitute or, if not yet executed or delivered, will when so executed and delivered constitute, legal, valid and binding obligations of Borrower enforceable against it in accordance with their respective terms.

(e) No Breach of Law or Agreement. Neither the execution nor delivery of this Agreement and the Loan Documents or of any other documents or instruments executed and delivered, or to be executed or delivered, pursuant to this Agreement, nor the performance of any provision, condition, covenant or other term hereof or thereof, will conflict with or result in a breach of any statute, rule or regulation, or any judgment, decree or order of any court, board, commission or agency whatsoever binding on Borrower, or any provision of the organizational documents of Borrower, or will conflict with or constitute a breach of or a default under any agreement to which Borrower is a party, or will result in the creation or imposition of any lien upon any assets or property of Borrower, other than liens established pursuant hereto.

(f) Compliance With Laws; Consents and Approvals. The rehabilitation of the Development will comply with all applicable laws, ordinances, rules and regulations of federal, state and local governments and agencies and with all applicable directions, rules and regulations of the fire marshal, health officer, building inspector and other officers of any such government or agency.

(g) Pending Proceedings. Borrower is not in default under any law or regulation or under any order of any court, board, commission or agency whatsoever, and there are no claims, actions, suits or proceedings pending or, to the knowledge of Borrower, threatened against or affecting Borrower or the Development, at law or in equity, before or by any court, board, commission or agency whatsoever which might, if determined adversely to Borrower, materially affect Borrower's ability to repay the Loan or impair the security to be given to the County pursuant hereto.

(h) Title to Land. The Funds loaned by County to Borrower will be used to purchase the Property and the Deed of Trust shall be recorded as part of the Closing of the Escrow for the purchase of the Property, and there will exist thereon or with respect thereto no mortgage, lien, pledge or other encumbrance of any character whatsoever other than liens for current real property taxes and liens in favor of the County or approved in writing by the County.

(i) Financial Statements. The financial statements of Borrower and other financial data and information furnished by Borrower to the County fairly and accurately present the information contained therein. As of the date of this Agreement, there has not been any adverse, material change in the financial condition of Borrower from that shown by such financial statements and other data and information.

(j) Sufficient Funds. Borrower holds sufficient funds and/or binding commitments for sufficient funds to complete the acquisition of the Property and the rehabilitation of the Development in accordance with the plans and specifications approved by the County.

(k) Taxes. Borrower and its subsidiaries have filed all federal, state and other material tax returns and reports required to be filed, and have paid all federal, state and other material taxes, assessments, fees and other governmental charges levied or imposed upon them or their income or the Property otherwise due and payable, except those which are being contested in good faith by appropriate proceedings and for which adequate reserves have been provided in accordance with generally accepted accounting principles. There is no proposed tax assessment against Borrower or any of its subsidiaries that could, if made, be reasonably expected to have a material adverse effect upon the Property, liabilities (actual or contingent), operations, condition (financial or otherwise) or prospects of the Borrower and its subsidiaries, taken as a whole, which would be expected to result in a material impairment of the ability of Borrower to perform under any Loan Document to which it is a party, or a material adverse effect upon the legality, validity, binding effect or enforceability against Borrower of any Loan Document.

ARTICLE 6 DEFAULT AND REMEDIES

Section 6.1 Events of Default.

Each of the following shall constitute a "Default" by Borrower under this Agreement:

(a) Failure to Make Payment. Failure to repay the principal and any interest on the Loan within ten (10) days after receipt of written notice from the County that such payment is due pursuant to the Loan Documents.

(b) Breach of Covenants. Failure by Borrower to duly perform, comply with, or observe any of the conditions, terms, or covenants of any of the Loan Documents, and such failure having continued uncured for thirty (30) days after receipt of written notice thereof from the County to the Borrower or, if the breach cannot be cured within thirty (30) days, the Borrower shall not be in breach so long as Borrower is diligently undertaking to cure such breach and such breach is cured within ninety (90) days; provided, however, that if a different period or notice requirement is specified under any other section of this Article 6, the specific provisions shall control.

(c) Insolvency. A court having jurisdiction shall have made or entered any decree or order (i) adjudging Borrower to be bankrupt or insolvent, (ii) approving as properly filed a petition seeking reorganization of Borrower or seeking any arrangement for Borrower under the bankruptcy law or any other applicable debtor's relief law or statute of the United States or any state or other jurisdiction, (iii) appointing a receiver, trustee, liquidator, or assignee of Borrower in bankruptcy or insolvency or for any of their properties, (iv) directing the winding up or liquidation of Borrower if any such decree or order described in clauses (i) to (iv), inclusive, shall have continued unstayed or undischarged for a period of ninety (90) calendar days; or (v) Borrower shall have admitted in writing its inability to pay its debts as they fall due or shall have voluntarily submitted to or filed a petition seeking any decree or order of the nature described in clauses (i) to (iv), inclusive. The occurrence of any of the events of Default in this paragraph shall act to accelerate automatically, without the need for any action by the County, the indebtedness evidenced by the Promissory Note.

(d) Assignment; Attachment. Borrower shall have assigned its assets for the benefit of its creditors or suffered a sequestration or attachment of or execution on any substantial part of its property, unless the property so assigned, sequestered, attached or executed upon shall have been returned or released within ninety (90) calendar days after such event or, if sooner, prior to sale pursuant to such sequestration, attachment, or execution. The occurrence of any of the events of default in this paragraph shall act to accelerate automatically, without the need for any action by the County, the indebtedness evidenced by the Promissory Note.

(e) Suspension; Termination. Borrower shall have voluntarily suspended or terminated its business.

(f) Liens on Property and the Development. There shall be filed any claim of lien (other than liens approved in writing by the County) against the Development or the Property or any part thereof, or any interest or right made appurtenant thereto, without discharge or satisfaction thereof or provision therefor (including, without limitation, the posting of bonds) satisfactory to the County.

(g) Condemnation. The condemnation, seizure, or appropriation of all or the substantial part of the Property and the Development.

(h) Unauthorized Transfer. Any Transfer other than as permitted by Section 4.7.

(i) Representation or Warranty Incorrect. Any Borrower representation or warranty contained in this Agreement, or in any application, financial statement, certificate, or report submitted to the County in connection with any of the Loan Documents, proving to have been incorrect in any material respect when made.

Section 6.2 Remedies.

The occurrence of any Default hereunder following the expiration of all applicable notice and cure periods will, either at the option of the County or automatically where so specified, relieve the County of any obligation to continue the Loan and shall give the County the right to proceed with any and all remedies set forth in this Agreement and the Loan Documents, including but not limited to the following:

(a) Acceleration of Promissory Note. The County shall have the right to cause all indebtedness of the Borrower to the County under this Agreement and the Promissory Note, together with any accrued interest thereon, to become immediately due and payable. The Borrower waives all right to presentment, demand, protest or notice of protest or dishonor. The County may proceed to enforce payment of the indebtedness and to exercise any or all rights afforded to the County as a creditor and secured party under the law including the Uniform Commercial Code, including foreclosure under the Deed of Trust. The Borrower shall be liable to pay the County on demand all reasonable expenses, costs and fees (including, without limitation, reasonable attorney's fees and expenses) paid or incurred by the County in connection with the collection of the Loan and the preservation, maintenance, protection, sale, or other disposition of the security given for the Loan.

(b) Specific Performance. The County shall have the right to mandamus or other suit, action or proceeding at law or in equity to require Borrower to perform its obligations and covenants under the Loan Documents or to enjoin acts on things which may be unlawful or in violation of the provisions of the Loan Documents.

Section 6.3 Right of Contest.

Borrower shall have the right to contest in good faith any claim, demand, levy, or assessment the assertion of which would constitute a Default hereunder. Any such contest shall be prosecuted diligently and in a manner unprejudicial to the County or the rights of the County hereunder.

Section 6.4 Remedies Cumulative.

No right, power, or remedy given to the County by the terms of this Agreement or the Loan Documents is intended to be exclusive of any other right, power, or remedy; and each and every such right, power, or remedy shall be cumulative and in addition to every other right, power, or remedy given to the County by the terms of any such instrument, or by any statute or otherwise against Borrower and any other person. Neither the failure nor any delay on the part of the County to exercise any such rights and remedies shall operate as a waiver thereof, nor shall any single or partial exercise by the County of any such right or remedy preclude any other or further exercise of such right or remedy, or any other right or remedy.

ARTICLE 7 GENERAL PROVISIONS

Section 7.1 Relationship of Parties.

Nothing contained in this Agreement shall be interpreted or understood by any of the Parties, or by any third persons, as creating the relationship of employer and employee, principal and agent, limited or general partnership, or joint venture between the County and Borrower or its agents,

employees or contractors, and Borrower shall at all times be deemed an independent contractor and shall be wholly responsible for the manner in which it or its agents, or both, perform the services required of it by the terms of this Agreement. Borrower has and retains the right to exercise full control of employment, direction, compensation, and discharge of all persons assisting in the performance of services under the Agreement. In regard to the rehabilitation and operation of the Property and Development, Borrower shall be solely responsible for all matters relating to payment of its employees, including compliance with Social Security, withholding, and all other laws and regulations governing such matters, and shall include requirements in each contract that contractors shall be solely responsible for similar matters relating to their employees. Borrower shall be solely responsible for its own acts and those of its agents and employees.

Section 7.2 No Claims.

Nothing contained in this Agreement shall create or justify any claim against the County by any person that Borrower may have employed or with whom Borrower may have contracted relative to the purchase of materials, supplies or equipment, or the furnishing or the performance of any work or services with respect to the purchase of the Property, or the rehabilitation or operation of the Development, and Borrower shall include similar requirements in any contracts entered into for the rehabilitation or operation of the Development and the Property.

Section 7.3 Amendments.

No alteration or variation of the terms of this Agreement shall be valid unless made in writing by the Parties. The County Chief Executive Officer or his designee is authorized to execute on behalf of the County amendments to the Loan Documents or amended and restated Loan Documents as long as any material change in the amount or terms of this Agreement is approved by the County Board of Supervisors.

Section 7.4 Indemnification.

The Borrower shall indemnify, defend and hold the County harmless against any and all claims, suits, actions, losses and liability of every kind, nature and description made against it and expenses (including reasonable attorneys' fees) which arise out of or in connection with this Agreement, including but not limited to the purchase of the Property, development, rehabilitation, marketing and operation of the Development, except to the extent such claim arises from the sole negligence or willful misconduct of the County, its agents, and its employees. The provisions of this Section shall survive the expiration of the Term and the reconveyance of the Deed of Trust.

Section 7.5 Non-Liability of County Officials, Employees and Agents.

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

Section 7.6 No Third Party Beneficiaries.

There shall be no third party beneficiaries to this Agreement.

Section 7.7 Discretion Retained By County.

The County's execution of this Agreement in no way limits the discretion of the County in the permit and approval process in connection with development of the Development.

Section 7.8 Conflict of Interest.

(a) Except for approved eligible administrative or personnel costs, no person described in Section 7.8(b) below who exercises or has exercised any functions or responsibilities with respect to the activities funded pursuant to this Agreement or who is in a position to participate in a decision-making process or gain inside information with regard to such activities, may obtain a personal or financial interest or benefit from the activity, or have an interest in any contract, subcontract or agreement with respect thereto, or the proceeds thereunder, either for themselves or those with whom they have family or business ties, during, or at any time after, such person's tenure. Borrower shall exercise due diligence to ensure that the prohibition in this Section 7.8(a) is followed.

(b) The conflict of interest provisions of Section 7.8(a) above apply to any person who is an employee, agent, consultant, officer of Borrower, or any immediate family member of such person, or any elected or appointed official of the County, or any person related within the third (3rd) degree of such person.

(c) In accordance with Government Code Section 1090 and the Political Reform Act, Government Code section 87100 et seq., no person who is a director, officer, partner, trustee or employee or consultant of the Borrower, or immediate family member of any of the preceding, shall make or participate in a decision, made by the County or a County board, commission or committee, if it is reasonably foreseeable that the decision will have a material effect on any source of income, investment or interest in real property of that person or Borrower. Interpretation of this section shall be governed by the definitions and provisions used in the Political Reform Act, Government Code Section 87100 et seq., its implementing regulations manual and codes, and Government Code Section 1090.

Section 7.9 Notices, Demands and Communications.

Formal notices, demands, and communications between the Parties shall be sufficiently given if, and shall not be deemed given unless, dispatched by registered or certified mail, postage prepaid, return receipt requested, or delivered by express delivery service, return receipt requested, or delivered personally, to the principal offices of the Parties as follows:

County:

County of Stanislaus
Office of Chief Executive Officer
1010 Tenth Street, Suite 6800
Modesto, CA 95354
Attention: Raul L. Mendez

with a copy to:

County of Stanislaus
Office of County Counsel
1010 Tenth Street, Suite 6400
Modesto, CA 95354
Attention: Thomas E. Boze

Borrower:

Graffiti USA Classic Car Museum, Inc.
610 North 9th Street
Modesto, CA 95354
Attention: John Sanders, President

with a copy to:

Gianelli Nielsen
1014 16th St
Modesto, CA 95354
Attention: David Gianelli

Such written notices, demands and communications may be sent in the same manner to such other addresses as the affected Party may from time to time designate by mail as provided in this Section. Receipt shall be deemed to have occurred on the date shown on a written receipt as the date of delivery or refusal of delivery (or attempted delivery if undeliverable).

Section 7.10 Applicable Law.

This Agreement shall be governed by and construed in accordance with California law.

Section 7.11 Parties Bound.

Except as otherwise limited herein, the provisions of this Agreement shall be binding upon and inure to the benefit of the Parties and their heirs, executors, administrators, legal representatives, successors, and assigns. This Agreement is intended to run with the land and shall bind Borrower and its successors and assigns in the Property and the Development for the entire Term or until full repayment of the obligations of Borrower hereunder, and the benefit hereof shall inure to the benefit of the County and its successors and assigns.

Section 7.12 Attorneys' Fees.

If any lawsuit is commenced to enforce any of the terms of this Agreement, the prevailing Party will have the right to recover its reasonable attorneys' fees and costs of suit from the other Party.

Section 7.13 Severability.

If any term of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions shall continue in full force and effect unless the rights and obligations of the Parties have been materially altered or abridged by such invalidation, voiding or unenforceability.

Section 7.14 Force Majeure.

In addition to specific provisions of this Agreement, performance by either Party shall not be deemed to be in Default where delays or defaults are due to war, insurrection, strikes, lock-outs, riots, floods, earthquakes, fires, quarantine restrictions, freight embargoes, lack of transportation, or court order. An extension of time for any cause will be deemed granted if notice by the Party claiming such extension is sent to the other Party within ten (10) days from the commencement of the cause and such extension of time is not rejected in writing by the other Party within ten (10) days of receipt of the notice. In no event shall the County be required to agree to cumulative delays in excess of one hundred eighty (180) days.

Section 7.15 Waivers.

Any waiver by the County of any obligation or condition in this Agreement must be in writing. No waiver will be implied from any delay or failure by the County to take action on any breach or default of Borrower or to pursue any remedy allowed under this Agreement or applicable law. Any extension of time granted to Borrower to perform any obligation under this Agreement shall not operate as a waiver or release from any of its obligations under this Agreement. Consent by the County to any act or omission by Borrower shall not be construed to be a consent to any other or subsequent act or omission or to waive the requirement for the County's written consent to future waivers.

Section 7.16 Title of Parts and Sections.

Any titles of the sections or subsections of this Agreement are inserted for convenience of reference only and shall be disregarded in interpreting any part of the Agreement's provisions.

Section 7.17 Entire Understanding of the Parties

This Agreement constitutes the entire understanding and agreement of the Parties with respect to the Loan.

Section 7.18 Multiple Originals; Counterpart.

This Agreement may be executed in multiple originals, each of which is deemed to be an original, and may be signed in counterparts.

[signatures appear on following page]

IN WITNESS WHEREOF, the parties through their duly authorized representatives have executed this Agreement as of the day and year first hereinabove written.

BORROWER:

GRAFFITI USA CLASSIC CAR MUSEUM, INC.,
a California domestic nonprofit corporation

By: *John A. Sanders*
John A. Sanders (Jun 23, 2021 20:40 PDT)
John Sanders,
President

By: *Michael Johnson*
Michael Johnson (Jun 24, 2021 08:28 PDT)
Michael Johnson,
Secretary

COUNTY:

COUNTY OF STANISLAUS,
a political subdivision of the State of California

By: *Jody L. Hayes*
Jody L. Hayes,
Chief Executive Officer

APPROVED AS TO FORM:

THOMAS E. BOZE
COUNTY COUNSEL

By: *G. Michael Ziman*
G. Michael Ziman
Deputy County Counsel

EXHIBIT A

Legal Description of the Property

The land is situated in the State of California, County of Stanislaus, and is described as follows:

[attached behind this page]

EXHIBIT "A"
Legal Description

For APN/Parcel ID(s): [115-002-020-000 \(portion of old APN\) and 115-002-023-000 \(new APN\)](#)

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF MODESTO, COUNTY OF STANISLAUS, STATE OF CALIFORNIA AND IS DESCRIBED AS FOLLOWS:

PARCEL 1 OF LOT LINE ADJUSTMENT RECORDED JUNE 26, 2020, AS [DOCUMENT NO. 2020-0044962-00, OF OFFICIAL RECORDS](#), DESCRIBED AS FOLLOWS:

ALL THAT REAL PROPERTY LYING IN THE SOUTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 19, TOWNSHIP 3 SOUTH, RANGE 9 EAST, MOUNT DIABLO BASE AND MERIDIAN, CITY OF MODESTO, COUNTY OF STANISLAUS, STATE OF CALIFORNIA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEING A PORTION OF THAT CERTAIN PARCEL OF LAND DESIGNATED AS EXCLUDED ON THE MAP ENTITLED "AMENDED MAP OF THE HANEY TRACT", RECORDED OCTOBER 10, 1950 IN [VOLUME 17 OF MAPS, AT PAGE 15](#), STANISLAUS COUNTY RECORDS, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE CENTERLINE INTERSECTION OF COLDWELL AVENUE AND KEARNEY AVENUE; THENCE ALONG THE CENTERLINE OF COLDWELL AVENUE NORTH 89° 15' 00" WEST, A DISTANCE OF 90.65 FEET; THENCE PARALLEL WITH THE WEST RIGHT-OF-WAY LINE OF KEARNEY AVENUE NORTH 00° 01' 00" EAST, A DISTANCE OF 40.00 FEET TO A POINT ON THE NORTH RIGHT-OF-WAY LINE OF COLDWELL AVENUE AND THE POINT OF BEGINNING; THENCE ALONG THE NORTH LINE OF COLDWELL AVENUE NORTH 89° 15' 00" WEST, A DISTANCE OF 236.71 FEET TO A POINT ON A TANGENT CURVE CONCAVE TO THE NORTHEAST AND HAVING A RADIUS OF 15.00 FEET; THENCE NORTHWESTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 46° 19' 00", A DISTANCE OF 12.13 FEET TO A POINT ON THE NORTHEASTERLY RIGHT-OF-WAY LINE OF 9TH STREET; THENCE ALONG THE NORTHEASTERLY RIGHT-OF-WAY LINE OF 9TH STREET NORTH 42° 56' 00" WEST, A DISTANCE OF 332.91 FEET TO A POINT ON A LINE LYING PARALLEL WITH AND 263.00 FEET SOUTHEASTERLY OF THE SOUTHEAST LINE OF LOT 13 IN BLOCK 906 OF ABOVE SAID "AMENDED MAP OF HANEY TRACT"; THENCE ALONG LAST SAID PARALLEL LINE NORTH 47° 04' 00" EAST, A DISTANCE OF 271.30 FEET TO A POINT ON A LINE LYING PARALLEL WITH AND 271.30 FEET NORTHEAST OF THE NORTHEASTERLY RIGHT-OF-WAY LINE OF 9TH STREET; THENCE ALONG LAST SAID PARALLEL LINE SOUTH 42° 56' 00" EAST, A DISTANCE OF 404.68 FEET TO A POINT ON A LINE LYING PARALLEL WITH AND 60.65 FEET WEST OF THE WEST RIGHT-OF-WAY LINE OF KEARNEY AVENUE; THENCE ALONG LAST SAID PARALLEL LINE SOUTH 00° 01' 00" WEST, A DISTANCE OF 140.13 FEET TO THE POINT OF BEGINNING.

EXHIBIT B

Insurance Requirements

[attached behind this page]

EXHIBIT B

Insurance Requirements for Loan Agreement

Borrower shall procure and maintain for the duration of the contract insurance against claims for injuries to persons or damages to property which may arise from or in connection with the Borrower's betterments, renovation, operation and use of the premises. The cost of such insurance shall be borne by the Borrower.

MINIMUM SCOPE AND LIMIT OF INSURANCE

Coverage shall be at least as broad as:

1. **Commercial General Liability (CGL):** Insurance Services Office Form CG 00 01 covering CGL on an "occurrence" basis, including products and completed operations, property damage, bodily injury and personal & advertising injury with limits no less than \$2,000,000 per occurrence. If a general aggregate limit applies, either the general aggregate limit shall apply separately to this project/location (ISO CG 25 03 or 25 04) or the general aggregate limit shall be twice the required occurrence limit.
2. **Workers' Compensation** insurance as required by the State of California, with Statutory Limits, and Employer's Liability Insurance with limits of no less than \$1,000,000 per accident for bodily injury or disease (for Borrowers with employees).
3. **Property** insurance against all risks of loss to borrowers property secured by the promissory note as described in Exhibit A, at full replacement cost with no coinsurance penalty provision.

