

## PURCHASE AND SALE AGREEMENT

This PURCHASE AND SALE AGREEMENT (the “**Agreement**”) is dated for reference purposes only as of the 21st day of December, 2022 (the “**Agreement Date**”), and is being entered into by and among the CITY OF GARDEN GROVE, a California municipal corporation (“**City**”), the GARDEN GROVE HOUSING AUTHORITY, a public agency (“**Authority**”), and COTTAGE INDUSTRIES, LLC, a California limited liability company (“**Buyer**”). City, Authority, and Buyer are sometimes hereinafter individually referred to as a “**Party**” and collectively as the “**Parties**.”

### RECITALS:

The following recitals are a substantive part of this Agreement:

A. City is the owner in fee of the real properties located at 11301 Garden Grove Boulevard and 11461 Garden Grove Boulevard in the City of Garden Grove, County of Orange, State of California, that are more particularly described in **Exhibit “A”** attached hereto and made a part hereof (collectively, the “**City Parcels**”).

B. On or about May 10, 2016, City and LAB Holding, LLC (“**LAB**”), entered into a Lease Agreement pursuant to which City leased the City Parcels to LAB for a period of fifteen (15) years (the “**City Parcels Lease**”). The commencement date of the City Parcels Lease was December 9, 2016, and, therefore, in the absence of this Agreement, the termination/expiration date of the City Parcels Lease would be December 9, 2031. Section 30 of the City Parcels Lease granted to LAB a right of first refusal to purchase City’s leased fee interest in the City Parcels for fair market value, as determined by an MAI appraisal.

C. Authority is the owner in fee of the real properties located at 12951 7<sup>th</sup> Street, 11421 Garden Grove Boulevard, and 12942 8<sup>th</sup> Street in the City of Garden Grove, County of Orange, State of California, that are more particularly described in **Exhibit “B”** attached hereto and made a part hereof (collectively, the “**Authority Parcels**”).

D. On or about May 10, 2016, Authority and City entered into a Lease Agreement pursuant to which Authority leased the Authority Parcels to City for a period of twenty (20) years (the “**Authority Parcels Lease**”). Section 6 of the Authority Parcels Lease granted to City a right to provide a right of refusal for acquisition of the Authority Parcels to a third party subject to an acquisition price at fair market value, as determined by an MAI appraisal.

E. On or about May 10, 2016, City and LAB entered into a Sublease Agreement pursuant to which City subleased the Authority Parcels to LAB for a period of fifteen (15) years (the “**Authority Parcels Sublease**”). The commencement date of the Authority Parcels Sublease was December 9, 2016, and, therefore, in the absence of this Agreement, the termination/expiration date of the Authority Parcels lease would be December 9, 2031. Pursuant to the authority granted to City in Section 6 of the Authority Parcels Lease, Section 30 of the Authority Parcels Sublease granted to LAB a right of first refusal to purchase the Authority Parcels for fair market value, as determined by an MAI appraisal.

F. On or about May 31, 2016, City, LAB, and Buyer entered into an Assignment and Assumption Agreement pursuant to which, among other things, (1) LAB transferred and assigned to Buyer and Buyer assumed from LAB LAB's leasehold interest in the City Parcels, LAB's subleasehold interest in the Authority Parcels, and all of LAB's rights and obligations set forth in the City Parcels Lease and the Authority Parcels Sublease, including without limitation the right of first refusal to acquire the City Parcels and Authority Parcels for fair market value, and (2) City acknowledged and consented to such transfer, assignment, and assumption.

G. City and Authority desire to dispose of their respective interests in the City Parcels and the Authority Parcels and Buyer desires to acquire such interests and obtain fee title to said parcels, pursuant to and in accordance with the above-referenced right of first refusal provisions in the City Parcels Lease, Authority Parcels Lease, and Authority Parcels Sublease. In accordance with those provisions, Buyer has commissioned an appraisal from the firm of BBG Real Estate Services, Steve Crooks MAI, to determine the fair market value of City's and Authority's interests in the City Parcels and Authority Parcels. The Parties agree that, based on the completed appraisal, the collective fair market value of the five (5) parcels comprising the City Parcels and Authority Parcels is the sum of One Million Two Hundred Thirty Thousand Dollars (\$1,230,000).

#### A G R E E M E N T:

Based upon the foregoing Recitals, which are incorporated into this Agreement by this reference, and for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, City, Authority, and Buyer hereby agree as follows:

1. Property Conveyance. Subject to and in accordance with the terms and conditions hereinafter set forth, City agrees to cause the conveyance of the City Parcels to Buyer, Authority and City agree to cause the conveyance of the Authority Parcels to Buyer, and Buyer agrees to accept the conveyance of said parcels from City and Authority. Upon the Close of Escrow (defined below) for said conveyances, the City Parcels Lease, the Authority Parcels Lease, and the Authority Parcels Sublease shall be deemed to have been terminated and of no further force or effect, and none of the Parties shall have any further rights or obligations thereunder.

2. Escrow Holder/Title Company, Close of Escrow and Outside Closing Date.

2.1 Escrow Holder/Title Company; Escrow Instructions: Promptly after the execution of this Agreement, the Parties shall open escrow at First American Title Insurance Co. c/o Maureen Collier, Senior Escrow Officer (hereinafter, "**Escrow Holder**" and/or "**Title Company**") located at 1 First American Way, Santa Ana, CA 92707, and the Parties shall promptly deliver to Escrow Holder a fully executed copy of this Agreement. This Agreement shall serve as the escrow instructions for conveyance of the City Parcels and Authority Parcels. In addition, Each Party agrees to execute such standard supplemental escrow instructions consistent with this Agreement as may be required by Escrow Holder in order to consummate the transactions contemplated by this Agreement; provided, however, in the event of a conflict between the terms of this Agreement and the terms of such standard supplemental instructions, the terms of this Agreement shall control.

2.2 Close of Escrow: The “**Close of Escrow**” is and shall be defined as the date that grant deeds for the City Parcels and the Authority Parcels in favor of Buyer are recorded in the Official Records of the Orange County Recorder’s Office and the Title Company shall have committed to issue the Title Policy (defined in Section 5) to Buyer.

2.3 Outside Closing Date: The Close of Escrow shall occur on or before December 29, 2022, which hereinafter is and shall be defined as the “**Outside Closing Date**.”

3. Purchase Price. Buyer’s Purchase Price for the City Parcels shall be the sum of Four Hundred Forty-Five Thousand One Hundred Fifty-Three Thousand Dollars and Twenty-Eight Cents (\$445,153.28) (the “**City Parcels Purchase Price**”) and Buyer’s Purchase Price for the Authority Parcels shall be the sum of Seven Hundred Eighty-Four Thousand Eight Hundred Forty-Six Dollars and Seventy-Two Cents (\$784,846.72) (the “**Authority Parcels Purchase Price**”), which amounts the Parties agree, based on the appraisal referred to in Recital G, represent the fair market value amounts for City’s and Authority’s respective interests in said parcels.

Buyer shall pay the City Parcels Purchase Price as follows: (i) Buyer shall pay Twelve Thousand Five Hundred Dollars (\$12,500) of the City Parcels Purchase Price in cash at the Close of Escrow (the “**City Parcels Purchase Price Down Payment**”); and (ii) Buyer shall pay the balance of the City Parcels Purchase Price (Four Hundred Thirty-Two Thousand Six Hundred Fifty-Three Dollars and Twenty-Eight Cents (\$432,653.28)) in accordance with the terms set forth in the City Parcels Promissory Note, the form of which is set forth in Exhibit “C” attached hereto (the “**City Parcels Promissory Note**”), which payment obligation is to be secured by a deed of trust to be recorded against the City Parcels at the Close of Escrow in the form set forth in Exhibit “D” attached hereto (the “**City Parcels Deed of Trust**”). As set forth in the City Parcels Promissory Note, the term of said note shall be one (1) year at four percent (4%) simple interest payable in equal monthly interest-only payments (prorated for partial months as set forth in the City Parcels Promissory Note), with a balloon payment at the end of the term of said note. Buyer may prepay the principal balance at any time without penalty.