If the Borrower maintains broader coverage and/or higher limits than the minimums shown above, the County requires and shall be entitled to the broader coverage and/or higher limits maintained. Any available insurance proceeds in excess of the specified minimum limits of insurance and coverage shall be available to the County.

Application of Excess Liability Coverage: Borrowers may use a combination of primary, and excess insurance policies which provide coverage as broad as ("follow form" over) the underlying primary policies, to satisfy the Required Insurance provisions.

Other Insurance Provisions

The insurance policies are to contain, or be endorsed to contain, the following provisions:

Additional Insured Status

The County, its officers, officials, employees, agents and volunteers are to be covered as additional insureds on the CGL policy with respect to liability arising out of work or operations performed by or on behalf of the Borrower including materials, parts, or equipment furnished in connection with such work or operations. General liability coverage can be provided in the form of an endorsement to the Borrower's insurance **at least** as broad as ISO Form CG 20 10 11 85 or both CG 20 10, CG 20 26, CG 20 33, or CG 20 38; and CG 20 37 forms (if later versions used.)

Primary Coverage

For any claims related to this contract, the Borrower's insurance coverage shall be primary insurance coverage **at least** as broad as ISO CG 20 01 04 13 as respects the County, its officers, officials, employees, agents and volunteers. Any insurance or self-insurance maintained by the County, its officers, officials, employees, agents or volunteers shall be excess of the Borrower's insurance and shall not contribute with it.

Legal Liability Coverage

The property insurance is to be endorsed to include Legal Liability Coverage (ISO Form CP 00 40 04 02 or equivalent) with a limit equal to the replacement cost of the borrower's property.

Reporting

Any failure to comply with reporting provisions of the policies shall not affect coverage provided to the County or its officers, officials, employees, agents or volunteers.

Notice of Cancellation

Each insurance policy required above shall provide that coverage shall not be canceled, except with notice to the County. Notification of insurance cancellation to the County will be borrowers' responsibility.

Waiver of Subrogation

Borrower and County agree to a waiver of any right to subrogation which any insurer of either party may acquire against the other by virtue of the payment of any loss under such insurance. Borrower and County agree to obtain any endorsement that may be necessary to affect this waiver of subrogation, but this provision applies regardless of whether or not a waiver of subrogation endorsement has been issued by the insurer, and each party shall indemnify the other against any loss or expense, including reasonable attorneys' fees, resulting from the failure to obtain such waiver.

Self-Insured Retentions

Self-insured retentions must be declared to and approved by the County. At the option of the County, either: the Borrower shall obtain coverage to reduce or eliminate such self-insured retentions as respects the County, its officers, officials, employees, agents and volunteers; or the Borrower shall provide a financial guarantee satisfactory to the County guaranteeing payment of losses and related investigations, claim administration, and defense expenses. The policy language shall provide, or be endorsed to provide, that the self-insured retention may be satisfied by either the named insured or County.

Acceptability of Insurers

Insurance is to be placed with California admitted insurers (licensed to do business in California) with a current A.M. Best's rating of no less than A-VII, however, if no California admitted insurance company provides the required insurance, it is acceptable to provide the required insurance through a United States domiciled carrier that meets the required Best's rating and that is listed on the current List of Approved Surplus Line Insurers (LASLI) maintained by the California Department of Insurance.

Verification of Coverage

Borrower shall furnish the County with a copy of the policy declaration and endorsement page(s), original certificates and amendatory endorsements or copies of the applicable policy language providing the insurance coverage required above. All certificates and endorsements are to be received and approved by the County before work commences. However, failure to obtain the required documents prior to the work beginning shall not waive the Borrower's obligation to provide them. The County reserves the right to require complete, certified copies of all required insurance policies, including endorsements, required by these specifications, at any time.

Contractors and Subcontractors – verification of coverage

Borrower shall require and verify that all Contractors and subcontractors maintain insurance meeting all the requirements stated herein, and Borrower shall ensure that County is an additional insured on insurance required from Contractors and subcontractors. For CGL coverage subcontractors shall provide coverage with a format least as broad as CG 20 38 04 13.

Special Risks or Circumstances

County reserves the right to modify these requirements, including limits, based on the nature of the risk, prior experience, insurer, coverage, or other special circumstances.

Insurance Limits

The limits of insurance described herein shall not limit the liability of the Borrower and Borrower's officers, employees, agents, representatives or subcontractors. Borrowers' obligation to defend, indemnify and hold the County, its officers, officials, employees, agents and volunteers harmless under the provisions of this paragraph is not limited to or restricted by any requirement in the Agreement for Borrowers to procure and maintain a policy of insurance.

[SIGNATURES SET FORTH ON THE FOLLOWING PAGE]

_____ Exempt from WC – I am exempt from providing workers' compensation coverage as required under section 1861 and 3700 of the California Labor Code.

I acknowledge the insurance requirements listed above.

Print Name: John A. Sanders Date: Jun 23, 2021

Signature:  Date: Jun 23, 2021
John A. Sanders (Jun 23, 2021 20:40 PDT)

Vendor Name: Graffiti USA Classic Car Museum

For CEO-Risk Management Division use only

Exception: Not Applicable

Approved by CEO for Risk Management:  Date: 6/14/2021

EXHIBIT C

Hypothetical Loan Interest Schedule

[attached behind this page]

Values	
Loan amount	\$1,200,000.00
Annual interest rate	1.72%
Loan period (in years)	5
Number of payments, per year	1
Loan initiation	7/1/2021
Extra principal payment amount	\$0.00

Summary	
Total payment	\$252,489.99
Number of payments	5
Total extra principal payments	\$0.00
Total interest	\$62,449.93

Pmt No.	Payment Date	Beginning Principal	Extra Principal Payment	Total Payment	Principal	Interest	Ending Principal	Cumulative Interest
1	7/1/2022	\$1,200,000.00	\$0.00	\$252,489.99	\$231,906.69	\$20,583.30	\$968,093.31	\$20,583.30
2	7/1/2023	\$968,093.31	\$0.00	\$252,489.99	\$235,884.53	\$16,605.46	\$732,208.78	\$37,188.75
3	7/1/2024	\$732,208.78	\$0.00	\$252,489.99	\$239,930.59	\$12,559.39	\$492,278.19	\$49,748.15
4	7/1/2025	\$492,278.19	\$0.00	\$252,489.99	\$244,046.06	\$8,443.92	\$248,232.12	\$58,192.07
5	7/1/2026	\$248,232.12	\$0.00	\$252,489.99	\$248,232.12	\$4,257.86	\$0.00	\$62,449.93

EXHIBIT D

Form of Promissory Note

[attached behind this page]

PROMISSORY NOTE
(Stanislaus County – Graffiti Classic Car Museum Loan)

\$1,200,000

Modesto, California
July __, 2021

FOR VALUE RECEIVED, the undersigned GRAFFITI USA CLASSIC CAR MUSEUM, INC., a California domestic nonprofit corporation ("Borrower") hereby promises to pay to the order of the County of Stanislaus, a political subdivision of the State of California, 1010 10th Street, Suite 6800, Modesto, CA 95354 ("Holder"), a principal amount of One Million Two Hundred Thousand Dollars (\$1,200,000), plus interest thereon pursuant to Section 2 below.

1. Borrower's Obligation. This promissory note (the "Note") evidences Borrower's obligation to pay Holder the principal amount of One Million Two Hundred Thousand Dollars (\$1,200,000), for the funds loaned to Borrower by Holder pursuant to the Graffiti Classic Car Museum Loan Agreement between Borrower and Holder of even date herewith (the "Loan Agreement"). All capitalized terms not otherwise defined in this Note have the meanings set forth in the Loan Agreement.

2. Interest.

(a) Interest Rate. Beginning at the end of the first loan year on July 1, 2021, and at the end of each succeeding twelve-month period until the end of the Term, or until the Loan is fully repaid, the Treasurer-Tax Collector shall calculate in arrears an interest rate equal to the County's pool investment rate compounded quarterly over the preceding twelve-month period ("Interest Rate").

(b) Accrued Interest. Subject to the provisions of Section 2(c) below, interest on the outstanding principal balance of the Loan shall accrue interest at the Interest Rate.

(c) Default Rate. If a Default occurs, interest will accrue on all amounts due under this Note at the Default Rate until such Default is cured by Borrower or waived by Holder.

3. Term and Repayment Requirements. The unpaid principal balance hereunder, together with accrued interest thereon, is due and payable no later than the date that is the fifth (5th) anniversary of the date of this Note, which is July 1, 2026. This Note is due and payable as set forth in Section 2.8 of the Loan Agreement.

4. No Assumption. This Note is not assumable by the successors and assigns of Borrower without the prior written consent of Holder, except as provided in the Loan Agreement.

5. Security. This Note is secured by the Deed of Trust wherein the Borrower is the Trustor and the Holder is the Beneficiary.

6. Terms of Payment.

(a) All payments due under this Note must be paid in currency of the United States of America, which at the time of payment is lawful for the payment of public and private debts.

(b) All payments on this Note must be paid to Holder at the Office of the Chief Executive Officer, 1010 10th Street, Suite 6800, Modesto, CA 95354, Attention: Raul L. Mendez, or to such other place as the Holder of this Note may from time to time designate.

(c) All payments on this Note must be without expense to the Holder, and the Borrower agrees to pay all costs and expenses, including re-conveyance fees and reasonable attorney's fees and other professional service fees and costs of the Holder, incurred in connection with the payment of this Note and the release of any security hereof.

(d) Notwithstanding any other provision of this Note, or any instrument securing the obligations of the Borrower under this Note, if, for any reason whatsoever, the payment of any sums by the Borrower pursuant to the terms of this Note would result in the payment of interest which would exceed the amount that the Holder may legally charge under the laws of the State of California, then the amount by which payments exceed the lawful interest rate shall automatically be deducted from the principal balance owing on this Note, so that in no event shall the Borrower be obligated under the terms of this Note to pay any interest which would exceed the lawful rate.

7. Default.

(a) Upon the occurrence of a Default, the entire unpaid principal balance, together with all interest thereon, and together with all other sums then payable under this Note and the Deed of Trust will, at the option of Holder, become immediately due and payable without further demand.

(b) Holder's failure to exercise the remedy set forth in Subsection 7(a) above or any other remedy provided by law upon the occurrence of a Default does not constitute a waiver of the right to exercise any remedy at any subsequent time in respect to the same or any other Default. The acceptance by Holder of any payment that is less than the total of all amounts due and payable at the time of such payment does not constitute a waiver of the right to exercise any of the foregoing remedies or options at that time or at any subsequent time, or nullify any prior exercise of any such remedy or option, without the express consent of Holder, except as and to the extent otherwise provided by law.

8. Waivers.

(a) The Borrower hereby waives diligence, presentment, protest and demand, and notice of protest, notice of demand, notice of dishonor and notice of non-payment of this Note. The Borrower expressly agrees that this Note or any payment hereunder may be extended from time to time, and that the Holder may accept further security or release any security for this Note, all without in any way affecting the liability of the Borrower.

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

(c) 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 reason whatsoever.

9. Miscellaneous Provisions.

(a) All notices to the Holder or the Borrower shall be given in the manner and at the addresses set forth in the Loan Agreement, or to such addresses as the Holder and the Borrower may therein designate.

(b) The Borrower promises to pay all costs and expenses, including reasonable attorney's fees and other professional service fees and costs, incurred by the Holder in the enforcement of the provisions of this Note, regardless of whether suit is filed to seek enforcement.

(c) This Note may not be changed orally, but only by an agreement in writing signed by the party against whom enforcement of any waiver, change, modification or discharge is sought.

(d) This Note shall be governed by and construed in accordance with the laws of the State of California.

(e) The times for the performance of any obligations hereunder shall be strictly construed, time being of the essence.

(f) This document, together with the Loan Documents, contains the entire agreement between the parties as to the Loan. It may not be modified except upon written consent of the parties.

IN WITNESS WHEREOF, Borrower has executed this Note as of the day and year first above written.

BORROWER:

GRAFFITI USA CLASSIC CAR MUSEUM, INC.,
a California domestic nonprofit corporation

By: _____
John Sanders,
President

By: _____
Michael Johnson,
Secretary

EXHIBIT E

Form of Deed of Trust

[attached behind this page]

42
GC27388.1 Due to being recorded in connection with a concurrent transfer that has maximum fees being paid on the documents in this transaction



Stanislaus County Recorder
Donna Linder, County Clerk-Recorder
DOC - 2021-0072623
Friday, July 30, 2021 13:23:19
Customer: Public
Total Paid: \$0.00

Receipt #: 2021015730

NMB / CHMSZV2 / 4-19

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

Stanislaus County
1010 10th Street, Suite 600
Attention: Chief Executive Officer

No fee for recording pursuant to
Government Code Section 27383

DEED OF TRUST WITH ASSIGNMENT OF RENTS, SECURITY AGREEMENT, AND
FIXTURE FILING
(Stanislaus County – Graffiti Classic Car Museum Loan)

THIS DEED OF TRUST WITH ASSIGNMENT OF RENTS, SECURITY AGREEMENT, AND FIXTURE FILING ("Deed of Trust") is made as of this 29 day of July 2021, by and among GRAFFITI USA CLASSIC CAR MUSEUM, INC., a California domestic nonprofit corporation ("Trustor"), Chicago Title Company, a California corporation ("Trustee"), and the Stanislaus County, a political subdivision of the State of California ("Beneficiary").

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 in the City of Modesto, Stanislaus County, 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;

1916
~~1917~~

TOGETHER WITH all estate, interest, right, title, other 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 Section 4.1 herein;

TOGETHER WITH all of Trustor's interest in 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 therefor, whether or not the same are, or shall be attached to said building or buildings in any manner; and

TOGETHER WITH all of Trustor's interest in all building materials, fixtures, equipment, work in process and other personal property to be incorporated into the Property; all goods, materials, supplies, fixtures, equipment, machinery, furniture and furnishings, signs and other personal property now or hereafter appropriated for use on the Property, whether stored on the Property or elsewhere, and used or to be used in connection with the Property; all rents, issues and profits, and all inventory, accounts, accounts receivable, contract rights, general intangibles, chattel paper, instruments, documents, notes drafts, letters of credit, insurance policies, insurance and condemnation awards and proceeds, trade names, trademarks and service marks arising from or related to the Property and any business conducted thereon by Trustor; all replacements, additions, accessions and proceeds; and all books, records and files relating to any of the foregoing.

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.

FOR THE PURPOSE OF SECURING THE FOLLOWING OBLIGATIONS (the "Secured Obligations"):

(a) Payment of indebtedness of Trustor to Beneficiary of all sums at any time owing under or in connection with the Note (defined in Section 1.3 below) until paid or cancelled and any other amounts owing under the Loan Documents (defined in Section 1.2 below). Said principal and other payments shall be due and payable as provided in the Note or other Loan Documents, as applicable. The Note and all its terms are incorporated herein by reference, and this conveyance shall secure any and all extensions thereof, however evidenced;

(b) Payment of any sums advanced by Beneficiary to protect the Security pursuant to the terms and provisions of this Deed of Trust following a breach of Trustor's obligation to advance said sums and the expiration of any applicable cure period, with interest thereon as provided herein;

(c) Performance of every obligation, covenant or agreement of Trustor contained herein and in the Loan Documents; and

(d) All modifications, extensions and renewals of any of the Secured Obligations (including without limitation, (i) modifications, extensions or renewals at a different rate of interest, or (ii)

deferrals or accelerations of the required principal payment dates or interest payment dates or both, in whole or in part), however evidenced, whether or not any such modification, extension or renewal is evidenced by a new or additional promissory note or notes.

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 "Loan Agreement" means that certain County Loan Agreement between Trustor and Beneficiary, of even date herewith, providing for the Beneficiary to loan to the Trustor amount of up to One Million Two Hundred Thousand Dollars (\$1,200,000).

Section 1.2 The term "Loan Documents" means this Deed of Trust, the Note, the Loan Agreement, , and any other debt, loan or security instruments between Trustor and the Beneficiary relating to the Property.

Section 1.3 The term "Note" means the Promissory Note in the principal amount of up to One Million Two Hundred Dollars (\$1,200,000) of even date herewith, executed by Trustor in favor of the Beneficiary, as it may be amended or restated, the payment of which is secured by this Deed of Trust. (A copy of the Note is on file with the Beneficiary and terms and provisions of the Note are incorporated herein by reference.)

Section 1.4 The term "Principal" means the amount required to be paid under the Note and the Loan Documents.

ARTICLE 2
MAINTENANCE AND MODIFICATION OF
THE PROPERTY AND SECURITY

Section 2.1 Maintenance and Modification of the Property by Trustor.

The Trustor agrees that at all times prior to full payment and performance of the Secured Obligations, 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 of 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 or the Loan Documents; provided, however, that Beneficiary shall exercise its rights as agent of 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, materialmen, 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 Stanislaus County, a surety bond in an amount 1 and 1/2 times the amount of such claim item to protect against a claim of lien.

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 and telegraph, or those required by law, and as approved, in writing, by Beneficiary.

Section 2.3 Assignment of Rents.

As part of the consideration for the indebtedness evidenced by the Note, Trustor hereby absolutely and unconditionally assigns and transfers to Beneficiary all the rents and revenues of the Property including those now due, past due, or to become due by virtue of any lease or other agreement for the occupancy or use of all or any part of the Property, regardless of to whom the rents and revenues of the Property are payable. Trustor hereby authorizes Beneficiary or Beneficiary's agents to collect the aforesaid rents and revenues and hereby directs each tenant of the Property to pay such rents to Beneficiary or Beneficiary's agents; provided, however, that prior to written notice given by Beneficiary to Trustor of the breach by Trustor of any covenant or agreement of Trustor in the Loan Documents, Trustor shall collect and receive all rents and revenues of the Property as trustee for the benefit of Beneficiary and Trustor to apply the rents and revenues so collected to the Secured Obligations with the balance, so long as no such breach has occurred, to the account of Trustor, it being intended by Trustor and Beneficiary that this assignment of rents constitutes an absolute assignment and not an assignment for additional security only. Upon delivery of written notice by Beneficiary to Trustor of the breach by Trustor of any covenant or agreement of Trustor in the Loan Documents, and without the necessity of Beneficiary entering upon and taking and maintaining full control of the Property in person, by agent or by a court-appointed receiver, Beneficiary shall immediately be entitled to possession of all rents and revenues of the Property as specified in this Section 2.3 as the same becomes due and payable, including, but not limited to, rents then due and unpaid, and all such rents shall immediately upon delivery of such notice be held by Trustor as trustee for the benefit of Beneficiary only; provided, however, that the written notice by Beneficiary to Trustor of the breach by Trustor shall contain a statement that Beneficiary exercises its rights to such rents. Trustor agrees that commencing upon delivery of such written notice of Trustor's breach by Beneficiary to Trustor, each tenant of the Property shall make such rents payable to and pay such rents to Beneficiary or Beneficiary's agents on Beneficiary's written demand to each tenant therefor, delivered to each tenant personally, by mail or by delivering such demand to each rental unit, without any liability on the part of said tenant to inquire further as to the existence of a default by Trustor.

Trustor hereby covenants that Trustor has not executed any prior assignment of said rents, that Trustor has not performed, and will not perform, any acts or has not executed and will not execute, any instrument which would prevent Beneficiary from exercising its rights under this Section 2.3, and that at the time of execution of this Deed of Trust, there has been no anticipation or prepayment of any of the rents of the Property for more than two (2) months prior to the due dates of such rents. Trustor covenants that Trustor will not hereafter collect or accept payment of any rents of the Property more than two (2) months prior to the due dates of such rents. Trustor further covenant that Trustor will execute and deliver to Beneficiary such further assignments of rents and revenues of the Property as Beneficiary may from time to time request.

Upon Trustor's breach of any covenant or agreement of Trustor in the Loan Documents, Beneficiary may in person, by agent or by a court-appointed receiver, regardless of the adequacy of Beneficiary's security, enter upon and take and maintain full control of the Property in order to perform all acts necessary and appropriate for the operation and maintenance thereof, including, but not limited to, the execution, cancellation or modification of leases, the collection of all rents and revenues of the Property, the making of repairs to the Property and the execution or termination of contracts providing for the management or maintenance of the Property, all on such terms as are deemed best to protect the security of this Deed of Trust. In the event Beneficiary elects to seek the appointment of a receiver for the Property upon Trustor's breach of any covenant or agreement of Trustor in this Deed of Trust, Trustor hereby expressly consents to the appointment of such receiver. Beneficiary or the receiver shall be entitled to receive a reasonable fee for so managing the Property.

All rents and revenues collected subsequent to delivery of written notice by Beneficiary to Trustor of the breach by Trustor of any covenant or agreement of Trustor in the Loan Documents shall be applied first to the costs, if any, of taking control of and managing the Property and collecting the rents, including, but not limited to, attorney's fees, receiver's fees, premiums on receiver's bonds, costs of repairs to the Property, premiums on insurance policies, taxes, assessments and other charges on the Property, and the costs of discharging any obligation or liability of Trustor as lessor or landlord of the Property and then to the sums secured by this deed of Trust. Beneficiary or the receiver shall have access to the books and records used in the operation and maintenance of the Property and shall be liable to account only for those rents actually received. Beneficiary shall not be liable to Trustor, anyone claiming under or through Trustor or anyone having an interest in the Property by reason of anything done or left undone by Beneficiary under this Section 2.3.