Buyer shall pay the Authority Parcels Purchase Price as follows: (i) Buyer shall pay Twelve Thousand Five Hundred Dollars (\$12,500) of the Authority Parcels Purchase Price in cash at the Close of Escrow (the “**Authority Parcels Purchase Price Down Payment**”); and (ii) Buyer shall pay the balance of the Authority Parcels Purchase Price (Seven Hundred Seventy-Two Thousand Three Hundred Forty-Six Dollars (\$772,346.72)) in accordance with the terms set forth in the Authority Parcels Promissory Note, the form of which is set forth in Exhibit “E” attached hereto (the “**Authority Parcels Promissory Note**”), which payment obligation is to be secured by a deed of trust to be recorded against the Authority Parcels at the Close of Escrow in the form set forth in Exhibit “F” attached hereto (the “**Authority Parcels Deed of Trust**”). As set forth in the Authority Parcels Promissory Note, the term of said note shall be one (1) year at four percent (4%) simple interest payable in equal monthly interest-only payments (prorated for partial months as set forth in the Authority Parcels Promissory Note), with a balloon payment at the end of the term of said note. Buyer may prepay the principal balance at any time without penalty.

4. Delivery of Funds and Documents and Possession on the Close of Escrow.

4.1 At the Close of Escrow, City shall cause to be delivered to Buyer a duly executed Grant Deed in the form attached as **Exhibit “G”** (the “**City Parcels Grant Deed**”) conveying to Buyer all of City’s interest in the City Parcels, subject only to the “**Permitted Title Exceptions**” referred to in Section 5.1 of this Agreement. At the Close of Escrow, Authority shall cause to be delivered to Buyer a duly executed Grant Deed in the form attached as **Exhibit “H”** (the “**Authority Parcels Grant Deed**”) conveying to Buyer all of Authority’s interest in the Authority Parcels, subject only to the “**Permitted Title Exceptions**” referred to in Section 5.1 of this Agreement.

4.2 At the Close of Escrow, City shall cause the Title Company to issue to Buyer an ALTA Standard Owner’s Policy of title insurance insuring that title to the City Parcels is vested in Buyer free and clear of all liens and encumbrances other than the Permitted Title Exceptions (as defined in Section 5.1) (to the extent the Permitted Title Exceptions apply to the City Parcels), and with coverage in the amount of the City Parcels Purchase Price. At the Close of Escrow, Authority shall cause the Title Company to issue to Buyer an ALTA Standard Owner’s Policy of title insurance insuring that title to the Authority Parcels is vested in Buyer free and clear of all liens and encumbrances other than the Permitted Title Exceptions (as defined in Section 5.1) (to the extent the Permitted Title Exceptions apply to the Authority Parcels), and with coverage in the amount of the Authority Parcels Purchase Price. Said title policy or policies is/are collectively referred to herein as the “**Title Policy.**” Except as stated in the two preceding sentences, neither City nor Authority shall have any obligation of any kind in connection with the condition of title or issuance of the Title Policy or in connection with the issuance of any endorsements that may be requested by Buyer.

4.3 At the Close of Escrow, Buyer shall deposit with Escrow Holder the City Parcels Purchase Price Down Payment and Authority Parcels Purchase Price Down Payment (*i.e.*, the total sum of Twenty-Five Thousand Dollars (\$25,000)) in immediately available funds.

4.4 At the Close of Escrow, Buyer shall cause to be delivered to City the duly executed City Parcels Promissory Note and City Parcels Deed of Trust.

4.5 At the Close of Escrow, Buyer shall cause to be delivered to Authority the duly executed Authority Parcels Promissory Note and Authority Parcels Deed of Trust.

4.6 At the Close of Escrow, Buyer shall be entitled to possession of the City Parcels and the Authority Parcels subject only to the Permitted Title Exceptions.

4.7 As stated in Section 1 of this Agreement, upon the Close of Escrow, the City Parcels Lease, the Authority Parcels Lease, and the Authority Parcels Sublease shall be deemed to have been terminated and of no further force or effect, and none of the Parties shall have any further rights or obligations thereunder.

## 5. Title, Title Insurance.

5.1 Prior to the Agreement Date, the Title Company has issued its Commitment for Title Insurance (Commitment No. NCS-1159070-SA1, dated December 6, 2022) for the City Parcels and Authority Parcels (the “**Title Commitment**”). At the Close of Escrow, City and Authority covenant to cause the Title Company to issue the Title Policy in favor of Buyer showing

Buyer's fee simple title subject only to the exceptions to title listed or referred to in the Title Commitment, excepting only that Authority shall be responsible to cause the Title Company to delete or remove the exception to title referred to in Paragraph 22 of Part II of Schedule B of the Title Commitment (the "**Permitted Title Exceptions**"). In addition, Buyer accepts any exceptions to title that may have been created by Buyer's occupancy of the City Parcels and Authority Parcels prior to the Close of Escrow pursuant to the City Parcels Lease and the Authority Parcels Sublease, including without limitation any mechanic's liens or similar encumbrances arising out of any work performed on any of said parcels by or under the authority of Buyer, and any such additional title exceptions shall be deemed to constitute Permitted Title Exceptions within the meaning of this Agreement. Alternatively, and if for any reason Authority is unable to cause the Title Company to remove the exception to title referred to in Paragraph 22 of Part II of Schedule B of the Title Commitment at the Close of Escrow, Buyer may elect to proceed with the Close of Escrow, in which case Authority shall be responsible for causing said title exception to be removed of record as soon as possible after the Close of Escrow, Authority shall ensure that the monetary lien reflected in said title exception does not jeopardize or impair Buyer's ability to obtain financing or refinancing for the Cottage Industries project, and Authority shall indemnify and defend Buyer from and against any and all claims, liabilities, and losses arising out of such lien remaining of record after the Close of Escrow, which covenants, notwithstanding any other provision set forth in this Agreement, shall survive the Close of Escrow and continue in effect until said title exception/lien is permanently removed of record.

5.2 City shall pay the portion of the cost of the Title Policy to be furnished for the City Parcels and Authority shall pay the portion of the cost of the Title Policy for the Authority Parcels in the amount of the City Parcels Purchase Price and Authority Parcels Purchase Price, respectively. Buyer shall pay for any additional coverage and for any non-standard title policy endorsements that may be requested by Buyer.

6. Deposit of Documents and Funds in Escrow. City, Authority, and Buyer, as applicable, hereby covenant and agree to deliver to Escrow Holder at least one (1) business day prior to the Close of Escrow the following instruments, documents, and funds, the delivery of each of which shall be a condition of the Close of Escrow:

6.1 City and Authority each shall deliver (with respect to the City Parcels and Authority Parcels, respectively):

6.1.1 The Grant Deed duly executed by City or Authority, as applicable;

6.1.2 A Withholding Exemption Certificate Form 593 as contemplated by California Revenue and Taxation Code §18662 (the "Withholding Affidavit") duly executed by City or Authority, as applicable;

6.1.3 A Certification of Non-Foreign Status in accordance with Internal Revenue Code Section 1445 duly executed by City or Authority, as applicable; and

6.1.4 Such funds, if any, as are required to pay for costs and expenses payable by City or Authority hereunder, subject to the understanding that, upon Buyer's deposit of the City Parcels Purchase Price Down Payment and Authority Parcels Purchase Price Down

Payment into Escrow, Escrow Holder shall be authorized and is directed to apply such funds to pay any costs and expenses that are the responsibility of City and Authority hereunder, as applicable.

6.2 Buyer shall deliver:

6.2.1 The City Parcels Purchase Price Down Payment and the Authority Parcels Purchase Price Down Payment (*i.e.*, the total sum of Twenty-Five Thousand Dollars (\$25,000));

6.2.2 The City Parcels Promissory Note duly executed by Buyer;

6.2.3 The City Parcels Deed of Trust duly executed by Buyer;

6.2.4 The Authority Parcels Promissory Note duly executed by Buyer;

6.2.5 The Authority Parcels Deed of Trust duly executed by Buyer;

6.2.6 Such proof of Buyer's authority and authorization to enter into this transaction as the Title Company may reasonably require in order to issue the Title Policy; and

6.2.7 Such additional funds as are required to pay for costs and expenses payable by Buyer hereunder.

7. Authorization to Record Documents and Disburse Funds. Escrow Holder is hereby authorized to record the documents and disburse the funds (including without limitation the remaining balances of the City Parcels Purchase Price Down Payment and Authority Parcels Purchase Price Down Payment remaining after City's and Authority's respective costs, fees, and expenses due hereunder have been paid) and distribute the documents called for hereunder upon the Close of Escrow, provided each of the following conditions has then been fulfilled:

7.1 The Title Company can issue the Title Policy, with a liability amount equal to the sum of the City Parcels Purchase Price and Authority Parcels Purchase Price, showing fee title to the City Parcels and Authority Parcels vested in Buyer, subject only to the Permitted Title Exceptions (or as otherwise provided in Section 5.1 above).

7.2 Escrow Holder shall have received Buyer's authorization to close;

7.3 Escrow Holder shall have received City's and Authority's authorization to close; and

7.4 City, Authority, and Buyer shall have deposited in Escrow the documents and funds required pursuant to Section 6.

Unless otherwise instructed in writing, Escrow Holder is authorized to record at the Close of Escrow any instrument delivered through this Escrow if necessary or proper for the issuance of the Title Policy.

8. Escrow Charges and Prorations.

8.1 City shall pay: (i) one-half of the escrow fees and charges of Escrow Holder for conveyance of the City Parcels (or, if escrow fees are not separately allocated as between the City Parcels and Authority Parcels, twenty-five percent (25%) of the total amount of escrow fees and charges); (ii) the entire premium for the Title Policy(ies) for the City Parcels in the amount of the City Parcels Purchase Price; (iii) none of the costs of any additional coverage or non-standard endorsements to the Title Policy as many be requested by Buyer; (iv) all costs of City's legal counsel and consultants; (v) costs incurred to place title to the City Parcels in the condition set forth in Section 5.1 of this Agreement; (vi) to the extent escrow fees and charges are incurred with respect to City's conveyance of the City Parcels that are not expressly stated in this Agreement to be the responsibility of any Party, that portion of such fees and charges that Escrow Holder determines in its reasonable discretion are most commonly the responsibility of the seller of real property, based on the custom and practice for similar transactions in Orange County, California; and (vii) to the extent escrow fees and charges are incurred with respect to the City's conveyance of the City Parcels that are not expressly stated in this Agreement to be the responsibility of any Party and Escrow Holder determines in its reasonable discretion that there is no custom and practice for the allocation of such fees and costs based on similar transactions in Orange County, California, one-half of such fees and charges.

8.2 Authority shall pay: (i) one-half of the escrow fees and charges of Escrow Holder for conveyance of the Authority Parcels (or, if escrow fees are not separately allocated as between the City Parcels and Authority Parcels, twenty-five percent (25%) of the total amount of escrow fees and charges); (ii) the entire premium for the Title Policy(ies) for the Authority Parcels in the amount of the Authority Parcels Purchase Price; (iii) none of the costs of any additional coverage or non-standard endorsements to the Title Policy as many be requested by Buyer; (iv) all costs of Authority's legal counsel and consultants; (v) costs incurred to place title to the Authority Parcels in the condition set forth in Section 5.1 of this Agreement (including, without limitation, any costs incurred to eliminate from title the exception to title referred to in Paragraph 22 of Part II of Schedule B of the Title Commitment); (vi) to the extent escrow fees and charges are incurred with respect to Authority's conveyance of the Authority Parcels that are not expressly stated in this Agreement to be the responsibility of any Party, that portion of such fees and charges that Escrow Holder determines in its reasonable discretion are most commonly the responsibility of the seller of real property, based on the custom and practice for similar transactions in Orange County, California; and (vii) to the extent escrow fees and charges are incurred with respect to Authority's conveyance of the Authority Parcels that are not expressly stated in this Agreement to be the responsibility of any Party and Escrow Holder determines in its reasonable discretion that there is no custom and practice for the allocation of such fees and costs based on similar transactions in Orange County, California, one-half of such fees and charges.

8.3 Buyer shall pay: (i) one-half of the escrow fees and charges of Escrow Holder; (ii) the costs of any additional premiums for additional coverage (above the amount of the City Parcels Purchase Price and/or Authority Parcels Purchase Price) or non-standard endorsements to the Title Policy requested by Buyer; (iii) all costs of Buyer's legal counsel and consultants; (iv) to the extent escrow fees and charges are incurred that are not expressly stated in this Agreement to be the responsibility of any Party, that portion of such fees and charges that Escrow Holder determines in its reasonable discretion are most commonly the responsibility of

the purchaser of real property, based on the custom and practice for similar transactions in Orange County, California; and (v) to the extent escrow fees and charges are incurred that are not expressly stated in this Agreement to be the responsibility of any Party and Escrow Holder determines in its reasonable discretion that there is no custom and practice for the allocation of such fees and costs based on similar transactions in Orange County, California, one-half of such fees and charges.

8.4 If the Escrow shall fail to close due to either City's or Authority's default, City or Authority, as applicable, shall pay all Escrow cancellation charges. If the Escrow shall fail to close due to Buyer's default, Buyer shall pay all Escrow cancellation charges. If Escrow shall fail to close due to for a reason that does not constitute a default by any Party, City and Authority shall pay twenty-five percent (25%) of all Escrow cancellation charges and Buyer shall pay fifty percent (50%) of all Escrow cancellation charges.

9. Indemnification. Buyer hereby agrees to indemnify, defend, and hold harmless City and Authority and their respective officers, directors, employees, agents, and representatives (collectively, "**City Indemnified Parties**") with counsel approved by City and Authority (and with such approval not to be unreasonably conditioned or denied) from and against all claims, liabilities, losses, damages, costs, and expenses, including, without limitation, legal fees and disbursements, incurred by City Indemnified Parties by reason of any claims or litigation brought or pursued by any third party challenging the transaction(s) that are the subject of this Agreement.

10. Representations and Warranties of Developer. Buyer hereby warrants and represents to City and Authority that upon the Close of Escrow and by accepting the City Parcels Grant Deed and the Authority Parcels Grant Deed Buyer is accepting the City Parcels and Authority Parcels in an "AS IS, WHERE IS, and WITH ALL FAULTS" basis and is relying solely upon Buyer's own independent factual, physical, and legal investigations, tests, and studies. This representation and warranty shall survive the Close of Escrow and delivery of said Grant Deeds.

11. Default. In the event of a breach or default under this Agreement by City or Authority, on the one hand, and Buyer, on the other hand, the non-defaulting Party(ies) shall have the right to terminate this Agreement and the Escrow by delivering written notice thereof to the defaulting Party(ies) and to Escrow Holder. Such termination of the Escrow by a non-defaulting Party or Parties shall be without prejudice to a non-defaulting Party's rights and remedies against the defaulting Party(ies) at law or equity.

12. Notices. All notices, demands, and requests which may be given, or which are required to be given by any Party to this Agreement, and any exercise of a right of termination provided by this Agreement, shall be in writing and shall be deemed effective either: (1) on the first (1st) business day after being deposited into the custody of a nationally recognized overnight delivery service (i.e., FedEx Corporation, UPS, or DHL) addressed to such Party at the address specified below; or (2) on the business day sent via electronic mail in Portable Document Format (PDF) with confirmation of receipt, in which case notice shall be deemed delivered upon receipt of confirmation of receipt. For purposes of this section, the addresses of the Parties for all notices are as follows:

Developer: Cottage Industries, LLC  
696 Randolph Avenue, Suite A



Costa Mesa, CA 92626  
Attn.: Linda Sadeghi  
Phone: (714) 966-6661

City and Authority: City of Garden Grove  
11222 Acacia Parkway  
Garden Grove, CA 92840  
Attn.: City Manager  
Phone: (949) 257-9095

Escrow Holder: As set forth in Section 2.

13. Broker's Commissions. Buyer represents and warrants to City and Authority that Buyer has used no broker, agent, finder, or other person in connection with the transaction contemplated hereby to whom a brokerage or other commission or fee may be payable. City and Authority represent and warrant to Buyer that City and Authority have used no broker, agent, finder, or other person in connection with the transaction contemplated hereby to whom a brokerage or other commission or fee may be payable. Each Party indemnifies and agrees to defend and hold the other Parties harmless from any claims resulting from its breach of the warranties, representations and covenants made by it in this Section.