If the rents of the Property are not sufficient to meet the costs, if any, of taking control of and managing the Property and collecting the rents, any funds expended by Beneficiary for such purposes shall become part of the Secured Obligations pursuant to Section 3.3 hereof. Unless Beneficiary and Trustor agree in writing to other terms of payment, such amounts shall be payable upon notice from Beneficiary to Trustor requesting payment thereof and shall bear interest from the date of disbursement at the rate stated in Section 3.3.

Any entering upon and taking and maintaining of control of the Property by Beneficiary or the receiver and any application of rents as provided herein shall not cure or waive any default hereunder or invalidate any other right or remedy of Beneficiary under applicable law or provided herein. This assignment of rents of the Property shall terminate at such time as this Deed of Trust ceases to secure the Secured Obligations.

ARTICLE 3
TAXES AND INSURANCE; ADVANCES

Section 3.1 Taxes, Other Governmental Charges and Utility Charges.

Trustor shall pay, or cause to be paid, prior to the date of delinquency, 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 (i) the legality thereof shall be promptly and actively contested in good faith and by appropriate proceedings, and (ii) Trustor maintains reserves adequate to pay any liabilities contested pursuant to this Section 3.1. With respect to taxes, special assessments or other similar governmental charges, Trustor shall pay such amount in full prior to the attachment of any lien therefor 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 (ii) of the first sentence of this paragraph, the provisions of this Section 3.1 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 therefor by Beneficiary, together with interest thereon from the date of such advance at the maximum rate permitted by law, shall become part of the Secured Obligations secured hereby, and Trustor agrees to pay all such amounts.

Section 3.2 Provisions Respecting Insurance.

Trustor agrees to provide insurance conforming in all respects to that required under the Loan Documents during the course of construction and following completion, and at all times until all amounts secured by this Deed of Trust have been paid and all Secured 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 therefor at any time prior to Trustor's satisfaction of the Secured Obligations.

Section 3.3 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 Documents, 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 therefor by the Beneficiary shall become part of the Secured Obligations (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 ten percent (10%) per annum or the maximum rate permitted by law.

ARTICLE 4
DAMAGE, DESTRUCTION OR CONDEMNATION

Section 4.1 Awards and Damages.

All judgments, awards of damages, settlements and compensation made in connection with or in lieu of (i) taking of all or any part of or any interest in the Property by or under assertion of the power of eminent domain, (ii) any damage to or destruction of the Property or in any part thereof by insured casualty, and (iii) any other injury or damage to all or any part of the Property (collectively, the "Funds") are hereby assigned to and shall be paid to the Beneficiary by a check made payable to the Beneficiary. The Beneficiary is authorized and empowered (but not required) to collect and receive any Funds and is authorized to apply them in whole or in part upon any indebtedness or obligation secured hereby, in such order and manner as the Beneficiary shall determine at its sole option. The Beneficiary shall be entitled to settle and adjust all claims under insurance policies provided under this Deed of Trust and may deduct and retain from the proceeds of such insurance the amount of all expenses incurred by it in connection with any such settlement or adjustment. All or any part of the amounts so collected and recovered by the Beneficiary may be released to Trustor upon such conditions as the Beneficiary may impose for its disposition. Application of all or any part of the Funds collected and received by the Beneficiary or the release thereof shall not cure or waive any default under this Deed of Trust. The rights of the Beneficiary under this Section 4.1 are subject to the rights of any senior mortgage lender. The Beneficiary shall release the Funds to Trustor to be used to reconstruct the improvements on the Property provided that Beneficiary reasonably determines that Trustor (taking into account the Funds) has sufficient funds to rebuild the improvements in substantially the form they existed prior to the casualty or condemnation.

ARTICLE 5
AGREEMENTS AFFECTING THE PROPERTY; FURTHER
ASSURANCES; PAYMENT OF PRINCIPAL AND INTEREST

Section 5.1 Other Agreements Affecting Property.

The Trustor shall duly and punctually perform all terms, covenants, conditions and agreements binding upon it under the Loan Documents and any other agreement of any nature whatsoever now or hereafter involving or affecting the Security or any part thereof.

Section 5.2 Agreement to Pay Attorneys' Fees and Expenses.

In the event of any Event of Default (as defined in Section 7.1) 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 therefor, pay to the Beneficiary the reasonable fees of such attorneys and such other reasonable expenses so incurred by the Beneficiary (including, but not limited to, other professional service fees and costs); and any such amounts paid by the Beneficiary shall be added to the Secured Obligations, and shall bear interest from the date such expenses are incurred at the lesser of ten percent (10%) per annum or the maximum rate permitted by law.

Section 5.3 Payment of the Principal.

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

Section 5.4 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. The Trustor hereby grants the Beneficiary a security interest in such items.

Section 5.5 Financing Statement.

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. Trustor shall pay all costs of filing such financing statements and any extensions, renewals, amendments, and releases thereof, and shall pay all reasonable costs and expenses of any record searches for financing statements, and releases thereof, as the Beneficiary may reasonably require. Without the prior written consent of the Beneficiary, Trustor shall not create or suffer to be created pursuant to the California Commercial Code any other security interest in the Security, including replacements and additions thereto.

Section 5.6 Operation of the Security.

The Trustor shall 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 Documents.

Section 5.7 Inspection of the Security.

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 5.8 Nondiscrimination.

The Trustor herein covenants by and for itself, its heirs, executors, administrators, and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of race, color, creed, religion, age, sex, sexual orientation, source of income, marital status, national origin or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Security, nor shall the Trustor itself or any person claiming under or through it establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees in the Security. The foregoing covenants shall run with the land.

ARTICLE 6
HAZARDOUS WASTE

Trustor shall keep and maintain the Property in compliance with, and shall not cause or permit the Property to be in violation of any federal, state or local laws, ordinances or regulations relating to industrial hygiene or to the environmental conditions on, under or about the Property, including, but not limited to, soil and ground water conditions. Trustor shall not use, generate, manufacture, store or dispose of on, under, or about the Property or transport to or from the Property any flammable explosives, radioactive materials, hazardous wastes, toxic substances or related materials, including, without limitation, any substances defined as or included in the definition of "hazardous substances", "hazardous wastes", "hazardous materials", or "toxic substances" under any applicable federal or state laws or regulations (collectively referred to hereinafter as "Hazardous Materials") except such of the foregoing as may customarily be kept and used in the construction or operation of a multifamily residential development.

Trustor shall immediately advise Beneficiary in writing if at any time it receives written notice of: (i) any and all enforcement, cleanup, removal or other governmental or regulatory actions instituted, completed or threatened against Trustor or the Property pursuant to any applicable federal, state or local laws, ordinances, or regulations relating to any Hazardous Materials, ("Hazardous Materials Law"); (ii) all claims made or threatened by any third party against Trustor or the Property relating to damage, contribution, cost recovery compensation, loss or injury resulting from any Hazardous Materials (the matters set forth in clauses (i) and (ii) above are hereinafter referred to as "Hazardous Materials Claims"); and (iii) Trustor's 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 classified as "border-zone property" (as defined in California Health and Safety Code Section 25117.4) under the provision of California Health and Safety Code, Sections 25220 et seq., or any regulation adopted in accordance therewith, or to be otherwise subject to any restrictions on the ownership, occupancy, transferability or use of the Property under any Hazardous Materials Law.

Beneficiary shall have the right to join and participate in, as a party if it so elects, any legal proceedings or actions initiated in connection with any Hazardous Materials Claims and to have its reasonable attorneys' fees in connection therewith paid by Trustor. Trustor shall indemnify and hold harmless Beneficiary and its boardmembers, supervisors, directors, officers, employees, agents, successors and assigns from and against any loss, damage, cost, expense or liability directly or indirectly arising out of or attributable to the use, generation, storage, release, threatened release, discharge, disposal, or presence of Hazardous Materials on, under, or about the Property, including, without limitation: (i) all foreseeable consequential damages; (ii) the costs of any required or necessary repair, cleanup or detoxification of the Property and the preparation and implementation of any closure, remedial or other required plans; and (ii) all reasonable costs and expenses incurred by Beneficiary in connection with clauses (i) and (ii), including but not limited to reasonable attorneys' fees and consultant's fees. This indemnification applies whether or not any government agency has issued a cleanup order. Losses, claims, costs, suits, liability, and expenses covered by this indemnification provision include, but are not limited to: (1) losses attributable to diminution in the value of the Property; (2) loss or restriction of use of rentable space on the Property; (3) adverse effect on the marketing of any rental space on the Property; and (4) penalties and fines levied by, and remedial or enforcement actions of any kind issued by any regulatory agency (including, but not limited to, the costs of any required testing, remediation, repair, removal, cleanup or detoxification of the Property and surrounding properties).

Without Beneficiary's prior written consent, which shall not be unreasonably withheld, Trustor shall not take any remedial action in response to the presence of any Hazardous Materials on, under or about the Property, nor enter into any settlement agreement, consent decree, or other compromise in

respect to any Hazardous Material Claims, which remedial action, settlement, consent decree or compromise might, in Beneficiary's reasonable judgement, impair the value of the Beneficiary's security hereunder; provided, however, that Beneficiary's prior consent shall not be necessary in the event that the presence of Hazardous Materials on, under, or about the Property either poses an immediate threat to the health, safety or welfare of any individual or is of such a nature that an immediate remedial response is necessary and it is not reasonably possible to obtain Beneficiary's consent before taking such action, provided that in such event Trustor shall notify Beneficiary as soon as practicable of any action so taken. Beneficiary agrees not to withhold its consent, where such consent is required hereunder, if (i) a particular remedial action is ordered by a court of competent jurisdiction; (ii) Trustor will or may be subjected to civil or criminal sanctions or penalties if it fails to take a required action; (iii) Trustor establishes to the reasonable satisfaction of Beneficiary that there is no reasonable alternative to such remedial action which would result in less impairment of Beneficiary's security hereunder; or (iv) the action has been agreed to by Beneficiary.

The Trustor hereby acknowledges and agrees that (i) this Article is intended as the Beneficiary's written request for information (and the Trustor's response) concerning the environmental condition of the Property as required by California Code of Civil Procedure Section 726.5, and (ii) each representation and warranty in this Deed of Trust or any of the other Loan Documents (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 the Beneficiary and the Trustor to be an "environmental provision" for purposes of California Code of Civil Procedure Section 736.

In the event that any portion of the Property is determined to be "environmentally impaired" (as that term is defined in California Code of Civil Procedure Section 726.5(e)(3)) or to be an "affected parcel" (as that term is defined in California Code of Civil Procedure Section 726.5(e)(1)), then, without otherwise limiting or in any way affecting the Beneficiary's or the Trustee's rights and remedies under this Deed of Trust, the Beneficiary may elect to exercise its rights under California Code of Civil Procedure Section 726.5(a) to (i) waive its lien on such environmentally impaired or affected portion of the Property and (ii) exercise (1) the rights and remedies of an unsecured creditor, including reduction of its claim against the Trustor to judgment, and (2) any other rights and remedies permitted by law. For purposes of determining the Beneficiary's right to proceed as an unsecured creditor under California Code of Civil Procedure Section 726.5(a), the Trustor shall be deemed to have willfully permitted or acquiesced in a release or threatened release of hazardous materials, within the meaning of California Code of Civil Procedure Section 726.5(d)(1), if the release or threatened release of hazardous materials was knowingly or negligently caused or contributed to by any lessee, occupant, or user of any portion of the Property and the Trustor knew or should have known of the activity by such lessee, occupant, or user which caused or contributed to the release or threatened release. All costs and expenses, including , but not limited to, attorneys' fees, incurred by the Beneficiary in connection with any action commenced under this paragraph, including any action required by California Code of Civil Procedure Section 726.5(b) to determine the degree to which the Property is environmentally impaired, plus interest thereon at the default rate specified in the Loan Agreement until paid, shall be added to the indebtedness secured by this Deed of Trust and shall be due and payable to the Beneficiary upon its demand made at any time following the conclusion of such action.

The Trustor is aware that California Civil Code Section 2955.5(a) provides as follows: "No lender shall require a borrower, as a condition of receiving or maintaining a loan secured by real property, to provide hazard insurance coverage against risks to the improvements on that real property in an amount exceeding the replacement value of the improvements on the property."

ARTICLE 7
EVENTS OF DEFAULT AND REMEDIES

Section 7.1 Events of Default.

The following shall constitute events of default ("Events of Default") following the expiration of any applicable notice and cure periods: (i) failure to make any payment to be paid by Trustor under the Loan Documents; (ii) failure to observe or perform any of Trustor's other covenants, agreements or obligations under the Loan Documents, including, without limitation, the provisions concerning discrimination; or (iii) failure to make any payment or observe or perform any of Trustor's covenants, agreements, or obligations under any other debt instrument or regulatory agreement secured by the Property, where such failure remains uncured following any applicable notice and cure periods.

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 all unpaid Secured Obligations shall immediately become due and payable, upon written notice by the Beneficiary to the Trustor (or automatically where so specified in the Loan Documents), 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 and Election to Sell (as defined below) hereunder or invalidate any act done in response to such Event of Default or pursuant to such Notice of Default and Election to Sell, 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 ("Notice of Default and Election to Sell"), which notice Trustee or Beneficiary shall cause to be duly filed for record in the Official Records of Stanislaus County; 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 securing the Secured Obligations.

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 give Notice of Default and Election to Sell to the Trustee and shall deposit with Trustee this Deed of Trust which is secured hereby (and the deposit of which shall be deemed to constitute evidence that the Secured Obligations are 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 Election to Sell having been given as required by law, sell the Security, at the time and place of sale fixed by it in the Notice of Default and Election to Sell, 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. Any person, including, without limitation, Trustor, Trustee or Beneficiary, may purchase at such sale, and Trustor hereby covenants to warrant and defend the title of such purchaser or purchasers.

(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: (i) the unpaid Principal amount of the Note; (ii) all other Secured Obligations owed to Beneficiary under the Loan Documents; (iii) all other sums then secured hereby; and (iv) 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.

Beneficiary's express or implied consent to breach, or waiver of, any obligation of the Trustor hereunder shall not be deemed or construed to be a consent to any subsequent breach, or further waiver, of such obligation or of any other 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 (i) grants forbearance or an extension of time for the payment or performance of any Secured Obligations, (ii) takes other or additional security or the payment of any sums secured hereby, (iii) waives or does not exercise any right granted in the Loan Documents, (iv) 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 Documents, (v) consents to the granting of any easement or other right affecting the Security, or (vi) makes or consents to any agreement subordinating the lien hereof, any such act or omission shall not release, discharge, modify, change or affect the original liability 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 (a) institute and maintain such suits and proceedings as it may deem expedient to prevent any impairment of the Security and the rights of the Beneficiary as may be unlawful or any violation of this Deed of Trust, (b) preserve or protect its interest (as described in this Deed of Trust) in the Security, and (c) 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 for 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, arrangement, adjustment, composition or other proceedings affecting the Trustor, its creditors or its property, the Trustee or 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.

The Trustor waives presentment, demand for payment, notice of dishonor, notice of protest and nonpayment, protest, notice of interest on interest and late charges, and diligence in taking any action to collect any Secured Obligations 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 Deed of Trust 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 Secured Obligations have been paid, and all obligations under the Loan Documents have been performed in full, 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, by reputable overnight delivery service(which provides a delivery receipt) or by depositing the same in the registered United States mail, return receipt requested, postage prepaid and (1) if intended for Beneficiary shall be addressed to:

County of Stanislaus
Office of the Chief Executive Officer
1010 10th Street, Suite 6800
Modesto, CA 95354
Attention: Raul L. Mendez

and (2) if intended for Trustor shall be addressed to:

Graffiti USA Classic Car Museum, Inc.
610 North 9th Street
Modesto, CA 95354
Attention: John Sanders, President

Any notice, demand or communication shall be deemed given, received, made or communicated on the date personal 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 created herein is 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. Where Trustor is more than one entity or person, all obligations of Trustor shall be deemed to be a joint and several obligation of each and every entity and person comprising Trustor.

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, and the illegal, invalid, or unenforceable provision will be deemed modified such that it the intention of the parties to the fullest extent possible. 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 Statute of Limitations.

The pleading of any statute of limitations as a defense to any and all obligations secured by this Deed of Trust is hereby waived to the full extent permissible by law.

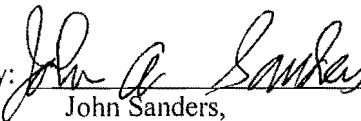
Section 8.13 Acceptance by Trustee.

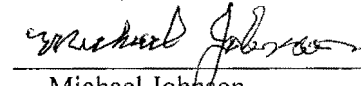
Trustee accepts this Trust when this Deed of Trust, duly executed and acknowledged, is made public record as provided by law. Except as otherwise provided by law, the Trustee is not obligated to notify any party hereto of pending sale under this Deed of Trust or of any action of proceeding in which Trustor, Beneficiary, or Trustee shall be a party unless brought by Trustee.

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

TRUSTOR:

GRAFFITI USA CLASSIC CAR MUSEUM, INC.,
a California domestic nonprofit corporation

By: 
John Sanders,
President

By: 
Michael Johnson,
Secretary

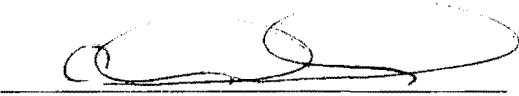
A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
)
COUNTY OF STANISLAUS)

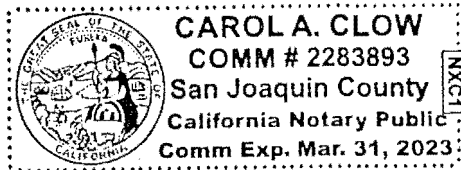
On JUL 29 2021, before me, CAROL A. CLOW, Notary Public, Notary Public, personally appeared John Sanderst + Michael Johnson, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/het/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.



Notary Public



STATE OF CALIFORNIA)
)
COUNTY OF STANISLAUS)

On JUL 29 2021, before me, CAROL A. CLOW, Notary Public, Notary Public, personally appeared Michael Johnson, 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/het/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.



Notary Public



EXHIBIT A
(Legal Description)

[behind this page]

EXHIBIT A

Order No.: FSST-5352102526

For APN/Parcel ID(s): 115-002-020-000 (portion of old APN) and 115-002-023-000 (new APN)

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF MODESTO, COUNTY OF STANISLAUS, STATE OF CALIFORNIA AND IS DESCRIBED AS FOLLOWS:

PARCEL 1 OF LOT LINE ADJUSTMENT RECORDED JUNE 26, 2020, AS DOCUMENT NO. 2020-0044962-00, OF OFFICIAL RECORDS, DESCRIBED AS FOLLOWS:

ALL THAT REAL PROPERTY LYING IN THE SOUTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 19, TOWNSHIP 3 SOUTH, RANGE 9 EAST, MOUNT DIABLO BASE AND MERIDIAN, CITY OF MODESTO, COUNTY OF STANISLAUS, STATE OF CALIFORNIA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEING A PORTION OF THAT CERTAIN PARCEL OF LAND DESIGNATED AS EXCLUDED ON THE MAP ENTITLED "AMENDED MAP OF THE HANEY TRACT", RECORDED OCTOBER 10, 1950 IN VOLUME 17 OF MAPS, AT PAGE 15, STANISLAUS COUNTY RECORDS, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE CENTERLINE INTERSECTION OF COLDWELL AVENUE AND KEARNEY AVENUE; THENCE ALONG THE CENTERLINE OF COLDWELL AVENUE NORTH $89^{\circ} 15' 00''$ WEST, A DISTANCE OF 90.65 FEET; THENCE PARALLEL WITH THE WEST RIGHT-OF-WAY LINE OF KEARNEY AVENUE NORTH $00^{\circ} 01' 00''$ EAST, A DISTANCE OF 40.00 FEET TO A POINT ON THE NORTH RIGHT-OF-WAY LINE OF COLDWELL AVENUE AND THE POINT OF BEGINNING; THENCE ALONG THE NORTH LINE OF COLDWELL AVENUE NORTH $89^{\circ} 15' 00''$ WEST, A DISTANCE OF 236.71 FEET TO A POINT ON A TANGENT CURVE CONCAVE TO THE NORTHEAST AND HAVING A RADIUS OF 15.00 FEET; THENCE NORTHWESTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF $46^{\circ} 19' 00''$, A DISTANCE OF 12.13 FEET TO A POINT ON THE NORTHEASTERLY RIGHT-OF-WAY LINE OF 9TH STREET; THENCE ALONG THE NORTHEASTERLY RIGHT-OF-WAY LINE OF 9TH STREET NORTH $42^{\circ} 56' 00''$ WEST, A DISTANCE OF 332.91 FEET TO A POINT ON A LINE LYING PARALLEL WITH AND 263.00 FEET SOUTHEASTERLY OF THE SOUTHEAST LINE OF LOT 13 IN BLOCK 906 OF ABOVE SAID "AMENDED MAP OF HANEY TRACT"; THENCE ALONG LAST SAID PARALLEL LINE NORTH $47^{\circ} 04' 00''$ EAST, A DISTANCE OF 271.30 FEET TO A POINT ON A LINE LYING PARALLEL WITH AND 271.30 FEET NORTHEAST OF THE NORTHEASTERLY RIGHT-OF-WAY LINE OF 9TH STREET; THENCE ALONG LAST SAID PARALLEL LINE SOUTH $42^{\circ} 56' 00''$ EAST, A DISTANCE OF 404.68 FEET TO A POINT ON A LINE LYING PARALLEL WITH AND 60.65 FEET WEST OF THE WEST RIGHT-OF-WAY LINE OF KEARNEY AVENUE; THENCE ALONG LAST SAID PARALLEL LINE SOUTH $00^{\circ} 01' 00''$ WEST, A DISTANCE OF 140.13 FEET TO THE POINT OF BEGINNING.