14. Appraisal Costs. Pursuant to Paragraph 30 of the City Parcels Lease and Paragraph 30 of the Authority Parcels Sublease, and as a matter with which Escrow Holder is not to be concerned, within ten (10) days after the Close of Escrow City and Authority shall each reimburse Buyer for fifty percent (50%) of Buyer's cost of causing the appraisal of the City Parcels and Authority Parcels to be prepared, in the total sum of Eight Thousand Dollars (\$8,000.00).

15. Time is of the Essence. The Parties hereto agree that time is of the essence with respect to each term, condition, and covenant hereof.

16. Entire Agreement. This Agreement, together with all exhibits hereto, integrates all of the terms and conditions mentioned herein or incidental hereto, and supersedes all negotiations or previous agreements between the Parties or their predecessors in interest with respect to all or any part of the subject matter hereof; provided, however, that except as expressly provided herein nothing in this Agreement is intended or shall be interpreted to constitute a modification or amendment to that certain Disposition and Development Agreement entered into by and between City and LAB on or about May 10, 2016, and subsequently assigned to Buyer (the "DDA"), which DDA shall remain in full force and effect in accordance with its terms.

17. Amendments. Any amendments to this Agreement shall be effective only when duly executed by City, Authority, and Buyer and deposited with Escrow Holder.

18. Attorneys' Fees. In the event that suit is brought for the enforcement of this Agreement or as the result of any alleged breach thereof, the prevailing Party or Parties in such suit shall be entitled to recover their reasonable attorneys' fees, costs, and expenses from the losing Party or Parties, and any judgment or decree rendered in such proceedings shall include an award thereof.

19. No Third Party Beneficiaries. This Agreement is entered into for the sole benefit of City, Authority, and Buyer, and no other Parties are intended to be direct or incidental beneficiaries of this Agreement and no third party shall have any right in, under, or to this Agreement.

20. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California.

21. Counterparts. This Agreement may be executed simultaneously in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

22. Construction of Document. This Agreement is the result of a negotiation and is not the product of any one Party. There shall be no presumption in the interpretation hereof that any ambiguity is to be resolved against any Party hereto. The Parties hereto waive expressly each and all provisions of California Civil Code Section 1654, which provides: "IN CASES OF UNCERTAINTY NOT REMOVED BY THE PRECEDING RULES, THE LANGUAGE OF A CONTRACT SHOULD BE INTERPRETED MOST STRONGLY AGAINST THE PARTY WHO CAUSED THE UNCERTAINTY TO EXIST."

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed as of the date first above written.

**BUYER:**

NEST & REST, LLC  
a California limited liability company

By: \_\_\_\_\_  
as agent and manager

Date: December \_\_, 2022

**CITY:**

CITY OF GARDEN GROVE, a California  
municipal corporation

  
\_\_\_\_\_  
City Manager

Date: December 22, 2022

**CI:**

COTTAGE INDUSTRIES, LLC  
a California limited liability company

By: \_\_\_\_\_  
as agent and manager

Date: December \_\_, 2022


**AUTHORITY:**

GARDEN GROVE HOUSING  
AUTHORITY, a public agency, corporate an  
politic

  
\_\_\_\_\_  
Executive Director

Date: December 22, 2022

Approved as to form:

  
\_\_\_\_\_  
City Attorney/Authority General Counsel

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed as of the date first above written.

**BUYER:**

NEST & REST, LLC  
a California limited liability company

By: *Linda S. degli*  
as agent and manager

Date: December 22, 2022

**CITY:**

CITY OF GARDEN GROVE, a California  
municipal corporation

\_\_\_\_\_  
City Manager

Date: December \_\_, 2022

**CI:**

COTTAGE INDUSTRIES, LLC  
a California limited liability company

By: *Linda S. degli*  
as agent and manager

Date: December 22, 2022

**AUTHORITY:**

GARDEN GROVE HOUSING  
AUTHORITY, a public agency, corporate an  
politic

\_\_\_\_\_  
Executive Director

Date: December \_\_, 2022

Approved as to form:

\_\_\_\_\_  
City Attorney/Authority General Counsel

**EXHIBIT A**

**LEGAL DESCRIPTION OF CITY PARCELS**

That certain real property located in the City of Garden Grove, County of Orange, State of California more particularly described as follows:

1. APN 090-172-31 (11301 Garden Grove Blvd., Garden Grove)

LOTS 19 AND 20 OF TRACT NO. 431, IN THE CITY OF GARDEN GROVE, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 16, PAGE 49 OF MISCELLANEOUS MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

2. APN 090-174-19 (11461 Garden Grove Blvd., Garden Grove)

THE EAST 90 FEET OF THE SOUTH 125 FEET OF BLOCK 6 OF THE GARDEN GROVE HOME TRACT, AS SHOWN ON A MAP RECORDED IN BOOK 4, PAGE 57, OF MISCELLANEOUS MAPS, RECORDS OF ORANGE COUNTY, CALIFORNIA.

**EXHIBIT B**

**LEGAL DESCRIPTION OF AUTHORITY PARCELS**

That certain real property located in the City of Garden Grove, County of Orange, State of California more particularly described as follows:

1. APN 090-172-15 (12951 7<sup>th</sup> Street, Garden Grove)

LOT 18 OF TRACT NO. 431, IN THE CITY OF GARDEN GROVE, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 16, PAGE 49 OF MISCELLANEOUS MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

2. APN 090-174-07 (11421 Garden Grove Blvd., Garden Grove)

THE EAST 111.00 FEET OF THE WEST 121.00 FEET OF THE SOUTH 125.00 FEET, IN BLOCK 6 OF GARDEN GROVE HOME TRACT, IN THE CITY OF GARDEN GROVE, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 4, PAGE 57 OF MISCELLANEOUS MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

3. APN 090-174-06 (12942 8<sup>th</sup> Street, Garden Grove)

THAT PORTION OF BLOCK 6 OF THE GARDEN GROVE HOME TRACT, AS SHOWN ON A MAP RECORDED IN BOOK 4, PAGE 57 OF MISCELLANEOUS MAPS, RECORDS OF ORANGE COUNTY, CALIFORNIA, DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT IN THE WEST LINE OF SAID BLOCK 6, WHICH POINT IS 185.36 FEET SOUTHERLY FROM THE INTERSECTION OF SAID WEST LINE WITH THE WESTERLY EXTENSION OF THE SOUTH LINE OF LOT 8 OF TRACT NO. 631, AS SHOWN ON A MAP RECORDED IN BOOK 20, PAGE 26 OF SAID MISCELLANEOUS MAPS, SAID POINT BEING THE SOUTHWEST CORNER OF THE LAND CONVEYED TO JOHN MATTHEWS AND WIFE BY DEED RECORDED JULY 12, 1958 IN BOOK 1668, PAGE 32 OF OFFICIAL RECORDS OF SAID ORANGE COUNTY;

THENCE SOUTH ALONG THE WEST LINE OF SAID BLOCK 6 A DISTANCE OF 55.80 FEET TO A POINT 125.00 FEET NORTH OF THE SOUTHWEST CORNER OF SAID BLOCK 6;

THENCE EAST 10.00 FEET TO THE NORTHWEST CORNER OF LAND CONVEYED TO C. LOWELL CLARKE AND WIFE BY DEED RECORDED JULY 21, 1943 IN BOOK 1197, PAGE 472 OF SAID OFFICIAL RECORDS;

THENCE CONTAINING EAST ALONG THE NORTH LINE OF SAID LAND CONVEYED TO CLARKE AND THE EASTERLY EXTENSION THEREOF, 135.66 FEET;

THENCE NORTH 55.80 FEET TO THE SOUTHEAST CORNER OF SAID LAND  
CONVEYED TO JOHN MATTHEWS AND WIFE;

THENCE WEST ALONG THE SOUTH LINE OF SAID LAND CONVEYED TO MATTHEWS  
AND WIFE 145.66 FEET TO THE POINT OF BEGINNING.

**EXHIBIT C**

**FORM OF CITY PARCELS PROMISSORY NOTE**

[On following pages]



## PROMISSORY NOTE SECURED BY DEED OF TRUST

Principal Amount: \$432,653.28 (the “Loan Amount”)

December \_\_, 2022 (the “Note Date”)

FOR VALUE RECEIVED, the undersigned, COTTAGE INDUSTRIES LLC, a California limited liability company (“Borrower”) promises to pay to the CITY OF GARDEN GROVE, a municipal corporation (“City”), or to order at 11222 Acacia Parkway, Garden Grove, California, 92840, or such other place as City may designate in writing, the principal sum of FOUR HUNDRED THIRTY-TWO THOUSAND SIX HUNDRED FIFTY-THREE DOLLARS AND TWENTY-EIGHT CENTS ((\$432,653.28) plus interest, as set forth below, on the terms specified below.

1. Agreement. This Note is given in accordance with that certain Purchase and Sale Agreement dated as of December 21, 2022, and entered into by and among City, the Garden Grove Housing Authority, and Borrower. The obligations of the Borrower under this Note shall be subject to the terms of the Deed of Trust of even date herewith, which secures performance under this Note.

2. Definitions. The terms set forth in this section shall have the following meanings in this Note. Capitalized terms not defined in this Note shall have the same meanings as defined in the Deed of Trust, the terms of which are incorporated into this Note by this reference.

(a) “Deed of Trust” shall mean that certain Deed of Trust, of even date herewith, executed by Borrower for the benefit of City, which Deed of Trust secures the obligations of this Note.

(b) “Loan Amount” shall mean the sum of \$432,653.28 that is being loaned by City to Borrower, repayment of which Loan Amount is the subject of this Note.

(c) “Note” shall mean this Promissory Note Secured by Deed of Trust.

(d) “Note Date” shall mean the date first written above.

(e) “Parties” shall mean City and Borrower.

(f) “Property” shall mean that certain real property described on Exhibit “A,” attached hereto and incorporated herein, together with all improvements, and fixtures now or hereafter constructed, placed, or located on the Property.

(g) “Purchase and Sale Agreement” shall have the meaning ascribed to that term in Section 1 of this Note.

(h) “Term” shall mean the term of this Note, which shall begin on the date first set forth above and shall end on December 29, 2023.

3. Repayment.

(a) Monthly Interest-Only Payments. Starting on February 1, 2023, and continuing thereafter from month-to-month until December 29, 2023, when principal and accrued interest thereon, if any, are due and payable, Borrower shall make monthly payments to City, or to order, on the first day of each calendar month, of interest only, in arrears, at the rate of four percent per annum (4%) computed on the basis of a 360-day year. The monthly payments for each full calendar month during the Term shall be in the amount of One Thousand Four Hundred Forty-Two Dollars and Eighteen Cents (\$1,442.18). Interest payments due for partial calendar months shall be prorated. Thus, the first payment to be made on or before February 1, 2023, shall additionally include the product of (1) Forty-Eight Dollars and Seven Cents (\$48.07) multiplied by the number of days in the month of December 2022 after the Note Date and the last payment to be made on or before December 29, 2023, shall include an interest payment of One Thousand Three Hundred Ninety-Four Dollars and Three Cents (\$1,394.03) ( $\$48.07 \text{ per day} \times 29 \text{ days} = \$1,394.03$ ).

(b) Repayment in Full. At the end of the Term of this Note, the entire unpaid principal balance and all accrued interest, if any, shall be due and payable. Furthermore, the total amount of the unpaid principal owed under this Note shall immediately become due and payable in the event of a default by Borrower under this Note or the Deed of Trust. Failure to declare such amounts due shall not constitute a waiver on the part of City to declare them due in the event of a subsequent default.

(c) Terms of Payment. All amounts due and payable under the Note are payable at the Office of City at the address provided above, or at such other place or places as City may designate to Borrower in writing from time to time. Any payment under this Note shall 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 and which on the respective dates on which such payments are due shall be in immediately available funds.

(d) Prepayments. Borrower may prepay all or part of the principal balance plus applicable interest due under this Note without penalty.

4. Prohibition Against Transfer of Interest. Borrower shall not make any transfer, sale, assignment or conveyance, or transfer in any other form, other than in accordance with the terms of this Note or the Deed of Trust. If any such transfer is made, all amounts due under this Note shall become immediately due and payable without further notice by City, as set forth herein. The following events shall not be considered a transfer of interest: (a) a change in ownership of Borrower as a result of a merger, consolidation, reorganization, or joint venture; (b) the sale, exchange, issuance, or other transfer of Borrower's stock on a national exchange or between Borrower's parent company, if any, and any subsidiary, affiliate, related entity, or other entity that controls, is controlled by, or is under common control with Borrower; (c) the transfer of this Note to Borrower's parent entity, if any, or any subsidiary, affiliate, related entity, an entity that controls, is controlled by, or is under common control with Borrower; (d) a collateral assignment of Borrower's interest in this Note to a lender as security for any indebtedness of Borrower to the lender; or (e) the leasing of any property subject to the Deed of Trust or any portion of Buyer's planned Cottage Industries project to a tenant occupying the completed improvements in the ordinary course of business. Borrower shall not be required to obtain City's consent and City shall have no right to delay, alter, or impede any of the foregoing transactions or combinations thereof,

but a transfer of interest pursuant to clauses (a)-(d) of the preceding sentence (but not clause (e)) shall be effective only upon not less than sixty (60) days written notice to City.

5. Security. The Deed of Trust, dated the same date as this Note, secures this Note.

6. Waivers.

(a) Borrower expressly agrees that this Note or any payment hereunder may be extended from time to time at City's sole discretion and that City may accept security in consideration for any such extension or release any security for this Note at its sole discretion all without in any way affecting the liability of Borrower.

(b) No extension of time for payment of this Note or any installment hereof made by agreement by City with any person or party now or hereafter liable for payment of this Note shall 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 Borrower under this Note shall be absolute and Borrower waives any and all rights:

(i) to offset, deduct, or withhold any payments or charges due under this Note for any reasons whatsoever;

(ii) of presentment for payment, demand, protest and notices of dishonor and protest made by City; and

(iii) with respect to City's diligence in taking any action to collect any sums owing under this Note or in proceeding against any of City's rights and interests in and to properties securing payment of this Note.

7. Attorney Fees and Costs. Borrower agrees, that if any amounts due under this Note are not paid when due, in addition to any such past due amounts, Borrower shall pay, all costs and expenses of collection and reasonable attorney fees paid or incurred by City in connection with the collection or enforcement of this Note; whether or not suit is filed.

8. Deed of Trust Acceleration. This Note is secured by a Deed of Trust on the Property. The Deed of Trust provides for acceleration of the payments due under this Note, along with applicable interest, as set forth in Section 9, below, in the event of default (after expiration of any applicable cure period) under the Deed of Trust or this Note.

9. Default. Borrower shall be in default under this Note if Borrower: (i) fails to pay any money when due under this Note; (ii) breaches any representation or covenant made in this Note in any material respect; or (iii) breaches any provision of the Deed of Trust.

All covenants, conditions, and agreements contained in this Note and the Deed of Trust are hereby made a part of this Note, and Borrower agrees that the unpaid balance of the then principal amount of this Note, together with all charges owing, shall, at the option of Authority hereof, become immediately due and payable, and thereafter until paid bear interest at the rate often percent (10%)

per annum (“Default Rate”), compounded annually upon the failure of the Borrower to make any payment hereunder, as and when due (after expiration of any applicable cure period); upon the failure of Borrower to perform or observe any other term or provision of this Note; or upon the occurrence of any event (whether termed default, event of default, or similar term) which (after the expiration of any applicable cure period) under the terms of this Note or the Deed of Trust shall entitle Authority to exercise rights or remedies thereunder.

10. Governing Law. This Note shall be construed in accordance with and be governed by the laws of the State of California.

11. Severability. If any provision of this Note shall be invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby.

12. Time. Time is of the essence in this Note.

13. No Waiver by Authority. No waiver of any breach, default, or failure of condition under the terms of this Note or the Deed of Trust or the obligations secured thereby shall be implied from any failure of City to take, or any delay by City in taking, action with respect to such breach, default or failure, or any form of previous waiver of any similar or unrelated breach, default or failure; and waiver of any term of this Note or the Deed of Trust or any of the obligations secured thereby must be made in writing and shall be limited to the express written terms of such waiver.