Central Valley Regional Water Quality Control Board

21 May 2021

Ms. Jeanette Lyng Robinson
Pacific-Atlantic Associates
P.O. Box 774000, PMB 348
Steamboat Springs, CO 80477

***NO FURTHER ACTION DETERMINATION, FORMER ED J. LYNG FEED & GRAIN,
610 NORTH 9th STREET, MODESTO, STANISLAUS COUNTY***

Investigations conducted at the former Ed J. Lyng Feed & Grain facility located at 610 North 9th Street in Modesto, Stanislaus County (Site) indicated low concentrations of pesticides in soil and groundwater. Investigations also indicated low concentrations of tetrachloroethene (PCE) in Site groundwater. Central Valley Regional Water Quality Control Board (Central Valley Water Board) staff concurs with the conclusion of your consultant, Ground Zero Analysis, Inc., that the PCE detected in Site groundwater is likely associated with release(s) at the Department of Toxic Substances Control (DTSC) "Modesto Groundwater Investigation" PCE release case (Envirostor #50720008). Groundwater monitoring data indicate that residual concentrations of pesticides have decreased to less than water quality objectives. The attached memorandum provides additional details. The Central Valley Water Board concurs with Pacific-Atlantic Associates that residual concentrations of pesticides do not pose a threat to human health, the environment, or waters of the State so long as the Site is operated in accordance with the existing land use covenant.

On November 19, 2020, a fact sheet was mailed to neighboring properties and interested persons notifying them of their opportunity to provide comments on the proposed No Further Action Determination. No comments were received during the 30-day time period.


Pacific-Atlantic Associates has satisfactorily completed site investigation and achieved applicable remedial action standards and objectives at the Site. Therefore, no further action is required.

Issuance of a No Further Action Determination does not preclude future action by the Central Valley Water Board if subsequent monitoring, testing, or analysis at the Site indicates that the remedial action standards and objectives were not achieved; a new or

KARL E. LONGLEY ScD, P.E., CHAIR | PATRICK PULUPA, ESQ., EXECUTIVE OFFICER

previously undiscovered release occurs at Site; new information indicates that further site investigation and remedial action are required to prevent a significant risk to human health and safety, the environment, or water quality; or Pacific-Atlantic Associates induced the Central Valley Water Board to issue this No Further Action Determination by fraud, negligent, or intentional nondisclosure or misrepresentation.

If you have any questions or concerns, please contact Geoff Rader at (916) 464-4707 or via e-mail at geoff.rader@waterboards.ca.gov.



JOHN J. BAUM
Assistant Executive Officer

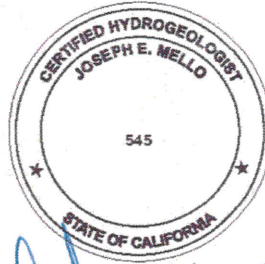
Enclosure – Rational for Considering No Further Action memorandum

cc: Ms. Sarah Joseph, Stanislaus County Department of Environmental Resources,
Modesto
Graffiti USA Classic Car Museum, Inc., Modesto
Mr. Michael Rein, Rein & Rein Professional Law Corporation, Santa Cruz
Mr. Raynold Kablanow II, Ground Zero Analysis, Inc., Modesto

Central Valley Regional Water Quality Control Board

TO: John J. Baum
Assistant Executive Officer

FROM: Geoffrey Rader, P.E. #C80249
Water Resource Control Engineer




Joseph Mello, C.H.G. #545
Senior Engineering Geologist

17 May 21

DATE: 17 May 2021

SUBJECT: ***RATIONALE FOR CONSIDERING NO FURTHER ACTION FOR
FORMER ED J. LYNNG FEED & GRAIN, 610 NORTH 9th STREET,
MODESTO, STANISLAUS COUNTY***

Setting:

The approximately 6.6-acre subject property is located at 610 North 9th Street in Modesto, Stanislaus County (Site) and is identified by the Stanislaus County Assessor as assessor's parcel number (APN) 115-002-020-000. The Site currently contains two warehouse buildings, one small storage building, loading docks, parking areas, and a dry well. The case is listed in GeoTracker as Global ID #T10000013281.

Issues:

Ed J. Lyng Company (Lyng) developed the Site as a feed and grain facility in 1938 and operated the facility until 1994. During its time in operation, Lyng discharged lindane (an insecticide), and captan and chloroneb (fungicides) into injection wells. During a 11

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June 2019 Site inspection, Ground Zero Analysis, Inc. (Ground Zero; the environmental consultant hired by Pacific-Atlantic Associates) staff discovered two dry wells behind (northwest of) the two warehouse buildings at the Site.

Rationale for No Further Action:

Environmental investigations conducted by Pacific-Atlantic Associates, the Site property owners through 29 July 2020, when they sold the property to Graffiti USA Classic Car Museum Inc., identified low concentrations of organochlorine pesticides in Site soil and groundwater. Investigations also identified low concentrations of tetrachloroethene (PCE) in Site groundwater. Central Valley Regional Water Quality Control Board (Central Valley Water Board) staff concurs with the conclusion of Ground Zero) that the PCE detected in Site groundwater is likely associated with release(s) at the nearby California Department of Toxic Substances Control (DTSC) "Modesto Groundwater Investigation" PCE release case (Envirostor #50720008). Constituent concentrations are not a threat to human health or the environment so long as the Site is operated in accordance with the existing land use covenant. Constituents are expected to continue attenuating with time.

Case History:

Lyng developed the Site as a feed and grain facility in 1938 and operated the facility until 1994, when Warden's Furniture began operating at the Site. The 22 July 2019 *Phase I Environmental Site Assessment Report (Phase I ESA)* prepared by Ground Zero, includes a 1 April 1987 California Department of Health Services, Toxic Substances Control Division (now DTSC) Hazardous Waste Injection Well Statement completed by Lyng. The completed form states that Lyng discharged lindane (an insecticide), and captan and chloroneb (fungicides) into injection well(s), with the last reported discharge occurring in 1982. Lyng's cover letter for the form states "Our input has been used for steam cleaning our equipment." As discussed in the *Phase I ESA*, on 11 June 2019, Ground Zero staff inspected the Site and discovered two dry wells behind (northwest of) the two warehouse buildings at the Site.

To investigate the extent of subsurface pesticides, on 1 July 2019, Ground Zero advanced two soil borings (SB-1 and SB-2) adjacent to the two Site dry wells. Ground Zero advanced SB-1 and SB-2 to total depths of 31.5 feet below ground surface (bgs) and 32.5 feet bgs, respectively, and collected soil samples from the borings approximately every 5 feet. Ground Zero scanned soil samples with a photoionization detector (PID) and observed elevated PID readings (up to 1,500 parts per million [ppm]) in soil samples collected from boring SB-1, which Ground Zero advanced near the southern dry well. Ground Zero submitted five soil samples for laboratory analysis of

gasoline-range petroleum hydrocarbons (TPHg), diesel-range petroleum hydrocarbon (TPHd), motor oil-range petroleum hydrocarbons (TPHmo), volatile organic compounds (VOCs), organochlorine pesticides, and chlorinated herbicides. BC Laboratories, Inc. (BC) detected dieldrin (up to 84 milligrams per kilogram [mg/kg]), 4,4'-dichlorodiphenyltrichloroethane (4,4'-DDT; up to 0.44 mg/kg), TPHd (up to 63 mg/kg), and TPHmo (up to 31 mg/kg) in the samples, with the highest concentrations reported in the sample collected from 20 to 20.5 feet bgs at boring SB-1. BC did not detect TPHg, VOCs, or chlorinated herbicides at concentrations exceeding laboratory reporting limits in the soil samples.

On 1 July 2019, Ground Zero also collected two indoor air samples (IA-1 and IA-2) over an approximately 8-hour period using Summa canisters deployed at the Site warehouse buildings. Ground Zero submitted samples for analysis of VOCs via United States Environmental Protection Agency Method Toxic Organics - 15 Modified Selective Ion Monitoring (TO-15 Modified SIM). BC detected acetone (up to 8.2 micrograms per cubic meter [$\mu\text{g}/\text{m}^3$]), dichlorodifluoromethane (freon-12; $2.8 \mu\text{g}/\text{m}^3$), and trichlorofluoromethane (freon-11; up to $3.0 \mu\text{g}/\text{m}^3$) in the samples.

On 10 and 11 October 2019, Ground Zero advanced three additional borings (SB-3 through SB-5) to depths ranging from 31.5 to 36.5 feet bgs near the southern dry well. Ground Zero also installed one groundwater monitoring well (MW-1) near the southern dry well and a second monitoring well (MW-2) near the southwestern corner of the Site. Ground Zero collected 14 soil samples from the 5 borings and submitted samples for analysis of organochlorine pesticides. BC detected dieldrin (up to 0.058 mg/kg), 4,4'-DDT (up to 0.0013 mg/kg), 4,4'-dichlorodiphenyldichloroethane (4,4'-DDD; 0.0011 mg/kg [estimated value]), and 4,4'-dichlorodiphenyldichloroethylene (4,4'-DDE; up to 0.00030 mg/kg [estimated value]) in the samples. Ground Zero installed wells MW-1 and MW-2 with 20 feet of slotted screen extending from 30 to 50 feet bgs.

From 28 to 30 April 2020, Ground Zero removed the southern dry well and excavated approximately 117 cubic yards of soil around the southern dry well. Based on field observations, Ground Zero concluded that the southern dry well was constructed with a 4-foot diameter steel casing extending to approximately 6 feet bgs and an 8-inch diameter inner steel casing extending to approximately 20 feet bgs. Ground Zero observed stained soil extending from the southern dry well approximately 2 to 4 feet into native soil. Ground Zero used visual observations and PID readings to guide the extent of the excavation, which had final dimensions of approximately 12 feet by 12 feet by 22 feet deep. Ground Zero collected five confirmation soil samples from the bottom and sides of the excavation and analyzed samples for organochlorine pesticides, VOCs, TPHd, and TPHmo. BC detected dieldrin (up to 0.25 mg/kg) in four confirmation samples; BC did not detect the other analyzed constituents. Ground Zero backfilled the

excavation with approximately 16 cubic yards of excavated soil (the clean top 3 feet) and imported clean fill. Ground Zero transported contaminated soil off-Site for disposal at Forward Landfill in Manteca, California.

From November 2019 through August 2020, Ground Zero conducted four quarterly groundwater monitoring events at the Site. Ground Zero gauged and sampled the two recently-installed Site monitoring wells, the northern Site dry well, which contained groundwater, and nearby monitoring wells IA13-MW-6A, IA13-MW-8A, and IA13-MW-10A, which are associated with DTSC's "Modesto Groundwater Investigation" PCE release case (Envirostor #50720008). Ground Zero submitted groundwater samples for analysis of organochlorine pesticides, VOCs, and total purgeable petroleum hydrocarbons (TPPH). BC detected dieldrin (up to 2.5 micrograms per liter [$\mu\text{g/L}$]), 4,4'-DDD (0.15 $\mu\text{g/L}$), 4,4'-DDE (0.0017 $\mu\text{g/L}$ [estimated value]), endrin (0.47 $\mu\text{g/L}$), heptachlor epoxide (0.20 $\mu\text{g/L}$), PCE (up to 6.4 $\mu\text{g/L}$), chloroform (up to 4.1 $\mu\text{g/L}$), benzene (0.43 $\mu\text{g/L}$), and TPPH (7.7 $\mu\text{g/L}$) in samples collected from the three on-Site wells. BC detected PCE (up to 71 $\mu\text{g/L}$), trichloroethene (TCE; up to 5.1 $\mu\text{g/L}$), cis-1,2-dichloroethene (cis-1,2-DCE; up to 2.7 $\mu\text{g/L}$), trans-1,2-dichloroethene (trans-1,2-DCE; 0.37 $\mu\text{g/L}$), bromodichloromethane (up to 2.2 $\mu\text{g/L}$), chloroform (up to 41 $\mu\text{g/L}$), and TPPH (up to 66 $\mu\text{g/L}$) in samples collected from the three off-Site wells. Ground Zero measured depth-to-groundwater in the six wells at 32.11 to 37.79 feet bgs over the four quarterly events. Ground Zero has not surveyed the three Site wells, but four quarters of gauging data from the three off-Site wells indicate a southeasterly groundwater gradient. On 1 July 2019, Ground Zero measured the total depth of the southern dry well at approximately 6 feet bgs; however, they observed that it had filled in with dirt and/or debris. Ground Zero did not observe groundwater in the southern dry well prior to removing it in April 2020.

In the 22 September 2020 *Site Closure Request (Closure Request)*, Ground Zero concluded that residual concentrations of dieldrin in groundwater beneath the Site do not pose an unacceptable risk to human health or the environment. Accordingly, Ground Zero proposed abandoning Site monitoring wells and closing the case.

Soil Conditions:

Ground Zero detected the highest concentrations of dieldrin (84 mg/kg), 4,4'-DDT (0.44 mg/kg), TPHd (63 mg/kg), and TPHmo (31 mg/kg) in samples collected from 15 to 20.5 feet bgs at boring SB-1 on 1 July 2019. Ground Zero removed this soil during the April 2020 excavation activities. Ground Zero detected dieldrin (up to 0.25 mg/kg), 4,4'-DDT (up to 0.024 mg/kg [estimated value]), 4,4'-DDD (0.00011 mg/kg [estimated value]), 4,4'-DDE (up to 0.00030 mg/kg [estimated value]), TPHd (3.0 mg/kg), and TPHmo (up to 4.4 mg/kg) in samples collected from left-in-place soil at the Site. Of the

22 soil samples collected from left-in-place soil, 12 samples contained concentrations of dieldrin and/or 4,4'-DDT which exceed the San Francisco Bay Regional Water Quality Control Board (SF-RWQCB) Tier 1 Environmental Screening Levels (ESLs) of 0.00046 mg/kg and 0.0011 mg/kg, respectively, for these constituents. Ground Zero collected these samples from depths ranging from approximately 14 to 36 feet bgs.

Groundwater Conditions:

BC detected dieldrin (up to 2.5 µg/L) at concentrations exceeding the laboratory reporting limit in 10 of the 12 groundwater samples collected from the three on-Site wells. BC also detected 4,4'-DDD (0.15 µg/L), 4,4'-DDE (0.0017 µg/L [estimated value]), endrin (0.47 µg/L), and heptachlor epoxide (0.20 µg/L) each in one sample collected during the four quarters of groundwater monitoring. The California Division of Drinking Water (DDW) has established Primary Maximum Contaminant Level (MCL) concentrations for endrin (2 µg/L) and heptachlor epoxide (0.01 µg/L). BC detected endrin and heptachlor epoxide in a sample collected from MW-1 on 10 March 2020; BC did not detect these constituents in subsequent samples collected from MW-1 or in samples collected from the other five wells sampled during routine monitoring. DDW has not established MCLs or Public Health Goal for dieldrin, 4,4'-DDD, or 4,4'-DDE. BC did not detect these or other organochlorine pesticides above laboratory reporting limit concentrations in the four samples collected from well IA13-MW-8A, which is located approximately 530 feet southeast (downgradient) of the Site dry wells.

BC detected PCE (up to 6.4 µg/L) in Site monitoring wells; however, based on the local groundwater gradient and monitoring well concentration trends, Central Valley Water Board staff concurs with the Ground Zero's conclusion that the PCE detected in Site groundwater samples is likely associated with release(s) at the nearby DTSC "Modesto Groundwater Investigation" PCE release case (Envirostor #50720008).

Soil Vapor Conditions:

BC detected acetone (up to 8.2 µg/m³), dichlorodifluoromethane (2.8 µg/m³), and trichlorofluoromethane (up to 3.0 µg/m³) in the two indoor air samples which Ground Zero collected from the Site warehouse buildings on 1 July 2019. Acetone is a common solvent in industrial and laboratory settings, while dichlorodifluoromethane and trichlorofluoromethane were historically used as refrigerants. The Indoor Air Tier 1 ESL for acetone is 31,000 µg/m³. SF-RWQCB has not established Indoor Air ESLs for dichlorodifluoromethane or trichlorofluoromethane.

Extent defined: Yes

Sensitive Receptors:

According to the *Closure Request*, Ground Zero did not identify any surface water bodies, other than concrete-lined irrigation canals, within 1 mile of the Site. According to GeoTracker, the nearest municipal water supply well to the Site is City of Modesto Well 056, located approximately 1,100 feet southwest of the Site. GeoTracker does not show organochlorine pesticide analytical data for this well; however, based on the distance and direction (side-gradient) from the Site, it is unlikely that Site releases would reach the well. According to GeoTracker, the nearest municipal water supply well in the downgradient (southeasterly) groundwater flow direction is City of Modesto Well 003, located approximately 1.2 miles from the Site.

Summary:

Based on the above evaluations, the Central Valley Water Board staff concurs with Pacific-Atlantic Associates' conclusion that the remaining residual concentrations of organochlorine pesticides at the Site do not present a threat to water quality or human health.



Recording Requested by:
 Graffiti USA Classic Car Museum, Inc.
 610 North 9th Street Modesto, CA 95350

Stanislaus, County Recorder
 Donna Linder Co Recorder Office
DOC- 2021-0047329-00

Acct 402-Counter Customers
 Monday, MAY 17, 2021 11:36:25
 Ttl Pd \$119.00 Rcpt # 0004609020
 MMA/R2/1-10

When Recorded, Mail To:
 Patrick Pulupa, Executive Officer
 Central Valley Regional Water Quality Control Board
 11020 Sun Center Drive, Suite 200
 Rancho Cordova, CA 95679-6114

SPACE ABOVE THIS LINE
 RESERVED FOR RECORDER'S USE

COVENANT AND ENVIRONMENTAL RESTRICTIONS

APN 115-002-023

This Covenant and Environmental Restrictions (**Covenant**) is made as of the 13 day of May, 2021 by and between Graffiti USA Classic Car Museum, Inc., a California nonprofit public benefit corporation (**Covenantor**), and the Central Valley Regional Water Quality Control Board (**Central Valley Water Board**). Covenantor is the owner of record of that certain real property at 610 North 9th Street, in the City of Modesto, County of Stanislaus, State of California, designated by Stanislaus County as Assessor's Parcel Number (**APN**) 115-002-023 (**Site**) and described in Exhibit A, attached and incorporated by reference.

Covenantor and the Central Valley Water Board are collectively referred to as the "**Parties.**" The Parties hereby agree that all Covenant terms herein shall apply to the Site and shall run with the land.

**ARTICLE I
 DEFINITIONS**

- 1.1. **Central Valley Water Board.** "Central Valley Water Board" shall mean the Central Valley Regional Water Quality Control Board and shall include any State of California agencies designated by statute as its successor.
- 1.2. **Site.** The "Site" shall refer to certain real property situated at address 610 North 9th Street, Modesto, CA 95350, County of Stanislaus, State of California, designated as APN 115-002-023 and legally described in the attached **Exhibit A.**
- 1.3. **Environmental Restrictions.** "Environmental Restrictions" means all protective provisions, covenants, restrictions, prohibitions, and terms and conditions set forth in Article IV of this Covenant.
- 1.4. **Lease.** "Lease" (or collectively, "Leases") means any lease, rental agreement, or any other document that creates an exclusive right to use or occupy any portion of the Site.

10MMA

- 1.5. **Occupants.** "Occupants" shall mean those entities or persons who by ownership, leasehold, or other legal relationship are entitled to an exclusive right to use and/or occupy all or any portion of the Site.
- 1.6. **Owner or Owners.** "Owner" or "Owners" shall mean the Covenantor and/or its successors in interest holding title to any portion of the Site.
- 1.7. **Program Manager.** The "Program Manager" shall refer to the individual supervising the Central Valley Water Board's Site Cleanup Program (or its functional equivalent) or, if no such individual exists (e.g., the position is vacant), the Executive Officer of the Central Valley Water Board.

ARTICLE II BACKGROUND INFORMATION

The Executive Officer of the Central Valley Water Board finds, with the concurrence of the Covenantor, as follows in paragraphs 2.1 through 2.5.