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

15. Notices. All notices required in this Note shall be sent in accordance with Section 17 of the Deed of Trust.

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

[SIGNATURE PAGE FOLLOWS]

COTTAGE INDUSTRIES LLC  
a California limited liability company

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

As agent and manager

Date: December \_\_, 2022

EXHIBIT "A" TO PROMISSORY NOTE

LEGAL DESCRIPTION OF THE PROPERTY

That certain real property located in the City of Garden Grove, County of Orange, State of California more particularly described as follows:

1. APN 090-172-31 (11301 Garden Grove Blvd., Garden Grove)

LOTS 19 AND 20 OF TRACT NO. 431, IN THE CITY OF GARDEN GROVE, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 16, PAGE 49 OF MISCELLANEOUS MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

2. APN 090-174-19 (11461 Garden Grove Blvd., Garden Grove)

THE EAST 90 FEET OF THE SOUTH 125 FEET OF BLOCK 6 OF THE GARDEN GROVE HOME TRACT, AS SHOWN ON A MAP RECORDED IN BOOK 4, PAGE 57, OF MISCELLANEOUS MAPS, RECORDS OF ORANGE COUNTY, CALIFORNIA.

**EXHIBIT D**

**FORM OF CITY PARCELS DEED OF TRUST**

[On following pages]

RECORDING REQUESTED BY  
AND WHEN RECORDED MAIL TO:

City of Garden Grove  
Attn.: City Clerk  
11222 Acacia Parkway  
Garden Grove, CA 92840

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No fee document pursuant to  
Government Code Section 27383

APNs 090-172-31 and 090-174-19

DEED OF TRUST AND SECURITY AGREEMENT

THIS DEED OF TRUST AND SECURITY AGREEMENT (“Deed of Trust”) is made this \_\_\_ day of December, 2022, by trustor Cottage Industries LLC, a California limited liability company (“Trustor”), and trustee First American Title Insurance Company (“Trustee”), for the benefit of the City of Garden Grove, a municipal corporation, as beneficiary (“Beneficiary”).

FOR GOOD AND VALUABLE CONSIDERATION, including the indebtedness herein recited, the receipt of which is hereby acknowledged, Trustor, hereby irrevocably grants, transfers, conveys and assigns to Beneficiary, 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 Orange County, California, described in the attached Exhibit “A” and more commonly known as the “Property.”

TOGETHER WITH all easements, rights-of-way and rights used in connection therewith or as a means of access thereto;

TOGETHER WITH any and all buildings, improvements and landscaping of every kind and description now or hereafter erected thereon, and all property of Trustor now or hereafter affixed to or placed upon the Property (sometimes collectively referred to as the “Improvements”);

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

TOGETHER WITH all estate, interest, right, title, 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 oil, gas and mineral rights (including royalty and leasehold rights relating thereto), all water and water rights and shares of stock relating thereto, and any and all awards made for the taking by eminent domain or by and proceeding or purchase in lieu thereof of the whole or any part of such property; and



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

All of the foregoing, together with the Property, is herein referred to as the “Security”.

To have and to hold the Security together with acquittances to the Trustee, its successors and assigns forever.

TO SECURE to Beneficiary the obligations and any payments required by that certain Promissory Note, executed by Trustor in favor of Beneficiary of even date herewith, along with any exhibits attached thereto (the “Note”);

TO SECURE to Beneficiary the performance by Trustor of all agreements and adherence to all conditions set forth herein and in the Note;

TO SECURE all renewals, extensions, supplements and other modifications of any of the foregoing, including without limitation modifications that are evidenced by new or additional documents or that change the rate of interest on any obligation; and

TO SECURE the payment of all other sums, with interest thereon, advanced in accordance herewith, to protect the security of this Deed of Trust; and the performance of the covenants and agreements of Trustor herein contained.

All of the foregoing obligations, as well as those identified hereafter, are referred to collectively herein as the “Trustor Covenants.”

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

1. Purpose. This Deed of Trust secures Trustor’s obligation to repay the Note and perform all of Trustor’s obligations set forth in the Note.

2. Definitions. The terms set forth in this section shall have the following meanings in this Deed of Trust. Any capitalized terms not defined in this Deed of Trust shall have the same meanings ascribed to such terms in the Note, the terms of which have been incorporated into this Deed of Trust.

- a. “Trustor” shall mean Cottage Industries LLC.
- b. “Deed of Trust” shall mean this Deed of Trust and Security Agreement.

- c. “Loan” and “Loan Amount” shall have the same meanings as set forth in the Note.
- d. “Note” shall mean that certain Promissory Note secured by this Deed of Trust, of even date herewith, executed by Trustor for the benefit of Beneficiary.
- e. “Beneficiary” shall mean the City of Garden Grove, a municipal corporation.
- f. “Property” shall mean that certain real property legally described on Exhibit “A,” attached to this Deed of Trust and incorporated herein, together with all Improvements, and fixtures now or hereafter constructed, placed or located on the Property.
- g. “Term” shall mean the term of the Note, the obligations of which are secured by this Deed of Trust.

3. Trustor’s Estate. Trustor represents and warrants that it is lawfully seized of the estate hereby conveyed, that it has the right to grant and convey the Security, and that, subject to Trustor’s rights set forth in Section 22 of this Deed of Trust, other than this Deed of Trust and the Note, the Security is not encumbered by any senior liens. Trustor agrees to warrant and defend generally the title to the Security against all claims and demands, subject to any declarations, easements or restrictions listed in a schedule of exceptions to coverage of any title insurance policy insuring Beneficiary’s interest in the Security.

4. Payment of Sums Owed. Trustor shall promptly pay to Beneficiary, when due, any amounts due under the Note.

5. Trustor Covenants. Trustor will observe and perform all of the covenants and agreements of the Trustor Covenants, as more specifically contained herein.

6. Liens. Except as permitted pursuant to Section 22 of this Deed of Trust or as otherwise approved in writing by Beneficiary, Trustor shall not cause, incur, suffer or permit to exist or become effective any lien, encumbrance or charge upon all or any part of the Property, or any interest therein other than (i) easements, rights of way, covenants, conditions, restrictions, liens and other title limitations, and (ii) immaterial easements and rights of way which are required by governmental authorities as a condition to the use of the Security (collectively, the “Permitted Encumbrances”). Trustor shall pay and promptly discharge, at Trustor’s cost and expense, all liens, encumbrances and charges upon the Security, or any part thereof or interest therein other than the Permitted Encumbrances. If Trustor shall fail to remove and discharge any such lien, encumbrance, or charge, then, in addition to any other right or remedy of Beneficiary, Beneficiary may, but shall not be obligated to, discharge the same, without inquiring into the validity of such lien, encumbrance or charge nor inquiring into the existence of any defense or offset thereto, either by paying the amount claimed to be due, or by procuring the discharge of such lien, encumbrance or charge by depositing in court a bond or the amount claimed, or otherwise giving security for such claim, in such manner as is or may be prescribed by law. Trustor shall, immediately upon demand by Beneficiary, pay to Beneficiary an amount equal to all costs and expenses incurred by

Beneficiary in connection with the exercise by Beneficiary of the foregoing right to discharge any such lien, encumbrance or charge, together with interest thereon from the date of such expenditure and, until paid, such sums shall be secured hereby.

7. Preservation and Maintenance of Security. Trustor agrees that at all times prior to full payment of the sums owed under the Note, secured by this Deed of Trust, that Trustor will, maintain, preserve and keep the Security or cause the Security to be maintained and preserved in good condition and repair and in a prudent and businesslike manner.

8. Protection of Beneficiary's Security.

- a. If Trustor fails to perform the Trustor Covenants or any obligations contained in this Deed of Trust, or the Note, if an Event of Default, as defined hereafter, occurs, or if any action or proceeding is commenced which materially affects Beneficiary's interest in the Security, then Beneficiary, at its option and upon notice to Trustor, may make such appearances, disburse such sums and take such action as it determines necessary to protect Beneficiary's interest, including but not limited to, disbursement of reasonable attorney's fees and necessary repairs to the Security.
- b. Any amounts disbursed by Beneficiary pursuant to this Section will become an indebtedness of Trustor secured by this Deed of Trust. Unless Trustor and Beneficiary agree to other terms of payment, such amount will be payable upon notice from Beneficiary to Trustor requesting payment thereof, and will bear interest of ten percent (10%) from the date of disbursement unless payment of interest at such rate would be contrary to applicable law, in which event such amounts will bear interest at the highest rate permissible under applicable law. Beneficiary to insure any expense or take any action hereunder.
- c. In the event that Trustor fails to observe or perform any obligations or Trustor Covenants under this Deed of Trust, or the Note, then Beneficiary may hold Trustor in default, treat the occurrence as an Event of Default pursuant to this Deed of Trust, and take any actions available under this Deed of Trust, or the Note, including, but not limited to, acceleration of any payments due or sale of the Security, as provided for hereafter.

9. Events of Default. Each of the following shall constitute an event of default ("Event of Default"): (a) the occurrence of any default under the provisions of this Deed of Trust, or the Note; or (b) the failure to make any payment or perform any of Trustor's other obligations now or hereafter secured by this Deed of Trust (subject to any applicable cure period).

10. Acceleration; Remedies and Notice. If Trustor is in default of any obligations under this Deed of Trust (including the Trustor Covenants), or the Note, or at the occurrence of any Event of Default, then at the option of Beneficiary, the amount of any payment related to any such default, the Loan Amount under the Note, as applicable, and any other indebtedness and other obligations

secured hereby shall immediately become due and payable without presentment, protest notice or demand, all of which are hereby expressly waived, upon written notice by Beneficiary to Trustor and no omission on the part of Beneficiary to exercise such option when entitled to do so shall be construed as a waiver of such right.

Upon Trustor's breach of any covenant or agreement in this Deed of Trust (including, but not limited to, the covenant to pay, when due, any sums secured by this Deed of Trust), or the Note, or upon the occurrence of an Event of Default, Beneficiary, prior to acceleration of the sums due under the Note, shall provide notice by certified mail, return receipt requested, to Trustor specifying:

- a. the breach or Event of Default;
- b. if the breach or Event of Default is curable, and the action required to cure such breach;
- c. a date, not less than thirty (30) days from the date the notice is effective, by which such breach, if curable, is to be cured; and
- d. if the breach is curable, that failure to cure such breach on or before the date specified in the notice may result in acceleration of the sums due under the Note, as secured by this Deed of Trust, as well as sale of the Security (collectively the "Notice of Default")

If the breach or Event of Default is not curable or is not cured on or before the date specified in the Notice of Default, Beneficiary, at its option, may:

- i. declare all of the sums secured by this Deed of Trust to be immediately due and payable without further demand and may invoke the power of sale and any other remedies permitted by California law;
- ii. commence an action to foreclose this Deed of Trust as a mortgage, or specifically enforce any of the covenants hereof;
- iii. deliver to Trustee a written declaration of default and demand for sale, pursuant to the provisions for notice of sale as the law may require; or
- iv. exercise all other rights and remedies provided herein, in the instruments by which Trustor acquires title to any Security, or in any other document or agreement now or hereafter evidencing, creating or securing all or any portion of the obligations secured hereby; or provided by law.

The Notice of Default shall also inform Trustor of Trustor's right to reinstate after acceleration and the right to bring a court action to assert the nonexistence of default or any other defense of Trustor to acceleration and sale.

Beneficiary shall be entitled to collect all reasonable costs and expenses incurred in pursuing the remedies provided in this Section.

11. Foreclosure by Power of Sale. Should Beneficiary elect to foreclose by exercise of the power of sale herein contained, Beneficiary shall notify Trustee and shall deposit with Trustee this Deed of Trust, and the Note, which is secured hereby (and the deposit of which shall be deemed to constitute evidence that unpaid amounts due pursuant to the Note 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 of election to foreclose from Beneficiary, Trustee shall cause to be recorded, published and delivered to Beneficiary's notice of 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 a Notice of Default and after Notice of Sale having been given as required by law, sell the Security, at the time and place of sale fixed by it in said Notice of Sale, whether as a whole or in separate lots or parcels or items as Trustee shall deem expedient and in such order as it may determine unless specified otherwise to Trustor according to law, 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. 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 amounts due pursuant to the Note; (ii) all other sums then secured hereby, as applicable; and (iii) the remainder, if any, to Trustor.
- c. Trustee may postpone sale of all or any portion of the Security 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.

12. Trustor's Right to Reinstate. Notwithstanding Beneficiary's acceleration of the sums secured by this Deed of Trust, or other actions taken in response to any Event of Default of Trustor, Trustor shall have the right to have any proceedings commenced by Beneficiary, to enforce this Deed of Trust, discontinued at any time prior to five (5) days before sale of the Security pursuant to the power of sale contained in this Deed of Trust or at any time prior to entry of a judgment enforcing this Deed of Trust if:

- a. Trustor pays Beneficiary all sums which would be then due under this Deed of Trust, or the Note, as applicable;

- b. Trustor cures all breaches of any other covenants or agreements of Trustor contained in this Deed of Trust, or the Note, as applicable
- c. Trustor pays all reasonable expenses incurred by Beneficiary and Trustee in enforcing the covenants and agreements of Trustor contained in this Deed of Trust, and in enforcing Beneficiary's and Trustee's remedies, including, but not limited to, reasonable attorney's fees, as applicable; and
- d. Trustor takes such action as Beneficiary may reasonably require to assure that the lien of this Deed of Trust, Beneficiary's interest in the Security and Trustor's obligation to pay the sums secured by this Deed of Trust shall continue unimpaired.

Upon such payment and cure by Trustor, this Deed of Trust and the obligations secured hereby shall remain in full force and effect as if no acceleration had occurred.

13. Forbearance by Beneficiary Not a Waiver. Any forbearance by Beneficiary in exercising any right or remedy shall not be a waiver of the exercise of any such right or remedy, nor shall acceptance by Beneficiary of any payment provided for in the Note constitute a waiver of Beneficiary's right to require prompt payment of any remaining amounts owed. The procurement of insurance or the payment of taxes or other liens or charges by Beneficiary shall not be a waiver of Beneficiary's right to accelerate the maturity of the indebtedness secured by this Deed of Trust.

14. Remedies Cumulative. All remedies provided in this Deed of Trust are distinct and cumulative to any other right or remedy under this Deed of Trust or any other document, including the Note, or afforded by law or equity, and may be exercised concurrently, independently or successively at the discretion of Beneficiary.

15. Reconveyance. Upon payment of all sums secured by this Deed of Trust, as set forth in the Note, Beneficiary shall request Trustee to reconvey the Security and shall surrender this Deed of Trust and the Note to Trustee. Trustee shall reconvey the Security without warranty and without charge to the person or persons legally entitled thereto. Such person or persons shall pay all costs of recordation, if any.

16. Substitute Trustee. Beneficiary, at its option, may from time to time remove Trustee and appoint a successor trustee to any Trustee appointed hereunder. The successor trustee shall succeed to all the title, power and duties conferred upon Trustee herein and by applicable law.

17. Notice. All notices, demands and requests which may be given, or which are required to be given by any party to this Deed of Trust, and any exercise of a right of termination provided by this Deed of Trust, shall be in writing and shall be deemed effective either: (1) on the third (3rd) business day after being sent, by certified or registered mail, return receipt requested, addressed to the intended recipient at the address specified below; (2) on the first (1st) business day after being deposited into the custody of a nationally recognized overnight delivery service (i.e., FedEx Corporation, UPS, or DHL) addressed to such party at the address specified below; or (3) on the business day sent via electronic mail in Portable Document Format (PDF) with

confirmation of receipt, in which case notice shall be deemed delivered upon receipt of confirmation of receipt. For purposes of this section, the addresses of the parties for all notices are as follows:

If to Trustor: Cottage Industries LLC  
Attn.: Linda Sadeghi  
696 Randolph Avenue, Suite A  
Costa Mesa, CA 92626

If to Beneficiary: City of Garden Grove  
Attn.: City Manager  
11222 Acacia Parkway  
Garden Grove, CA 92840

18. Governing Law. This Deed of Trust shall be governed by the laws of the State of California.

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

20. Captions. The captions and headings in this Deed of Trust are for convenience only and are not to be used to interpret or define the provisions hereof.