- 2.1. **Historical Site Use.** Ed J. Lyng Company (Lyng) developed the Site as a feed and grain facility in 1938 and operated the facility until 1994, when Warden's Furniture began operating at the Site. The 22 July 2019 *Phase I Environmental Site Assessment Report (Phase I ESA)* prepared by Ground Zero Analysis, Inc. (Ground Zero), includes a 1 April 1987 California Department of Health Services, Toxic Substances Control Division (now DTSC) Hazardous Waste Injection Well Statement completed by Lyng. The completed form states that Lyng discharged lindane (an insecticide), and captan and chloroneb (fungicides) into injection well(s), with the last reported discharge occurring in 1982.
- 2.2. **Investigation and Remediation of the Site.** Site environmental investigation and remediation activities have been performed under Central Valley Water Board oversight. Agricultural chemicals, including the insecticides dieldrin and 4,4-dichlorodiphenyltrichloroethane (4,4-DDT), were identified in Site soil during Site investigation. Dieldrin and the chlorinated volatile organic compound (VOC) tetrachloroethene (PCE) were also detected in Site groundwater during investigation. Investigation data indicate that the PCE detected in Site groundwater is associated with an upgradient off-Site PCE release. Site remediation activities included the removal of the southern injection well and excavation of approximately 117 cubic yards of soil around the Site's southern injection well.
- 2.3. **Disclosure.** Proper and voluntary disclosure to the Central Valley Water Board of the presence of hazardous materials at the Site has been made. Multiple environmental assessments of the Site have been performed, including four quarters of groundwater monitoring.
- 2.4. **Basis for Environmental Restrictions.** As a result of the remaining levels of dieldrin in Site soil and groundwater and PCE in Site groundwater, the Central Valley Water Board concludes that it is reasonably necessary to restrict the use of the Site to protect present and future public health and safety and the environment. Central Valley Water Board staff concludes that use of the Site in compliance with this Covenant should not be expected to pose unacceptable risks to present or future human health or safety or the environment.

- 2.5. **Anticipated Uses of Site.** Central Valley Water Board staff conclusions in paragraph 2.4 above are based in part on continued commercial use of the Site, and that following the execution and recordation of this Covenant, the Site will remain developed for commercial purposes.

ARTICLE III GENERAL PROVISIONS

- 3.1. **Provisions to Run with the Land.** This Covenant sets forth Environmental Restrictions that apply to and encumber the Site and that are reasonably necessary to protect present and future public health and safety and the environment as a result of the potential presence of hazardous materials in soil, soil gas, and groundwater underlying the Site. This Covenant and its Environmental Restrictions shall be recorded, shall run with the land pursuant to Civil Code section 1471, and shall apply to, inure to the benefit of, and bind the respective successors in interest thereof, for the benefit of the Central Valley Water Board and all Owners and Occupants.
- 3.2. **Compliance of Owners and Occupants Presumed.** All Owners and Occupants of any portion of the Site are bound by this Covenant during their ownership and/or occupancy of any portion of the Site. Their heirs, successors, and assignees are also bound during their respective ownership and/or occupancy of any portion of the Site and all shall comply with all applicable terms of this Covenant.

ARTICLE IV DEVELOPMENT, USE AND CONVEYANCE OF THE SITE

- 4.1. **Site Restrictions.** As to the Site, the following restrictions apply:
- (a) **No Well Construction.** Owners and Occupants of the Site or any portion thereof shall not drill, bore, or otherwise construct or use a well for the purpose of extracting water for any use, including, but not limited to, domestic, potable or industrial uses, unless expressly permitted in writing by the Program Manager.
 - (b) **Notice to Workers.** Before any Owner or Occupant allows any person (e.g., contractors, agents or employees) to conduct any work that will result in the disturbance of soil at a depth greater than ten (10) feet below ground surface (bgs) on any portion of the Site, the Owner or Occupant shall first provide written disclosure to such person of the existence of this Covenant.
 - (c) **Notice to Central Valley Water Board.** Before any Owner or Occupant engages in any conduct that may disturb Site soil at a depth greater than ten (10) feet bgs, including but not limited to structural alterations or additions, new construction, excavation, grading, trenching, drilling, or earth movement, the Owner or Occupant shall, at least ten (10) days prior to such conduct, notify in writing the Program Manager at the Central Valley Water Board. Notification shall consist of a brief description of the proposed work, planned precautions to prevent human exposure to any remaining contamination, and a Site map showing the area of proposed work.
 - (d) **Emergencies.** If, in response to an emergency, any work requiring prior notice to the Central Valley Water Board under subparagraph (c) is performed without

such notice, all reasonable precautions shall be taken to prevent exposure to the substances referenced in paragraph 2.2 (e.g., PCE and agricultural chemicals). Sampling of any contaminated soils encountered shall occur to document the condition. The results of any sampling of soils from the Site shall be submitted to the Central Valley Water Board. All soil shall be managed in accordance with all applicable provisions of local, state, and federal law.

- 4.2. **Access.** Owners and Occupants agree that the Central Valley Water Board and agents acting on behalf of the Central Valley Water Board shall have reasonable access to the Site for the purposes of overseeing compliance with this Covenant. Such access shall be during normal business hours and shall not unduly disrupt ongoing operations at the Site, or any portion thereof. The Central Valley Water Board shall provide to Owner and Occupants at least twenty-four (24) hours' advance written notice of when and what access is planned.
- 4.3. **Notice in Agreements.** After the date of recordation hereof, all purchase agreements and Leases relating to the Site shall disclose the existence of this Covenant, and shall contain the following statement:

Certain real property at 610 North 9th Street, in the City of Modesto, County of Stanislaus, State of California, designated by Stanislaus County as Assessor's Parcel Number (APN) 115-002-023 (Site) has been investigated and remediated in response to the detection of hazardous materials in soil and groundwater, but certain areas of the Site greater than ten (10) feet below ground surface may still be impacted by limited amounts of residual hazardous material contaminants in soil and/or in the groundwater, prompting recordation of a "Covenant and Environmental Restrictions" on or about 5/17/21 in the Official Records of Stanislaus County, California, as Document No. 2021-0047329-00 (Covenant), which Covenant imposes certain conditions and restrictions related to the Site. More details of past Site investigation are available for public review on the Geotracker.com website, at:

https://geotracker.waterboards.ca.gov/profile_report?global_id=T10000008342

This statement is not a declaration that a hazard exists at any part of the Site, or that the Site cannot continue to be used for commercial or industrial purposes. The Central Valley Regional Water Quality Control Board has concluded that use of the Site in compliance with applicable law and this Covenant does not pose any unacceptable risk that present or future human health or safety or the environment will be impaired by remaining contaminants.

- 4.4. **Conveyance.** Not later than thirty (30) days after any conveyance of any ownership interest in any portion of the Site (but excluding conveyances by lease, mortgage, deed of trust, lien, license, or non-possessory conveyances, and excluding transfers to affiliated parties), the new Owner or holder of any such ownership interest shall provide to the Central Valley Water Board written notice of such conveyance, including the name and mailing address of the new Owner of the Site, reference to the portion(s) of the Site

conveyed, and the then correct Assessor's Parcel Number(s) of any Site portion. The Central Valley Water Board shall not, by reason of this Covenant, have authority to approve, disapprove, or otherwise affect a proposed conveyance, except as otherwise provided by law.

- 4.5. **Enforcement.** Failure of an Owner or Occupant to comply with any of the restrictions of this Covenant set forth in paragraphs 4.1 through 4.4 shall be grounds for the Central Valley Water Board, in its discretion, to pursue available legal and equitable remedies, including but not limited to injunctive relief. This paragraph shall not be construed as limiting the Central Valley Water Board's ability to obtain relief in connection with any other provision of this Covenant.

ARTICLE V VARIANCE AND TERMINATION

- 5.1. **Variance.** Any Owner or, with the Owner's consent, any Occupant of the Site or any portion thereof, may apply to the Central Valley Water Board for a written variance from the provisions of this Covenant. The variance shall not be unreasonably withheld.
- 5.2. **Termination.** Any Owner or, with the Owner's consent, any Occupant of any portion of the Site, may apply to the Central Valley Water Board for termination of this Covenant or any applicable Environmental Restriction that may otherwise apply to all or any portion of the Site. The Central Valley Water Board shall remove the restriction upon receiving adequate information demonstrating to the Central Valley Water Board's satisfaction that the restriction is no longer reasonably necessary to protect human health or the environment or for any other reason.
- 5.3. **Term.** Unless terminated in accordance with paragraph 5.2, or by operation of law or otherwise, this Covenant shall terminate 30 years after the covenant execution date, on 13 May 2051.

ARTICLE VI MISCELLANEOUS PROVISIONS

- 6.1. **No Dedication Intended.** Nothing set forth herein shall be construed to be a gift or dedication, or offer of a gift or dedication, of the Site or any portion thereof to any party hereto, the general public, or anyone else for any purpose whatsoever.
- 6.2. **Notices.** Whenever any person gives or serves any notice, demand, or other communication with respect to this Covenant, each such notice, demand, or other communication shall be provided in writing to Central Valley Water Board and the then current Owner, and shall be deemed effective only: (a) when delivered, if personally delivered to the person being served or to an official of a government agency being served, or (b) three (3) business days after deposit in the mail, if mailed by United States mail, postage paid certified, return receipt requested:

To Owner:

Mr. Cecil Russell
Graffiti USA Classic Car Museum, Inc.
1114 J Street
Modesto, California 95354

To Central Valley Water Board:

Central Valley Regional Water Quality
Control Board
Attention: Site Cleanup Program Manager
11020 Sun Center Drive, Suite 200
Rancho Cordova, California 95670-6114

- 6.3. **Partial Invalidity.** If any portion of this Covenant or terms set forth herein is determined to be invalid for any reason, the remaining portions shall remain in full force and effect as if the invalid portion had not been included herein.
- 6.4. **Article Headings.** Headings at the beginning of each numbered article of this Covenant are solely for the convenience of the parties and are not a part of the Covenant.
- 6.5. **Recordation.** This instrument shall be executed by the Covenantor and by the Executive Officer of the Central Valley Water Board. This instrument shall be recorded by the Covenantor in the County of Stanislaus within ten (10) days of the date it is fully executed. Evidence of the recordation of this instrument shall be promptly provided to the Central Valley Water Board.
- 6.6. **Construction.** Any general rule of construction to the contrary notwithstanding, this instrument shall be liberally construed in favor of the Covenant to effectuate the purpose of this instrument. If any provision of this instrument is found to be ambiguous, an interpretation consistent with the purpose of this instrument that would render the provision valid shall be favored over any interpretation that would render it invalid. Notwithstanding any general rule of construction to the contrary, the terms of this Covenant shall not be interpreted in favor of or against any party and shall be interpreted as if drafted equally by all parties hereto.
- 6.7. **Execution and Counterparts.** This Covenant may be executed in any number of counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same Covenant. It is also agreed that separate counterparts of this Covenant may separately be executed by the signatories to this Covenant and that signatures delivered by facsimile or electronic scan shall have the same force and effect as though original and as though counterparts had been executed by all of the signatories.
- 6.8. **No Documentary Transfer Tax Due.** This Covenant is recorded for the benefit of the State of California and is exempt from California transfer tax pursuant to California Revenue and Taxation Code section 11928 and from recording fees pursuant to Government Code sections 6103 and 27383.
- 6.9. **Entire Agreement.** This Covenant reflects all the agreements and understandings of the Parties. This Covenant can be amended only in writing and supersedes any other agreements and understandings between the Parties regarding the subject matter of this Covenant.
- 6.10. **Time of the Essence.** Time is of the essence in this Covenant and in each provision herein.

IN WITNESS WHEREOF, the parties execute this Covenant as of the date set forth above.

Central Valley Regional Water Quality Control Board

By: 
Patrick Pufupa
Executive Officer

Date: 5/13/21

Covenantor: Graffiti USA Classic Car Museum, Inc.
a California nonprofit public benefit corporation

By: 
Cecil Russell
CEO/Agent for Service of Process

Date: 5/21/2021

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 STANISLAUS

On April 21, 2021 before me, Linda A. Ridenour, Notary Public
(insert name and title of the officer)

personally appeared Cecil Russell
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 Linda A. Ridenour (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 Sacramento

On May 13, 2021 before me, Alicia McDonald, Notary Public
(insert name and title of the officer)

personally appeared Patrick Pulupa
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 [Handwritten Signature] (Seal)

EXHIBIT A
LEGAL DESCRIPTION
A.P.N. 115-002-023

All that real property lying in the Southwest Quarter of the Southeast Quarter of Section 19, Township 3 South, Range 9 East, Mount Diablo Base and Meridian, City of Modesto, County of Stanislaus, State of California, more particularly described as follows:

Being a portion of that certain parcel of land designated as excluded on the map entitled "Amended Map of the Haney Tract", recorded October 10, 1950 in Volume 17 of Maps, at Page 15, Stanislaus County Records, more particularly described as follows:

COMMENCING at the centerline centerline intersection of Coldwell Avenue and Kearney Avenue; thence along the centerline of Coldwell Avenue North $89^{\circ}15'00''$ West, a distance of 90.65 feet; thence parallel with the west right-of-way line of Kearney Avenue North $00^{\circ}01'00''$ East, a distance of 40.00 feet to a point on the north right-of-way line of Coldwell Avenue and the **POINT OF BEGINNING**; thence along the north line of Coldwell Avenue North $89^{\circ}15'00''$ West, a distance of 236.71 feet to a point on a tangent curve concave to the northeast and having a radius of 15.00 feet; thence northwesterly along said curve through a central angle of $46^{\circ}19'00''$, a distance of 12.13 feet to a point on the northeasterly right-of-way line of 9th Street; thence along the northeasterly right-of-way line of 9th Street North $42^{\circ}56'00''$ West, a distance of 332.91 feet to a point on a line lying parallel with and 263.00 feet southeasterly of the southeast line of Lot 13 in Block 906 of above said "Amended Map of Haney Tract"; thence along last said parallel line North $47^{\circ}04'00''$ East, a distance of 271.30 feet to a point on a line lying parallel with and 271.30 feet northeast of the northeasterly right-of-way line of 9th Street; thence along last said parallel line South $42^{\circ}56'00''$ East, a distance of 404.68 feet to a point on a line lying parallel with and 60.65 feet west of the west right-of-way line of Kearney Avenue; thence along last said parallel line South $00^{\circ}01'00''$ West, a distance of 140.13 feet to the **POINT OF BEGINNING**.

CONTAINING 2.71 acres, more or less.

EXECUTIVE SUMMARY

Location:	610 9 th Street Modesto, California
Assessor's Parcel Numbers:	115-002-003
Property Type:	Commercial – Industrial
Client:	County of Stanislaus
Intended Use:	Loan Purposes
Intended User:	County of Stanislaus
Property Rights Appraised:	Fee Simple
Type of Value:	Market Value
Condition of Appraisal:	"As Is"
Sales Data:	Recent purchase at \$1,200,000
Scope of Work:	<ul style="list-style-type: none">• Inspections• Establish Highest and Best Use• Apply sales comparison approach
Subject Property:	
Land:	2.71 acres (APN 115-002-023)
Improvements:	Concrete structure built in 1938.

Size:	42,795 square feet per drawing provided.
Condition:	At sale: fair Current: average
Highest and Best Use:	Commercial industrial use (Graffiti Museum).
Valuation Date:	December 4, 2020
Estimated Market Value:	\$2,140,000

Note: the recent purchase of the property at \$1,200,000 is below market as indicated by the enclosed sales data.

Note: The use of this summary is limited to the client stated herein. The rationale for how the appraiser arrived at the value and other estimates may not be fully understood without additional information that is retained in the appraiser's work file.

INDUSTRIAL SALES SUMMARY

NO.	LOCATION / APN	SALE DATE	GRANTOR GRANTEE DOC. NO.	SALE PRICE	PARCEL AC. / S.F.	BLDG. SIZE (S.F.)	BLDG. TYPE EFF. AGE / COND. WALL HT. / DOORS FINISHED AREA %	PRICE PER BLDG. AREA (S.F.)	LAND TO BLDG. RATIO	RATING
1	1453 S. 7TH STR, MODESTO / STANISLAUS COUNTY / 038-025-012	AUG-20	<u>COFFMAN TRUST</u> <u>DARSHAN GILL</u> 64832	\$1,035,000	<u>5.23</u> 227,819	18,880	<u>METAL</u> <u>69 YRS / FAIR</u> <u>12-16'</u> 0%	\$54.82	12.07 : 1	INFERIOR
2	610 N. 9TH STR, MODESTO / STANISLAUS COUNTY / 115-002-020	JUL-20	<u>PACIFIC ATLANTIC ASSOC</u> <u>GRAFFITI CLASSIC CAR</u> 55187	\$1,200,000	<u>2.71</u> 118,048	42,795	<u>CONCRETE</u> <u>80 YRS / FAIR</u> <u>24' / 3 G.L.</u> 5%	\$28.04	2.76 : 1	EQUAL
3	1324-1326 COLDWELL AVENUE, MODESTO / STANISLAUS CO / 109-015-004 AND 030	SEP-19	<u>1324 COLDWELL LLC</u> <u>1324 COLDWELL STORAGE</u> 60043	\$4,250,000	<u>4.54</u> 197,762	109,000	<u>MASONRY</u> <u>73+ YRS / FAIR</u> <u>18' / 21 G.L.</u> 6%	\$38.99	1.81 : 1	INFERIOR
4	1125 LONE PALM AVENUE, MODESTO / STANISLAUS CO / 029-011-072	MAR-19	<u>LOLA INVESTMENTS LLC</u> <u>VITO FORTE</u> 13532	\$900,000	<u>0.83</u> 36,155	13,500	<u>METAL</u> <u>40 YRS. / AVG</u> <u>18' / 0 G.L.</u> 1%	\$66.67	2.68 : 1	SIMILAR TO SUPERIOR
5	2242-2272 HOOVER AVENUE, MODESTO / STANISLAUS CO / 036-001-032	AUG-18	<u>LVE ENTERPRISES</u> <u>2242 HOOVER LLC</u> 57701	\$1,750,000	<u>1.45</u> 63,162	26,375	<u>MASONRY</u> <u>44 YRS / AVG</u> <u>18-22' / 0 G.L.</u> 1%	\$66.35	2.95 : 1	SUPERIOR
6	2206 TENAYA DR, MODESTO / STANISLAUS COUNTY / 036-001-048	MAR-18	<u>JAIMÉ JIMÉNEZ</u> <u>PURECAP HOLDINGS LLC</u> 16395	\$1,820,000	<u>2.91</u> 126,760	34,720	<u>METAL</u> <u>42 YRS / AVG</u> <u>14-16' / 0 G.L.</u> 5%	\$52.42	3.65 : 1	INFERIOR
7	1243-1270 DEEVON LOOP, MODESTO / STANISLAUS CO / 029-049-006 AND 007	JAN-18	<u>DEEVON LOOP LLC</u> <u>CAESAR FAMILY LP</u> 924	\$1,350,000	<u>2.60</u> 113,256	25,048	<u>STUCCO</u> <u>40 YRS. / AVG.</u> <u>18' / 3 G.L.</u> 1%	\$53.90	4.52 : 1	INFERIOR

AERIAL PHOTOGRAPH



SUBJECT PHOTOGRAPHS



1453 South 7th Street, Modesto



Subject at 610 North 9th Street, Modesto

SUBJECT PHOTOGRAPHS



1324-1326 Coldwell Avenue, Modesto



1125 Lone Palm Avenue, Modesto

SUBJECT PHOTOGRAPHS



2242-2272 Hoover Avenue, Modesto

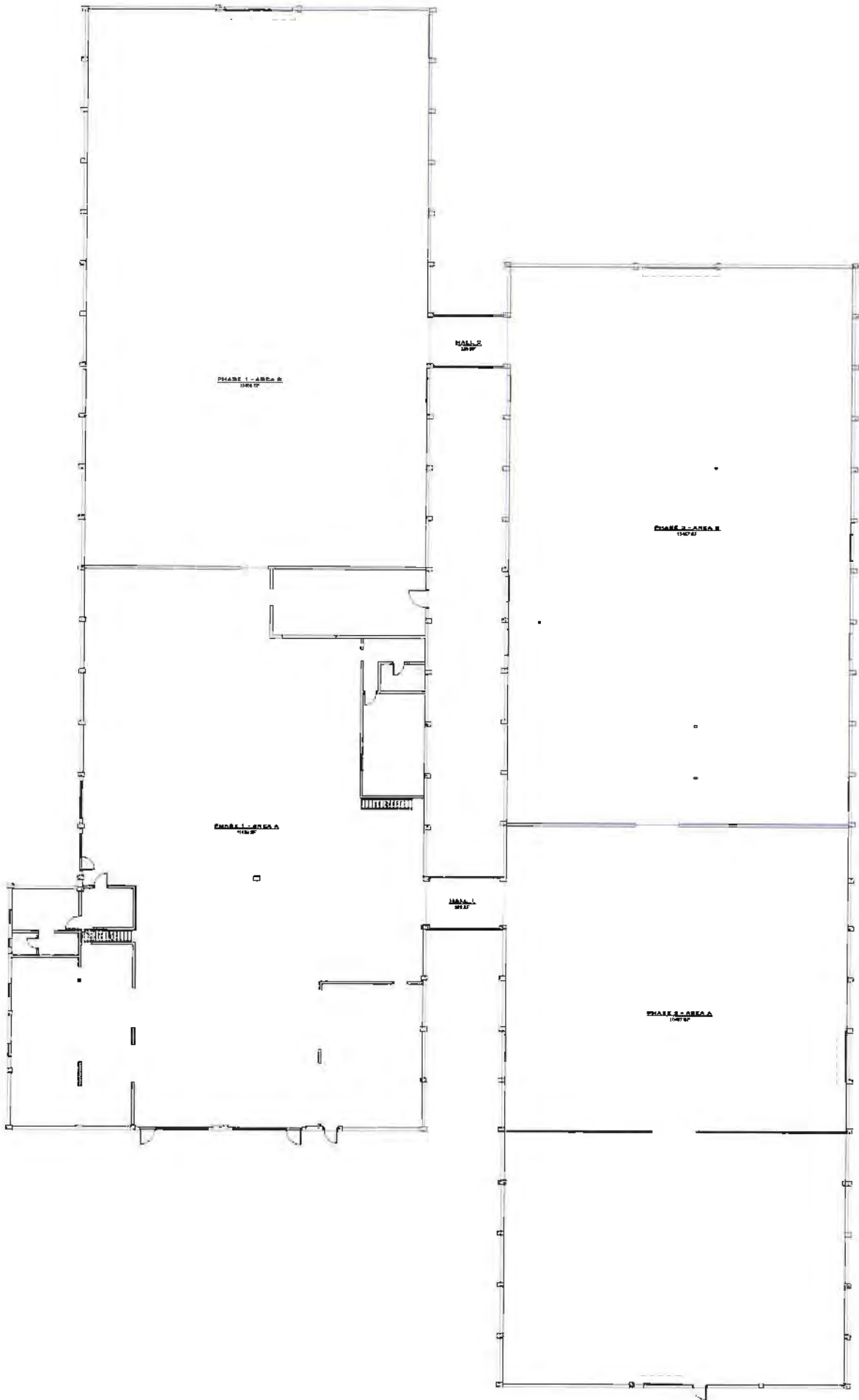


2206 Tenaya Drive, Modesto

SUBJECT PHOTOGRAPHS



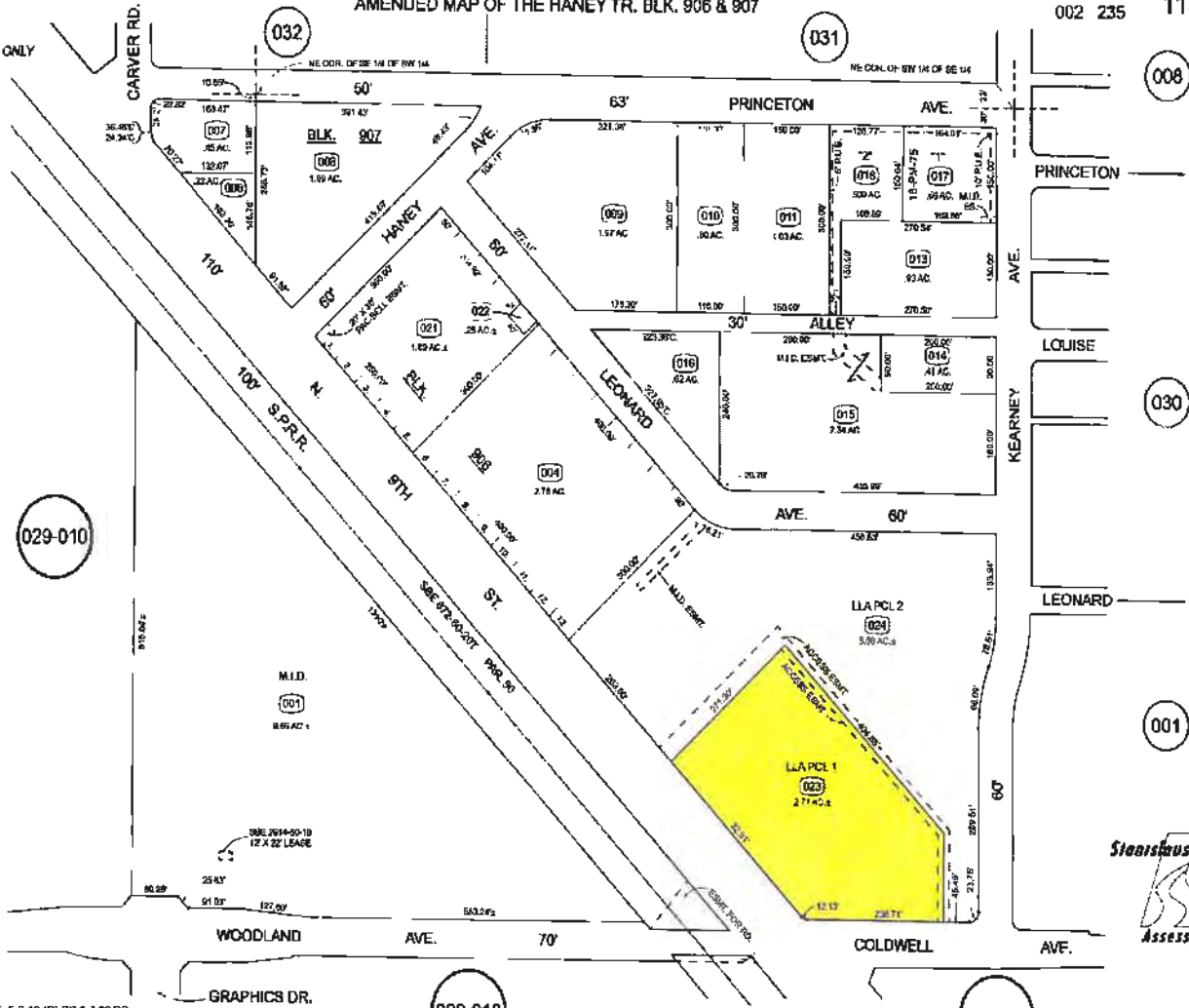
1243-1270 Deevon Loop, Modesto



PORTION SE 1/4 SECTION 19 T.3S. R.9E. M.D.B.&M.
 AMENDED MAP OF THE HANEY TR. BLK. 906 & 907

002 174
 002 235 115 - 002

THIS MAP FOR
 ASSESSMENT PURPOSES ONLY



ASSESSOR'S PARCEL MAP

FROM: 115-002 (P.L.M. 17-13)
 DRAWN: 11-8-02
 REVISED: 1-5-06, 4-3-02 MF, 4-9-10 MF, 5-8-10 (C) DB, 7-20 DB
 Copyright 2001 Stanislaus County - All Rights Reserved



115 - 002

CERTIFICATION OF APPRAISAL

The undersigned certifies as follows:

1. David R. Giomi, MAI, RM, has inspected the subject property and comparable sales and rental data used in this report.
2. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice.
3. The statements of fact contained in this report are true and correct.
4. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
5. I have no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved.
6. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
7. My engagement in this assignment was not contingent upon developing or reporting predetermined results.
8. My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
9. My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
10. I have made a personal inspection of the property that is the subject of this report.
11. No one provided significant professional assistance to the person signing this report.

12. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
13. The Appraisal Institute conducts a voluntary program of continuing education for its designated members. David R. Giomi, MAI, is subject to this voluntary program. He is currently certified and meets all the requirements of a General Real Estate Appraiser for the State of California.
14. My employment was not conditioned upon the appraisal producing a specific value or a value within a given range or prospects of future employment or a loan application being approved.
15. I have not appraised this property within the last five years.



DAVID R. GIOMI, MAI, RM
CERTIFIED GENERAL REAL ESTATE APPRAISER
STATE OF CALIFORNIA (NO. AG004978)
EXPIRATION DATE: JULY 12, 2022

Title Report

Stanislaus County
1010 10th St. Suite 6400
Modesto, CA 95354
Attn: Michael Ziman
Your Ref No.:

Escrow Officer: Lisa Westfall
Email: lwestfall@ctt.com
File No.: FSST-5352102526
Escrow No.: FSST-5352102526 -LW

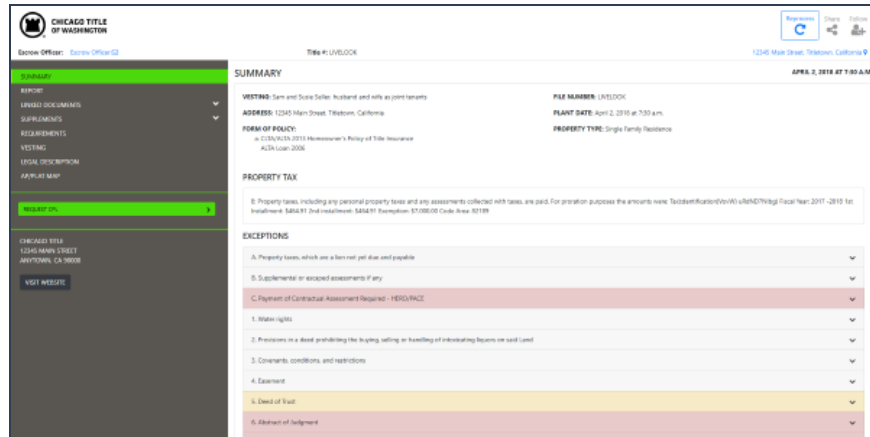
Property Address: 610 North 9th Street, Modesto, CA

Introducing LiveLOOK

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PRELIMINARY REPORT

*In response to the application for a policy of title insurance referenced herein, **Chicago Title Company** hereby reports that it is prepared to issue, or cause to be issued, as of the date hereof, a policy or policies of title insurance describing the land and the estate or interest therein hereinafter set forth, insuring against loss which may be sustained by reason of any defect, lien or encumbrance not shown or referred to as an exception herein or not excluded from coverage pursuant to the printed Schedules, Conditions and Stipulations or Conditions of said policy forms.*

The printed Exceptions and Exclusions from the coverage and Limitations on Covered Risks of said policy or policies are set forth in Attachment One. The policy to be issued may contain an arbitration clause. When the Amount of Insurance is less than that set forth in the arbitration clause, all arbitrable matters shall be arbitrated at the option of either the Company or the Insured as the exclusive remedy of the parties. Limitations on Covered Risks applicable to the CLTA and ALTA Homeowner's Policies of Title Insurance which establish a Deductible Amount and a Maximum Dollar Limit of Liability for certain coverages are also set forth in Attachment One. Copies of the policy forms should be read. They are available from the office which issued this report.

This report (and any supplements or amendments hereto) is issued solely for the purpose of facilitating the issuance of a policy of title insurance and no liability is assumed hereby. If it is desired that liability be assumed prior to the issuance of a policy of title insurance, a Binder or Commitment should be requested.

The policy(ies) of title insurance to be issued hereunder will be policy(ies) of Chicago Title Insurance Company, a Florida corporation.

Please read the exceptions shown or referred to herein and the exceptions and exclusions set forth in Attachment One of this report carefully. The exceptions and exclusions are meant to provide you with notice of matters which are not covered under the terms of the title insurance policy and should be carefully considered.

It is important to note that this preliminary report is not a written representation as to the condition of title and may not list all liens, defects and encumbrances affecting title to the land.

Chicago Title Insurance Company

By:

President

Attest:

Secretary

Countersigned By:

Authorized Officer or Agent



Visit Us on our Website: www.ctic.com



ISSUING OFFICE: 2540 W. Shaw Lane, Suite 112, Fresno, CA 93711

FOR SETTLEMENT INQUIRIES, CONTACT:

Chicago Title Company
3203 W March Lane , Suite 110 • Stockton, CA 95219
(209)952-5500 • FAX (209)478-4063

***Another Prompt Delivery From Chicago Title Company Title Department
Where Local Experience And Expertise Make A Difference***

PRELIMINARY REPORT

Title Officer: Ritch Boyatt
Email: ritch.boyatt@fnf.com
Title No.: FSST-5352102526

Escrow Officer: Lisa Westfall
Email: lwestfall@ctt.com
Escrow No.: FSST-5352102526 -LW

TO: Stanislaus County
1010 10th St. Suite 6400
Modesto, CA 95354
Attn: Michael Ziman
Your Ref No.:

PROPERTY ADDRESS(ES): 610 North 9th Street, Modesto, CA

EFFECTIVE DATE: June 8, 2021 at 07:30 AM

The form of policy or policies of title insurance contemplated by this report is:

ALTA Loan Policy 2006

1. THE ESTATE OR INTEREST IN THE LAND HEREINAFTER DESCRIBED OR REFERRED TO COVERED BY THIS REPORT IS:

A Fee

2. TITLE TO SAID ESTATE OR INTEREST AT THE DATE HEREOF IS [VESTED IN:](#)

Graffiti USA Classic Car Museum, Inc., a California Nonprofit Public Benefit Corporation

3. THE LAND REFERRED TO IN THIS REPORT IS DESCRIBED AS FOLLOWS:

SEE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF

EXHIBIT "A"
Legal Description

For APN/Parcel ID(s): [115-002-020-000 \(portion of old APN\)](#) and [115-002-023-000 \(new APN\)](#)

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF MODESTO, COUNTY OF STANISLAUS, STATE OF CALIFORNIA AND IS DESCRIBED AS FOLLOWS:

PARCEL 1 OF LOT LINE ADJUSTMENT RECORDED JUNE 26, 2020, AS [DOCUMENT NO. 2020-0044962-00, OF OFFICIAL RECORDS](#), DESCRIBED AS FOLLOWS:

ALL THAT REAL PROPERTY LYING IN THE SOUTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 19, TOWNSHIP 3 SOUTH, RANGE 9 EAST, MOUNT DIABLO BASE AND MERIDIAN, CITY OF MODESTO, COUNTY OF STANISLAUS, STATE OF CALIFORNIA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEING A PORTION OF THAT CERTAIN PARCEL OF LAND DESIGNATED AS EXCLUDED ON THE MAP ENTITLED "AMENDED MAP OF THE HANEY TRACT", RECORDED OCTOBER 10, 1950 IN [VOLUME 17 OF MAPS, AT PAGE 15](#), STANISLAUS COUNTY RECORDS, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE CENTERLINE INTERSECTION OF COLDWELL AVENUE AND KEARNEY AVENUE; THENCE ALONG THE CENTERLINE OF COLDWELL AVENUE NORTH 89° 15' 00" WEST, A DISTANCE OF 90.65 FEET; THENCE PARALLEL WITH THE WEST RIGHT-OF-WAY LINE OF KEARNEY AVENUE NORTH 00° 01' 00" EAST, A DISTANCE OF 40.00 FEET TO A POINT ON THE NORTH RIGHT-OF-WAY LINE OF COLDWELL AVENUE AND THE POINT OF BEGINNING; THENCE ALONG THE NORTH LINE OF COLDWELL AVENUE NORTH 89° 15' 00" WEST, A DISTANCE OF 236.71 FEET TO A POINT ON A TANGENT CURVE CONCAVE TO THE NORTHEAST AND HAVING A RADIUS OF 15.00 FEET; THENCE NORTHWESTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 46° 19' 00", A DISTANCE OF 12.13 FEET TO A POINT ON THE NORTHEASTERLY RIGHT-OF-WAY LINE OF 9TH STREET; THENCE ALONG THE NORTHEASTERLY RIGHT-OF-WAY LINE OF 9TH STREET NORTH 42° 56' 00" WEST, A DISTANCE OF 332.91 FEET TO A POINT ON A LINE LYING PARALLEL WITH AND 263.00 FEET SOUTHEASTERLY OF THE SOUTHEAST LINE OF LOT 13 IN BLOCK 906 OF ABOVE SAID "AMENDED MAP OF HANEY TRACT"; THENCE ALONG LAST SAID PARALLEL LINE NORTH 47° 04' 00" EAST, A DISTANCE OF 271.30 FEET TO A POINT ON A LINE LYING PARALLEL WITH AND 271.30 FEET NORTHEAST OF THE NORTHEASTERLY RIGHT-OF-WAY LINE OF 9TH STREET; THENCE ALONG LAST SAID PARALLEL LINE SOUTH 42° 56' 00" EAST, A DISTANCE OF 404.68 FEET TO A POINT ON A LINE LYING PARALLEL WITH AND 60.65 FEET WEST OF THE WEST RIGHT-OF-WAY LINE OF KEARNEY AVENUE; THENCE ALONG LAST SAID PARALLEL LINE SOUTH 00° 01' 00" WEST, A DISTANCE OF 140.13 FEET TO THE POINT OF BEGINNING.

AT THE DATE HEREOF, EXCEPTIONS TO COVERAGE IN ADDITION TO THE PRINTED EXCEPTIONS AND EXCLUSIONS IN SAID POLICY FORM WOULD BE AS FOLLOWS:

1. Property taxes, which are a lien not yet due and payable, including any assessments collected with taxes to be levied for the fiscal year 2021-2022.
2. Property taxes, including any personal property taxes and any assessments collected with taxes are as follows:

Code Area: 002-174
Tax Identification No.: [115-002-020-000](#) (portion of old APN)
Fiscal Year: 2020-2021
1st Installment: \$0.00 No taxes due
2nd Installment: \$0.00 No taxes due
Exemption: \$0.00
Land: \$461,344.00
Improvements: \$1,134,388.00
Personal Property: \$0.00
Bill No.: 115002020000

Prior to close of escrow, please contact the Tax Collector's Office to confirm all amounts owing, including current fiscal year taxes, supplemental taxes, escaped assessments and any delinquencies.

3. Supplemental assessment for 2020-2021:

1st Installment \$2,912.46, Paid
Must be Paid By: April 30, 2021
2nd Installment: \$2,912.46, Open
Must be Paid By: August 31, 2021
Bill No.: 990307074000

Prior to close of escrow, please contact the Tax Collector's Office to confirm all amounts owing, including current fiscal year taxes, supplemental taxes, escaped assessments and any delinquencies.

4. The lien of supplemental or escaped assessments of property taxes, if any, made pursuant to the provisions of Chapter 3.5 (commencing with Section 75) or Part 2, Chapter 3, Articles 3 and 4, respectively, of the Revenue and Taxation Code of the State of California as a result of the transfer of title to the vestee named in Schedule A or as a result of changes in ownership or new construction occurring prior to Date of Policy.
5. Taxes and assessments levied by the Modesto Irrigation District.

Amounts are unavailable at this time. A report has been ordered and the Company reserves the right to add additional items or make further requirements after review of the requested report.
6. Rights of the public to any portion of the Land lying within the area commonly known as

9th Street and Coldwell Avenue.

EXCEPTIONS
(continued)

7. Easement(s) for the purpose(s) shown below and rights incidental thereto, as granted in a document:

Granted to: The City of Modesto, a municipal corporation
Purpose: Public utilities and incidental purposes
Recording Date: May 31, 1955
Recording No.: [Instrument No. 15879, in Volume 1294, at Page 629, of Official Records](#)

Reference is hereby made to said document for full particulars.

Affects: The herein described Land and other land.

8. The Land described herein is included within a project area of the Redevelopment Agency shown below, and that proceedings for the redevelopment of said project have been instituted under the Redevelopment Law (such redevelopment to proceed only after the adoption of the Redevelopment Plan) as disclosed by a document.

Redevelopment Agency: Amended Modesto Redevelopment Project
Recording Date: November 27, 1991
[Recording No.: 094041, of Official Records](#)

9. An unrecorded lease with certain terms, covenants, conditions and provisions set forth therein as disclosed by the document

Entitled: Memorandum of Agreement
Lessor: Pacific-Atlantic Associates, a Virginia limited partnership
Lessee: Nextel Communications
Recording Date: October 01, 2002
[Recording No.: 2002-0127092-00, of Official Records](#)

The present ownership of the leasehold created by said lease and other matters affecting the interest of the lessee are not shown herein.

10. Easement(s) for the purpose(s) shown below and rights incidental thereto, as granted in a document:

Granted to: Qwest Communications Company, LLC, et al
Purpose: Telecommunication facilities
Recording Date: August 20, 2013
[Recording No.: 2013-0071356-00, of Official Records](#)

and Recording Date: December 31, 2013
and [Recording No.: 2013-0106704-00, of Official Records](#)

and Recording Date: January 30, 2014
and [Recording No.: 2014-0006136-00, of Official Records](#)

Reference is hereby made to said document for full particulars.

Affects: The herein described Land and other land.

EXCEPTIONS
(continued)

11. Matters contained in that certain document

Entitled: Easement Deed by Court Order in Settlement of Landowner Action
 Executed by: Todd Smith, et al and Qwest Communications Company, LLC, et al
 Recording Date: August 20, 2013
[Recording No.: 2013-0071356-00 of Official Records](#)

Reference is hereby made to said document for full particulars.

and Recording Date: December 31, 2013
 and [Recording No.: 2013-0106704-00, of Official Records](#)

and Recording Date: January 30, 2014
 and [Recording No.: 2014-0006136-00, of Official Records](#)

Affects: The herein described Land and other land.

12. A deed of trust to secure an indebtedness in the amount shown below,

Amount: \$945,000.00
 Dated: July 27, 2020
 Trustor/Grantor: Graffiti USA Classic Car Museum, Inc., a California Nonprofit Public Benefit Corporation
 Trustee: Chicago Title Company, a California corporation
 Beneficiary: Pacific-Atlantic Associates, a Virginia Limited Partnership
 Loan No.: None shown
 Recording Date: July 29, 2020
[Recording No.: 2020-0055188-00, of Official Records](#)

13. Water rights, claims or title to water, whether or not disclosed by the public records.

14. Any rights of the parties in possession of a portion of, or all of, said Land, which rights are not disclosed by the public records.

The Company will require, for review, a full and complete copy of any unrecorded agreement, contract, license and/or lease, together with all supplements, assignments and amendments thereto, before issuing any policy of title insurance without excepting this item from coverage.

The Company reserves the right to except additional items and/or make additional requirements after reviewing said documents.

15. Any lien or right to a lien for services, labor or material not shown by the Public Records.

16. Any easements not disclosed by the public records as to matters affecting title to real property, whether or not said easements are visible and apparent.

17. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other matters which a correct survey would disclose and which are not shown by the public records.

EXCEPTIONS
(continued)

18. Matters which may be disclosed by an inspection and/or by a correct ALTA/NSPS Land Title Survey of said Land that is satisfactory to the Company, and/or by inquiry of the parties in possession thereof.
19. The Company will require that an Owner's Affidavit be completed by the party(s) named below before the issuance of any policy of title insurance.

Party(ies): Graffiti USA Classic Car Museum, Inc., a California Nonprofit Public Benefit Corporation

The Company reserves the right to add additional items or make further requirements after review of the requested Affidavit.

20. This Company will require the following documents for review prior to the issuance of any title insurance predicated upon a conveyance or encumbrance by the corporation named below.

Name of Corporation: Graffiti USA Classic Car Museum, Inc., a California Nonprofit Public Benefit Corporation

- a. A copy of the corporation By-laws and Articles of Incorporation.
- b. An original or certified copy of the resolution authorizing the subject transaction, together with a Certificate of Compliance pursuant to Section 5912 or 7912 Corporations Code.
- c. If the Articles and/or By-laws require approval by a "parent" organization, a copy of those By-laws and Articles of Incorporation is required.

The Company reserves the right to add additional items or make further requirements after review of the requested documentation.

END OF EXCEPTIONS

NOTES

Notice: Please be aware that due to the conflict between federal and state laws concerning the cultivation, distribution, manufacture or sale of marijuana, the Company is not able to close or insure any transaction involving Land that is associated with these activities.

- Note 1.** Note: The charge for a policy of title insurance, when issued through this application for title insurance, will be based on the Short Term Rate.
- Note 2.** Note: The Company is not aware of any matters which would cause it to decline to attach CLTA Endorsement Form 116 indicating that there is located on said Land Commercial property, known as 610 North 9th Street, Modesto, CA, to an Extended Coverage Loan Policy.
- Note 3.** Note: The only conveyance(s) affecting said Land, which recorded within 24 months of the date of this report, are as follows:

Grantor: R.E. Lying Investment Company, a California limited partnership
 Grantee: Pacific-Atlantic Associates, a Virginia limited partnership
 Recording Date: July 29, 2020
Recording No.: [2020-0055185-00, of Official Records](#)

Grantor: Pacific-Atlantic Associates, a Virginia limited partnership
 Grantee: Graffiti USA Classic Car Museum, Inc., a California Nonprofit Public Benefit Corporation
 Recording Date: July 29, 2020
Recording No.: [2020-0055187-00, of Official Records](#)

- Note 4.** The application for title insurance was placed by reference to only a street address or tax identification number. The proposed Insured must confirm that the legal description in this report covers the parcel(s) of Land requested to be insured. If the legal description is incorrect, the proposed Insured must notify the Company and/or the settlement company in order to prevent errors and to be certain that the legal description for the intended parcel(s) of Land will appear on any documents to be recorded in connection with this transaction and on the policy of title insurance.
- Note 5.** Note: If a county recorder, title insurance company, escrow company, real estate broker, real estate agent or association provides a copy of a declaration, governing document or deed to any person, California law requires that the document provided shall include a statement regarding any unlawful restrictions. Said statement is to be in at least 14-point bold face type and may be stamped on the first page of any document provided or included as a cover page attached to the requested document. Should a party to this transaction request a copy of any document reported herein that fits this category, the statement is to be included in the manner described.
- Note 6.** Note: Any documents being executed in conjunction with this transaction must be signed in the presence of an authorized Company employee, an authorized employee of a Company agent, an authorized employee of the insured lender, or by using Bancserv or other Company-approved third-party service. If the above requirement cannot be met, please call the Company at the number provided in this report.
- Note 7.** Pursuant to Government Code Section 27388.1, as amended and effective as of 1-1-2018, a Documentary Transfer Tax (DTT) Affidavit may be required to be completed and submitted with each document when DTT is being paid or when an exemption is being claimed from paying the tax. If a governmental agency is a party to the document, the form will not be required. DTT Affidavits may be available at a Tax Assessor-County Clerk-Recorder.

NOTES
(continued)

- Note 8.** Due to the special requirements of SB 50 (California Public Resources Code Section 8560 et seq.), any transaction that includes the conveyance of title by an agency of the United States must be approved in advance by the Company's State Counsel, Regional Counsel, or one of their designees.

END OF NOTES



Inquire before you wire!

WIRE FRAUD ALERT

This Notice is not intended to provide legal or professional advice.
If you have any questions, please consult with a lawyer.

All parties to a real estate transaction are targets for wire fraud and many have lost hundreds of thousands of dollars because they simply relied on the wire instructions received via email, without further verification. **If funds are to be wired in conjunction with this real estate transaction, we strongly recommend verbal verification of wire instructions through a known, trusted phone number prior to sending funds.**

In addition, the following non-exclusive self-protection strategies are recommended to minimize exposure to possible wire fraud.

- **NEVER RELY** on emails purporting to change wire instructions. Parties to a transaction rarely change wire instructions in the course of a transaction.
- **ALWAYS VERIFY** wire instructions, specifically the ABA routing number and account number, by calling the party who sent the instructions to you. **DO NOT** use the phone number provided in the email containing the instructions, use phone numbers you have called before or can otherwise verify. **Obtain the number of relevant parties to the transaction as soon as an escrow account is opened.** **DO NOT** send an email to verify as the email address may be incorrect or the email may be intercepted by the fraudster.
- **USE COMPLEX EMAIL PASSWORDS** that employ a combination of mixed case, numbers, and symbols. Make your passwords greater than eight (8) characters. Also, change your password often and do **NOT** reuse the same password for other online accounts.
- **USE MULTI-FACTOR AUTHENTICATION** for email accounts. Your email provider or IT staff may have specific instructions on how to implement this feature.

For more information on wire-fraud scams or to report an incident, please refer to the following links:

Federal Bureau of Investigation:
<http://www.fbi.gov>

Internet Crime Complaint Center:
<http://www.ic3.gov>

FIDELITY NATIONAL FINANCIAL PRIVACY NOTICE

Effective January 1, 2021

Fidelity National Financial, Inc. and its majority-owned subsidiary companies (collectively, "FNF," "our," or "we") respect and are committed to protecting your privacy. This Privacy Notice explains how we collect, use, and protect personal information, when and to whom we disclose such information, and the choices you have about the use and disclosure of that information.

A limited number of FNF subsidiaries have their own privacy notices. If a subsidiary has its own privacy notice, the privacy notice will be available on the subsidiary's website and this Privacy Notice does not apply.

Collection of Personal Information

FNF may collect the following categories of Personal Information:

- contact information (e.g., name, address, phone number, email address);
- demographic information (e.g., date of birth, gender, marital status);
- identity information (e.g. Social Security Number, driver's license, passport, or other government ID number);
- financial account information (e.g. loan or bank account information); and
- other personal information necessary to provide products or services to you.

We may collect Personal Information about you from:

- information we receive from you or your agent;
- information about your transactions with FNF, our affiliates, or others; and
- information we receive from consumer reporting agencies and/or governmental entities, either directly from these entities or through others.

Collection of Browsing Information

FNF automatically collects the following types of Browsing Information when you access an FNF website, online service, or application (each an "FNF Website") from your Internet browser, computer, and/or device:

- Internet Protocol (IP) address and operating system;
- browser version, language, and type;
- domain name system requests; and
- browsing history on the FNF Website, such as date and time of your visit to the FNF Website and visits to the pages within the FNF Website.

Like most websites, our servers automatically log each visitor to the FNF Website and may collect the Browsing Information described above. We use Browsing Information for system administration, troubleshooting, fraud investigation, and to improve our websites. Browsing Information generally does not reveal anything personal about you, though if you have created a user account for an FNF Website and are logged into that account, the FNF Website may be able to link certain browsing activity to your user account.

Other Online Specifics

Cookies. When you visit an FNF Website, a "cookie" may be sent to your computer. A cookie is a small piece of data that is sent to your Internet browser from a web server and stored on your computer's hard drive. Information gathered using cookies helps us improve your user experience. For example, a cookie can help the website load properly or can customize the display page based on your browser type and user preferences. You can choose whether or not to accept cookies by changing your Internet browser settings. Be aware that doing so may impair or limit some functionality of the FNF Website.

Web Beacons. We use web beacons to determine when and how many times a page has been viewed. This information is used to improve our websites.

Do Not Track. Currently our FNF Websites do not respond to "Do Not Track" features enabled through your browser.

Links to Other Sites. FNF Websites may contain links to unaffiliated third-party websites. FNF is not responsible for the privacy practices or content of those websites. We recommend that you read the privacy policy of every website you visit.

Use of Personal Information

FNF uses Personal Information for three main purposes:

- To provide products and services to you or in connection with a transaction involving you.
- To improve our products and services.
- To communicate with you about our, our affiliates', and others' products and services, jointly or independently.

When Information Is Disclosed

We may disclose your Personal Information and Browsing Information in the following circumstances:

- to enable us to detect or prevent criminal activity, fraud, material misrepresentation, or nondisclosure;
- to nonaffiliated service providers who provide or perform services or functions on our behalf and who agree to use the information only to provide such services or functions;
- to nonaffiliated third party service providers with whom we perform joint marketing, pursuant to an agreement with them to jointly market financial products or services to you;
- to law enforcement or authorities in connection with an investigation, or in response to a subpoena or court order; or
- in the good-faith belief that such disclosure is necessary to comply with legal process or applicable laws, or to protect the rights, property, or safety of FNF, its customers, or the public.

The law does not require your prior authorization and does not allow you to restrict the disclosures described above. Additionally, we may disclose your information to third parties for whom you have given us authorization or consent to make such disclosure. We do not otherwise share your Personal Information or Browsing Information with nonaffiliated third parties, except as required or permitted by law. We may share your Personal Information with affiliates (other companies owned by FNF) to directly market to you. Please see "Choices with Your Information" to learn how to restrict that sharing.

We reserve the right to transfer your Personal Information, Browsing Information, and any other information, in connection with the sale or other disposition of all or part of the FNF business and/or assets, or in the event of bankruptcy, reorganization, insolvency, receivership, or an assignment for the benefit of creditors. By submitting Personal Information and/or Browsing Information to FNF, you expressly agree and consent to the use and/or transfer of the foregoing information in connection with any of the above described proceedings.

Security of Your Information

We maintain physical, electronic, and procedural safeguards to protect your Personal Information.

Choices With Your Information

If you do not want FNF to share your information among our affiliates to directly market to you, you may send an "opt out" request as directed at the end of this Privacy Notice. We do not share your Personal Information with nonaffiliates for their use to direct market to you without your consent.

Whether you submit Personal Information or Browsing Information to FNF is entirely up to you. If you decide not to submit Personal Information or Browsing Information, FNF may not be able to provide certain services or products to you.

For California Residents: We will not share your Personal Information or Browsing Information with nonaffiliated third parties, except as permitted by California law. For additional information about your California privacy rights, please visit the "California Privacy" link on our website (<https://fnf.com/pages/californiaprivacy.aspx>) or call (888) 413-1748.

For Nevada Residents: You may be placed on our internal Do Not Call List by calling (888) 934-3354 or by contacting us via the information set forth at the end of this Privacy Notice. Nevada law requires that we also provide you with the following contact information: Bureau of Consumer Protection, Office of the Nevada Attorney General, 555 E. Washington St., Suite 3900, Las Vegas, NV 89101; Phone number: (702) 486-3132; email: BCPINFO@ag.state.nv.us.

For Oregon Residents: We will not share your Personal Information or Browsing Information with nonaffiliated third parties for marketing purposes, except after you have been informed by us of such sharing and had an opportunity to indicate that you do not want a disclosure made for marketing purposes.

For Vermont Residents: We will not disclose information about your creditworthiness to our affiliates and will not disclose your personal information, financial information, credit report, or health information to nonaffiliated third parties to market to you, other than as permitted by Vermont law, unless you authorize us to make those disclosures.

Information From Children

The FNF Websites are not intended or designed to attract persons under the age of eighteen (18). We do not collect Personal Information from any person that we know to be under the age of thirteen (13) without permission from a parent or guardian.

International Users

FNF's headquarters is located within the United States. If you reside outside the United States and choose to provide Personal Information or Browsing Information to us, please note that we may transfer that information outside of your country of residence. By providing FNF with your Personal Information and/or Browsing Information, you consent to our collection, transfer, and use of such information in accordance with this Privacy Notice.

FNF Website Services for Mortgage Loans

Certain FNF companies provide services to mortgage loan servicers, including hosting websites that collect customer information on behalf of mortgage loan servicers (the "Service Websites"). The Service Websites may contain links to both this Privacy Notice and the mortgage loan servicer or lender's privacy notice. The sections of this Privacy Notice titled When Information is Disclosed, Choices with Your Information, and Accessing and Correcting Information do not apply to the Service Websites. The mortgage loan servicer or lender's privacy notice governs use, disclosure, and access to your Personal Information. FNF does not share Personal Information collected through the Service Websites, except as required or authorized by contract with the mortgage loan servicer or lender, or as required by law or in the good-faith belief that such disclosure is necessary: to comply with a legal process or applicable law, to enforce this Privacy Notice, or to protect the rights, property, or safety of FNF or the public.

Your Consent To This Privacy Notice; Notice Changes; Use of Comments or Feedback

By submitting Personal Information and/or Browsing Information to FNF, you consent to the collection and use of the information in accordance with this Privacy Notice. We may change this Privacy Notice at any time. The Privacy Notice's effective date will show the last date changes were made. If you provide information to us following any change of the Privacy Notice, that signifies your assent to and acceptance of the changes to the Privacy Notice.

Accessing and Correcting Information; Contact Us

If you have questions, would like to correct your Personal Information, or want to opt-out of information sharing for affiliate marketing, visit FNF's [Opt Out Page](#) or contact us by phone at (888) 934-3354 or by mail to:

Fidelity National Financial, Inc.
601 Riverside Avenue,
Jacksonville, Florida 32204
Attn: Chief Privacy Officer

ATTACHMENT ONE

CALIFORNIA LAND TITLE ASSOCIATION STANDARD COVERAGE POLICY - 1990

EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

1. (a) Any law, ordinance or governmental regulation (including but not limited to building or zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating (i) the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien, or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
(b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.
3. Defects, liens, encumbrances, adverse claims or other matters:
 - (a) whether or not recorded in the public records at Date of Policy, but created, suffered, assumed or agreed to by the insured claimant;
 - (b) not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy;
 - (c) resulting in no loss or damage to the insured claimant;
 - (d) attaching or created subsequent to Date of Policy; or
 - (e) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the insured mortgage or for the estate or interest insured by this policy.
4. Unenforceability of the lien of the insured mortgage because of the inability or failure of the insured at Date of Policy, or the inability or failure of any subsequent owner of the indebtedness, to comply with the applicable doing business laws of the state in which the land is situated.
5. Invalidity or unenforceability of the lien of the insured mortgage, or claim thereof, which arises out of the transaction evidenced by the insured mortgage and is based upon usury or any consumer credit protection or truth in lending law.
6. Any claim, which arises out of the transaction vesting in the insured the estate or interest insured by this policy or the transaction creating the interest of the insured lender, by reason of the operation of federal bankruptcy, state insolvency or similar creditors' rights laws.

EXCEPTIONS FROM COVERAGE - SCHEDULE B, PART I

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) which arise by reason of:

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records.
Proceedings by a public agency which may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the public records.
2. Any facts, rights, interests, or claims which are not shown by the public records but which could be ascertained by an inspection of the land or which may be asserted by persons in possession thereof.
3. Easements, liens or encumbrances, or claims thereof, not shown by the public records.
4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by the public records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b) or (c) are shown by the public records.
6. Any lien or right to a lien for services, labor or material not shown by the public records.

**ATTACHMENT ONE
(CONTINUED)**

**CLTA HOMEOWNER'S POLICY OF TITLE INSURANCE (12-02-13)
ALTA HOMEOWNER'S POLICY OF TITLE INSURANCE**

EXCLUSIONS

In addition to the Exceptions in Schedule B, You are not insured against loss, costs, attorneys' fees, and expenses resulting from:

1. Governmental police power, and the existence or violation of those portions of any law or government regulation concerning:
 - a. building;
 - b. zoning;
 - c. land use;
 - d. improvements on the Land;
 - e. land division; and
 - f. environmental protection.

This Exclusion does not limit the coverage described in Covered Risk 8.a., 14, 15, 16, 18, 19, 20, 23 or 27.
2. The failure of Your existing structures, or any part of them, to be constructed in accordance with applicable building codes. This Exclusion does not limit the coverage described in Covered Risk 14 or 15.
3. The right to take the Land by condemning it. This Exclusion does not limit the coverage described in Covered Risk 17.
4. Risks:
 - a. that are created, allowed, or agreed to by You, whether or not they are recorded in the Public Records;
 - b. that are Known to You at the Policy Date, but not to Us, unless they are recorded in the Public Records at the Policy Date;
 - c. that result in no loss to You; or
 - d. that first occur after the Policy Date - this does not limit the coverage described in Covered Risk 7, 8.e., 25, 26, 27 or 28.
5. Failure to pay value for Your Title.
6. Lack of a right:
 - a. to any land outside the area specifically described and referred to in paragraph 3 of Schedule A; and
 - b. in streets, alleys, or waterways that touch the Land.

This Exclusion does not limit the coverage described in Covered Risk 11 or 21.
7. The transfer of the Title to You is invalid as a preferential transfer or as a fraudulent transfer or conveyance under federal bankruptcy, state insolvency, or similar creditors' rights laws.
8. Contamination, explosion, fire, flooding, vibration, fracturing, earthquake or subsidence.
9. Negligence by a person or an Entity exercising a right to extract or develop minerals, water, or any other substances.

LIMITATIONS ON COVERED RISKS

Your insurance for the following Covered Risks is limited on the Owner's Coverage Statement as follows:

- For Covered Risk 16, 18, 19 and 21, Your Deductible Amount and Our Maximum Dollar Limit of Liability shown in Schedule A.

The deductible amounts and maximum dollar limits shown on Schedule A are as follows:

	<u>Your Deductible Amount</u>	<u>Our Maximum Dollar Limit of Liability</u>
Covered Risk 16:	1.00% of Policy Amount Shown in Schedule A or \$2,500.00 (whichever is less)	\$ 10,000.00
Covered Risk 18:	1.00% of Policy Amount Shown in Schedule A or \$5,000.00 (whichever is less)	\$ 25,000.00
Covered Risk 19:	1.00% of Policy Amount Shown in Schedule A or \$5,000.00 (whichever is less)	\$ 25,000.00
Covered Risk 21:	1.00% of Policy Amount Shown in Schedule A or \$2,500.00 (whichever is less)	\$ 5,000.00

ATTACHMENT ONE (CONTINUED)

2006 ALTA LOAN POLICY (06-17-06)

EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of:

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
 - (i) the occupancy, use, or enjoyment of the Land;
 - (ii) the character, dimensions, or location of any improvement erected on the Land;
 - (iii) the subdivision of land; or
 - (iv) environmental protection;or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5.
- (b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims, or other matters
 - (a) created, suffered, assumed, or agreed to by the Insured Claimant;
 - (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
 - (c) resulting in no loss or damage to the Insured Claimant;
 - (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 11, 13, or 14); or
 - (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Insured Mortgage.
4. Unenforceability of the lien of the Insured Mortgage because of the inability or failure of an Insured to comply with applicable doing-business laws of the state where the Land is situated.
5. Invalidity or unenforceability in whole or in part of the lien of the Insured Mortgage that arises out of the transaction evidenced by the Insured Mortgage and is based upon usury or any consumer credit protection or truth-in-lending law.
6. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction creating the lien of the Insured Mortgage, is
 - (a) a fraudulent conveyance or fraudulent transfer, or
 - (b) a preferential transfer for any reason not stated in Covered Risk 13(b) of this policy.
7. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching between Date of Policy and the date of recording of the Insured Mortgage in the Public Records. This Exclusion does not modify or limit the coverage provided under Covered Risk 11(b).

The above policy form may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following Exceptions from Coverage:

EXCEPTIONS FROM COVERAGE

[Except as provided in Schedule B - Part II, [t[or T]his policy does not insure against loss or damage, and the Company will not pay costs, attorneys' fees, or expenses that arise by reason of:

[PART I

[The above policy form may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following Exceptions from Coverage:

1. (a) Taxes or assessments that are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the Public Records; (b) proceedings by a public agency that may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the Public Records.
2. Any facts, rights, interests, or claims that are not shown by the Public Records but that could be ascertained by an inspection of the Land or that may be asserted by persons in possession of the Land.
3. Easements, liens or encumbrances, or claims thereof, not shown by the Public Records.
4. Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land and not shown by the Public Records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b), or (c) are shown by the Public Records.
6. Any lien or right to a lien for services, labor or material not shown by the Public Records.]

PART II

In addition to the matters set forth in Part I of this Schedule, the Title is subject to the following matters, and the Company insures against loss or damage sustained in the event that they are not subordinate to the lien of the Insured Mortgage:]

ATTACHMENT ONE (CONTINUED)

2006 ALTA OWNER'S POLICY (06-17-06)

EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of:

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
 - (i) the occupancy, use, or enjoyment of the Land;
 - (ii) the character, dimensions, or location of any improvement erected on the Land;
 - (iii) the subdivision of land; or
 - (iv) environmental protection;or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5.
- (b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims, or other matters
 - (a) created, suffered, assumed, or agreed to by the Insured Claimant;
 - (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
 - (c) resulting in no loss or damage to the Insured Claimant;
 - (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 9 and 10); or
 - (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Title.
4. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction vesting the Title as shown in Schedule A, is
 - (a) a fraudulent conveyance or fraudulent transfer; or
 - (b) a preferential transfer for any reason not stated in Covered Risk 9 of this policy.
5. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching between Date of Policy and the date of recording of the deed or other instrument of transfer in the Public Records that vests Title as shown in Schedule A.

The above policy form may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following Exceptions from Coverage:

EXCEPTIONS FROM COVERAGE

This policy does not insure against loss or damage, and the Company will not pay costs, attorneys' fees, or expenses that arise by reason of:

[The above policy form may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following Exceptions from Coverage:

1. (a) Taxes or assessments that are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the Public Records; (b) proceedings by a public agency that may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the Public Records.
2. Any facts, rights, interests, or claims that are not shown by the Public Records but that could be ascertained by an inspection of the Land or that may be asserted by persons in possession of the Land.
3. Easements, liens or encumbrances, or claims thereof, not shown by the Public Records.
4. Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land and not shown by the Public Records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b), or (c) are shown by the Public Records.
6. Any lien or right to a lien for services, labor or material not shown by the Public Records.]
7. [Variable exceptions such as taxes, easements, CC&R's, etc., shown here.]

ATTACHMENT ONE (CONTINUED)

ALTA EXPANDED COVERAGE RESIDENTIAL LOAN POLICY - ASSESSMENTS PRIORITY (04-02-15)

EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
 - (i) the occupancy, use, or enjoyment of the Land;
 - (ii) the character, dimensions, or location of any improvement erected on the Land;
 - (iii) the subdivision of land; or
 - (iv) environmental protection;or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5, 6, 13(c), 13(d), 14 or 16.
- (b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 5, 6, 13(c), 13(d), 14 or 16.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims, or other matters
 - (a) created, suffered, assumed, or agreed to by the Insured Claimant;
 - (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
 - (c) resulting in no loss or damage to the Insured Claimant;
 - (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 11, 16, 17, 18, 19, 20, 21, 22, 23, 24, 27 or 28); or
 - (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Insured Mortgage.
4. Unenforceability of the lien of the Insured Mortgage because of the inability or failure of an Insured to comply with applicable doing-business laws of the state where the Land is situated.
5. Invalidity or unenforceability in whole or in part of the lien of the Insured Mortgage that arises out of the transaction evidenced by the Insured Mortgage and is based upon usury, or any consumer credit protection or truth-in-lending law. This Exclusion does not modify or limit the coverage provided in Covered Risk 26.
6. Any claim of invalidity, unenforceability or lack of priority of the lien of the Insured Mortgage as to Advances or modifications made after the Insured has Knowledge that the vestee shown in Schedule A is no longer the owner of the estate or interest covered by this policy. This Exclusion does not modify or limit the coverage provided in Covered Risk 11.
7. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching subsequent to Date of Policy. This Exclusion does not modify or limit the coverage provided in Covered Risk 11(b) or 25.
8. The failure of the residential structure, or any portion of it, to have been constructed before, on or after Date of Policy in accordance with applicable building codes. This Exclusion does not modify or limit the coverage provided in Covered Risk 5 or 6.
9. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction creating the lien of the Insured Mortgage, is
 - (a) a fraudulent conveyance or fraudulent transfer, or
 - (b) a preferential transfer for any reason not stated in Covered Risk 27(b) of this policy.
10. Contamination, explosion, fire, flooding, vibration, fracturing, earthquake, or subsidence.
11. Negligence by a person or an Entity exercising a right to extract or develop minerals, water, or any other substances.

Notice of Available Discounts

Pursuant to Section 2355.3 in Title 10 of the California Code of Regulations Fidelity National Financial, Inc. and its subsidiaries ("FNF") must deliver a notice of each discount available under our current rate filing along with the delivery of escrow instructions, a preliminary report or commitment. Please be aware that the provision of this notice does not constitute a waiver of the consumer's right to be charged the filed rate. As such, your transaction may not qualify for the below discounts.

You are encouraged to discuss the applicability of one or more of the below discounts with a Company representative. These discounts are generally described below; consult the rate manual for a full description of the terms, conditions and requirements for such discount. These discounts only apply to transactions involving services rendered by the FNF Family of Companies. This notice only applies to transactions involving property improved with a one-to-four family residential dwelling.

Not all discounts are offered by every FNF Company. The discount will only be applicable to the FNF Company as indicated by the named discount.

FNF Underwritten Title Companies

CTC - Chicago Title Company
CLTC - Commonwealth Land Title Company
FNTC - Fidelity National Title Company of California
FNTCCA - Fidelity National Title Company of California
TICOR - Ticor Title Company of California
LTC - Lawyer's Title Company
SLTC - ServiceLink Title Company

Underwritten by FNF Underwriters

CTIC - Chicago Title Insurance Company
CLTIC - Commonwealth Land Title Insurance Company
FNTIC - Fidelity National Title Insurance Company
FNTIC - Fidelity National Title Insurance Company
CTIC - Chicago Title Insurance Company
CLTIC - Commonwealth Land Title Insurance Company
CTIC - Chicago Title Insurance Company

Available Discounts

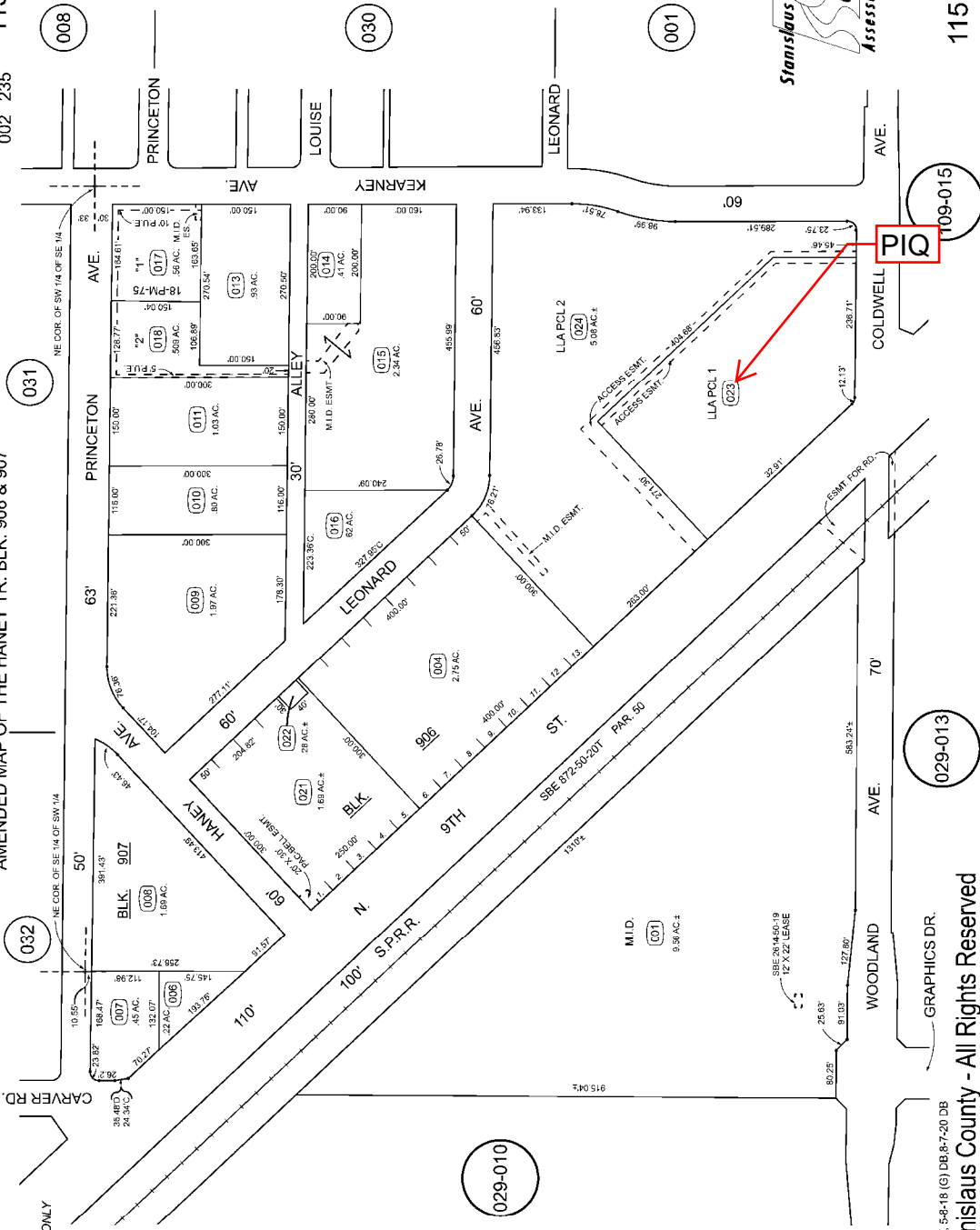
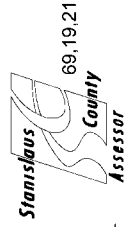
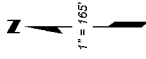
DISASTER LOANS (CTIC, CLTIC, FNTIC)

The charge for a Lender's Policy (Standard or Extended coverage) covering the financing or refinancing by an owner of record, within twenty-four (24) months of the date of a declaration of a disaster area by the government of the United States or the State of California on any land located in said area, which was partially or totally destroyed in the disaster, will be fifty percent (50%) of the appropriate title insurance rate.

CHURCHES OR CHARITABLE NON-PROFIT ORGANIZATIONS (CTIC, FNTIC)

On properties used as a church or for charitable purposes within the scope of the normal activities of such entities, provided said charge is normally the church's obligation the charge for an owner's policy shall be fifty percent (50%) to seventy percent (70%) of the appropriate title insurance rate, depending on the type of coverage selected. The charge for a lender's policy shall be forty percent (40%) to fifty percent (50%) of the appropriate title insurance rate, depending on the type of coverage selected.

THIS MAP FOR
ASSESSMENT PURPOSES ONLY



FROM: 115-002 (R.M. 17-15)
 FROM: 115-002 (R.M. 17-15)
 REVISION: 1-5-96; 4-3-02; MF 4-9-10; MF 5-8-18 (G) DB 8-7-20 DB
 REVISED: 1-5-96; 4-3-02; MF 4-9-10; MF 5-8-18 (G) DB 8-7-20 DB

Copyright 2001 Stanislaus County - All Rights Reserved

This map/plat is being furnished as an aid in locating the herein described Land in relation to adjoining streets, natural boundaries and other land, and is not a survey of the land depicted. Except to the extent a policy of title insurance is expressly modified by endorsement, if any, the Company does not insure dimensions, distances, location of easements, acreage or other matters shown thereon.

**FIRST AMENDMENT
TO
STANISLAUS COUNTY LOAN AGREEMENT
GRAFFITI CLASSIC CAR MUSEUM**

This First Amendment to Stanislaus County Loan Agreement – Graffiti Classic Car Museum (“First Amendment”) is dated as of July ~~28~~, 2021, by and between the COUNTY OF STANISLAUS, a political subdivision of the State of California (“County”), and GRAFFITI USA CLASSIC CAR MUSEUM, INC., a California domestic nonprofit corporation (“Borrower”) with reference to the following facts:

WITNESSETH:

- A. Grantor and Grantee previously executed that certain Stanislaus County Loan Agreement – Graffiti Classic Car Museum, dated as of July 1, 2021 (“Loan Agreement”).
- B. Several references in the Loan Agreement to the first repayment date incorrectly specified calendar year 2021.
- C. For clarity, certain Loan repayment terms that had been incorporated by reference will now be explicitly included in the Promissory Note.
- D. The parties now desire to amend the Agreement and the Promissory Note, as more specifically described herein.

NOW, THEREFORE, for good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, Seller and Buyer hereby agree as follows:

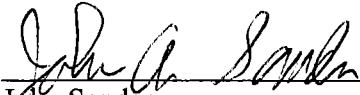
- 1. Recital H. The date of July 1, 2021 in Recital H is hereby corrected to July 1, 2022.
- 2. Section 2.7(a). The date of July 1, 2021 in Section 2.7(a) is hereby corrected to July 1, 2022.
- 3. Exhibit D (Form of Promissory Note) in the Loan Agreement is deleted in its entirety and replaced by the new Exhibit D attached hereto and incorporated by this reference. All references in the Loan Agreement to the Promissory Note shall be to the Promissory Note as amended herein and all references to Exhibit D in the Loan Agreement shall now be to the attached revised Exhibit D.
- 4. Counterparts. This First Amendment may be executed in identical counterparts, each of which shall be deemed an original, and all of which counterparts shall constitute one agreement. This Amendment may be executed by electronic means.
- 5. Authority. Each person executing this Amendment represents and warrants to the other that he has the full power and authority to do so and that his signature binds the party on behalf of which he has signed.

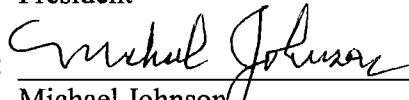
6. Effect of this First Amendment. Except as amended hereby, the Agreement is unmodified and in full force and effect and is hereby ratified and confirmed.

IN WITNESS WHEREOF, the parties through their duly authorized representatives have executed this this First Amendment as of the date first set forth above.

BORROWER:

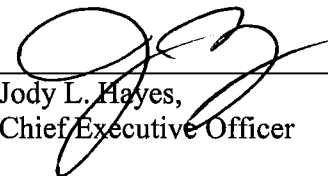
GRAFFITI USA CLASSIC CAR MUSEUM, INC.,
a California domestic nonprofit corporation

By: 
John Sanders,
President

By: 
Michael Johnson,
Secretary

COUNTY:

COUNTY OF STANISLAUS,
a political subdivision of the State of California

By: 
Jody L. Hayes,
Chief Executive Officer

APPROVED AS TO FORM:

THOMAS E. BOZE
COUNTY COUNSEL

By: _____
G. Michael Ziman
Deputy County Counsel

6. Effect of this First Amendment. Except as amended hereby, the Agreement is unmodified and in full force and effect and is hereby ratified and confirmed.

IN WITNESS WHEREOF, the parties through their duly authorized representatives have executed this this First Amendment as of the date first set forth above.

BORROWER:

GRAFFITI USA CLASSIC CAR MUSEUM, INC.,
a California domestic nonprofit corporation

By: _____
John Sanders,
President

By: _____
Michael Johnson,
Secretary

COUNTY:

COUNTY OF STANISLAUS,
a political subdivision of the State of California

By: _____
Jody L. Hayes,
Chief Executive Officer

APPROVED AS TO FORM:

THOMAS E. BOZE
COUNTY COUNSEL

By: Michael Ziman
Michael Ziman (Jul 23, 2021 13:30 PDT)
G. Michael Ziman
Deputy County Counsel

EXHIBIT D

Form of Promissory Note

[attached behind this page]

PROMISSORY NOTE
(Stanislaus County – Graffiti Classic Car Museum Loan)

\$1,200,000

Modesto, California
July ____, 2021

FOR VALUE RECEIVED, the undersigned GRAFFITI USA CLASSIC CAR MUSEUM, INC., a California domestic nonprofit corporation ("Borrower") hereby promises to pay to the order of the County of Stanislaus, a political subdivision of the State of California, 1010 10th Street, Suite 6800, Modesto, CA 95354 ("Holder"), a principal amount of One Million Two Hundred Thousand Dollars (\$1,200,000), plus interest thereon pursuant to Section 2 below.

1. Borrower's Obligation. This promissory note (the "Note") evidences Borrower's obligation to pay Holder the principal amount of One Million Two Hundred Thousand Dollars (\$1,200,000), for the funds loaned to Borrower by Holder pursuant to the Graffiti Classic Car Museum Loan Agreement between Borrower and Holder of even date herewith (the "Loan Agreement"). All capitalized terms not otherwise defined in this Note have the meanings set forth in the Loan Agreement.

2. Interest.

(a) Interest Rate. Beginning at the end of the first loan year on July 1, 2022, and at the end of each succeeding twelve-month period until the end of the Term, or until the Loan is fully repaid, the Treasurer-Tax Collector shall calculate in arrears an interest rate equal to the County's pool investment rate compounded quarterly over the preceding twelve-month period ("Interest Rate").

(b) Accrued Interest. Subject to the provisions of Section 2(c) below, interest on the outstanding principal balance of the Loan shall accrue interest at the Interest Rate.

(c) Default Rate. If a Default occurs, interest will accrue on all amounts due under this Note at the Default Rate until such Default is cured by Borrower or waived by Holder.

3. Term and Repayment Requirements. The Loan shall be repaid as follows:

(a) Annual Payments. Borrower shall pay on each July 1st, beginning at the end of the first loan year until the end of the Term, or until the Loan is fully repaid, a payment consisting of an equal annual installment of principal plus the interest accrued on the outstanding principal balance of the Loan over the preceding twelve-month period using the Interest Rate as determined in Section 2 above. At the expiration of the Term on July 1, 2026, if the Loan has not been previously repaid in full, Borrower shall make a final payment in the amount of the remaining principal balance of the Loan together with unpaid accrued interest.

(b) Payment in Full. The principal amount of the Loan and remaining accrued interest on the Loan shall be due in full on the earlier to occur of (i) the date of any Transfer not authorized by the County, (ii) the date of any Default, and (iii) the expiration of the Term on July 1, 2026, with a final payment in the amount of the remaining principal balance of the Loan together with unpaid accrued interest.

4. No Assumption. This Note is not assumable by the successors and assigns of Borrower without the prior written consent of Holder, except as provided in the Loan Agreement.

5. Security. This Note is secured by the Deed of Trust wherein the Borrower is the Trustor and the Holder is the Beneficiary.

6. Terms of Payment.

(a) All payments due under this Note must be paid in currency of the United States of America, which at the time of payment is lawful for the payment of public and private debts.

(b) All payments on this Note must be paid to Holder at the Office of the Chief Executive Officer, 1010 10th Street, Suite 6800, Modesto, CA 95354, Attention: Raul L. Mendez, or to such other place as the Holder of this Note may from time to time designate.

(c) All payments on this Note must be without expense to the Holder, and the Borrower agrees to pay all costs and expenses, including re-conveyance fees and reasonable attorney's fees and other professional service fees and costs of the Holder, incurred in connection with the payment of this Note and the release of any security hereof.

(d) Notwithstanding any other provision of this Note, or any instrument securing the obligations of the Borrower under this Note, if, for any reason whatsoever, the payment of any sums by the Borrower pursuant to the terms of this Note would result in the payment of interest which would exceed the amount that the Holder may legally charge under the laws of the State of California, then the amount by which payments exceed the lawful interest rate shall automatically be deducted from the principal balance owing on this Note, so that in no event shall the Borrower be obligated under the terms of this Note to pay any interest which would exceed the lawful rate.

7. Default.

(a) Upon the occurrence of a Default, the entire unpaid principal balance, together with all interest thereon, and together with all other sums then payable under this Note and the Deed of Trust will, at the option of Holder, become immediately due and payable without further demand.

(b) Holder's failure to exercise the remedy set forth in Subsection 7(a) above or any other remedy provided by law upon the occurrence of a Default does not constitute a waiver of the right to exercise any remedy at any subsequent time in respect to the same or any other Default. The acceptance by Holder of any payment that is less than the total of all amounts due and payable at the time of such payment does not constitute a waiver of the right to exercise any of the foregoing remedies or options at that time or at any subsequent time, or nullify any prior exercise of any such remedy or option, without the express consent of Holder, except as and to the extent otherwise provided by law.

8. Waivers.

(a) The Borrower hereby waives diligence, presentment, protest and demand, and notice of protest, notice of demand, notice of dishonor and notice of non-payment of this Note. The Borrower expressly agrees that this Note or any payment hereunder may be extended from time to time, and that the Holder may accept further security or release any security for this Note, all without in any way affecting the liability of the Borrower.

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

(c) 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 reason whatsoever.

9. Miscellaneous Provisions.

(a) All notices to the Holder or the Borrower shall be given in the manner and at the addresses set forth in the Loan Agreement, or to such addresses as the Holder and the Borrower may therein designate.

(b) The Borrower promises to pay all costs and expenses, including reasonable attorney's fees and other professional service fees and costs, incurred by the Holder in the enforcement of the provisions of this Note, regardless of whether suit is filed to seek enforcement.

(c) This Note may not be changed orally, but only by an agreement in writing signed by the party against whom enforcement of any waiver, change, modification or discharge is sought.

(d) This Note shall be governed by and construed in accordance with the laws of the State of California.

(e) The times for the performance of any obligations hereunder shall be strictly construed, time being of the essence.

(f) This document, together with the Loan Documents, contains the entire agreement between the parties as to the Loan. It may not be modified except upon written consent of the parties.

IN WITNESS WHEREOF, Borrower has executed this Note as of the day and year first above written.

BORROWER:

GRAFFITI USA CLASSIC CAR MUSEUM, INC.,
a California domestic nonprofit corporation

By: _____
John Sanders,
President

By: _____
Michael Johnson,
Secretary