21. Exhibits. Any exhibits referred to in this Deed of Trust are incorporated in this Deed of Trust by such reference.

22. Subordination. This Deed of Trust shall be automatically subordinate to a deed of trust, to be executed by Trustor or Trustor's successor in interest and recorded in Orange County, California, to secure a loan (hereafter referred to as a "Project Financing Loan") obtained for the purpose of the construction, permanent, or so-called "take-out" financing or refinancing of the acquisition, development, construction, maintenance, repair, and operation of the Cottage Industries project that is the subject of that certain Disposition and Development Agreement entered into by and between LAB Holding LLC (whose interest was subsequently assigned to Trustor) and City and dated as of May 10, 2016, as the same may be amended from time to time (the "DDA"). For purposes of this Deed of Trust, a Project Financing Loan shall include any advance of funds to Trustor (or successor in interest) by the lender for the purpose of acquiring, developing, constructing, maintaining, repairing, and operating the Cottage Industries project consistent with the DDA, whether in the form of a mortgage, deed of trust, or other security instrument in favor of the lender. The following are the conditions to this subordination:

- a. At the time of recordation of the deed of trust securing the Project Financing Loan, no unrescinded Notice of Default of this Deed of Trust appears of record.
- b. Any funds derived from the Project Financing Loan shall be used only for the acquisition, development, construction (including both so-called “hard” and “soft” costs), maintenance, repair, and operation of the Cottage Industries project that is the subject of the DDA, including without limitation for the payment of loan fees, interest, or charges directly connected with the Project Financing Loan.
- c. The total amount of the Project Financing Loan shall not exceed eighty percent (80%) of the anticipated value of the entire Cottage Industries project (including all parcels subject to the DDA, including but not limited to the Property) after completion of the construction of the Cottage Industries project or, if the Project Financing Loan is to be issued after completion of construction, within ninety (90) days prior to the date of issuance of the Project Financing Loan. For example, if the value of the Cottage Industries project is estimated at \$4 million after completion of construction and the Project Financing Loan is issued prior to completion, the principal amount of the Project Financing Loan shall not exceed \$3.2 million.
- d. No portion of the Project Financing Loan shall be used to pay loan fees, interest, or other charges not directly connected with the acquisition, development, construction, maintenance, repair, and operation of the Cottage Industries project.
- e. The proceeds of any Project Financing Loan issued prior to completion of construction of the Cottage Industries project shall be disbursed by the lender either through its own offices or through a bonded disbursement control agency only after inspection of the work completed and presentation of vouchers signed by Trustor or its successor in interest for the cost of work, labor, or materials actually performed or used in the acquisition, development, and construction of improvements comprising the Cottage Industries project.
- f. The remaining terms and provisions of the construction loan shall be as required by the lender.

Beneficiary shall, within fifteen ( 15) days after receipt of a written request therefor from Trustor, execute a separate agreement of subordination, in recordable form, in favor of the lender for any Project Financing Loan to which this Deed of Trust is hereby subordinated, and deliver the subordination agreement to the lender or the lender’s title company designated by Trustor. The terms of any such subordination agreement shall prevail over the subordination provisions provided for in this Deed of Trust. Beneficiary’s Executive Director shall have authority to approve and execute such subordination agreement.



[SIGNATURE PAGE FOLLOWS]

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

COTTAGE INDUSTRIES LLC  
a California limited liability company

By: \_\_\_\_\_  
Printed Name: Linda Sadeghi, as agent and manager

Date: December \_\_, 2022

EXHIBIT "A" TO DEED OF TRUST

LEGAL DESCRIPTION OF THE PROPERTY

That certain real property located in the City of Garden Grove, County of Orange, State of California more particularly described as follows:

1. APN 090-172-31 (11301 Garden Grove Blvd., Garden Grove)

LOTS 19 AND 20 OF TRACT NO. 431, IN THE CITY OF GARDEN GROVE, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 16, PAGE 49 OF MISCELLANEOUS MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

2. APN 090-174-19 (11461 Garden Grove Blvd., Garden Grove)

THE EAST 90 FEET OF THE SOUTH 125 FEET OF BLOCK 6 OF THE GARDEN GROVE HOME TRACT, AS SHOWN ON A MAP RECORDED IN BOOK 4, PAGE 57, OF MISCELLANEOUS MAPS, RECORDS OF ORANGE COUNTY, CALIFORNIA.

**EXHIBIT E**

**FORM OF AUTHORITY PARCELS PROMISSORY NOTE**

[On following pages]

PROMISSORY NOTE SECURED BY DEED OF TRUST

Principal Amount: \$772,346.72 (the “Loan Amount”)

December \_\_, 2022 (the “Note Date”)

FOR VALUE RECEIVED, the undersigned, COTTAGE INDUSTRIES LLC, a California limited liability company (“Borrower”) promises to pay to the GARDEN GROVE HOUSING AUTHORITY, a public body, corporate and politic (“Authority”), or to order at 11222 Acacia Parkway, Garden Grove, California, 92840, or such other place as Authority may designate in writing, the principal sum of SEVEN HUNDRED SEVENTY-TWO THOUSAND THREE HUNDRED FORTY-SIX DOLLARS AND SEVENTY-TWO CENTS (\$772,346.72), plus interest, as set forth below, on the terms specified below.

1. Agreement. This Note is given in accordance with that certain Purchase and Sale Agreement dated as of December 21, 2022, and entered into by and among the City of Garden Grove, Authority, and Borrower. The obligations of the Borrower under this Note shall be subject to the terms of the Deed of Trust of even date herewith, which secures performance under this Note.

2. Definitions. The terms set forth in this section shall have the following meanings in this Note. Capitalized terms not defined in this Note shall have the same meanings as defined in the Deed of Trust, the terms of which are incorporated into this Note by this reference.

(a) “Deed of Trust” shall mean that certain Deed of Trust, of even date herewith, executed by Borrower for the benefit of Authority, which Deed of Trust secures the obligations of this Note.

(b) “Loan Amount” shall mean the sum of \$772,346.72 that is being loaned by Authority to Borrower, repayment of which Loan Amount is the subject of this Note.

(c) “Note” shall mean this Promissory Note Secured by Deed of Trust.

(d) “Note Date” shall mean the date first written above.

(e) “Parties” shall mean Authority and Borrower.

(f) “Property” shall mean that certain real property described on Exhibit “A,” attached hereto and incorporated herein, together with all improvements, and fixtures now or hereafter constructed, placed, or located on the Property.

(g) “Purchase and Sale Agreement” shall have the meaning ascribed to that term in Section 1 of this Note.

(h) “Term” shall mean the term of this Note, which shall begin on the date first set forth above and shall end on December 29, 2023.

3. Repayment.

(a) Monthly Interest-Only Payments. Starting on February 1, 2023, and continuing thereafter from month-to-month until December 29, 2023, when principal and accrued interest thereon, if any, are due and payable, Borrower shall make monthly payments to City, or to order, on the first day of each calendar month, of interest only, in arrears, at the rate of four percent per annum (4%) computed on the basis of a 360-day year. The monthly payments for each full calendar month during the Term shall be in the amount of Two Thousand Five Hundred Seventy-Four Dollars and Forty-Nine Cents (\$2,574.49). Interest payments due for partial calendar months shall be prorated. Thus, the first payment to be made on or before February 1, 2023, shall additionally include the product of (1) Eighty-Five Dollars and Eighty-Two Cents (\$85.82) multiplied by the number of days in the month of December 2022 after the Note Date and the last payment to be made on or before December 29, 2023, shall include an interest payment of Two Thousand Four Hundred Eighty-Eight Dollars and Sixty-Seven Cents (\$85.82 per day X 29 days = \$2,488.67).

(b) Repayment in Full. At the end of the Term of this Note, the entire unpaid principal balance and all accrued interest, if any, shall be due and payable. Furthermore, the total amount of the unpaid principal owed under this Note shall immediately become due and payable in the event of a default by Borrower under this Note or the Deed of Trust. Failure to declare such amounts due shall not constitute a waiver on the part of Authority to declare them due in the event of a subsequent default.

(c) Terms of Payment. All amounts due and payable under the Note are payable at the Office of Authority at the address provided above, or at such other place or places as Authority may designate to Borrower in writing from time to time. Any payment under this Note shall 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 and which on the respective dates on which such payments are due shall be in immediately available funds.

(d) Prepayments. Borrower may prepay all or part of the principal balance plus applicable interest due under this Note without penalty.

4. Prohibition Against Transfer of Interest. Borrower shall not make any transfer, sale, assignment or conveyance, or transfer in any other form, other than in accordance with the terms of this Note or the Deed of Trust. If any such transfer is made, all amounts due under this Note shall become immediately due and payable without further notice by City, as set forth herein. The following events shall not be considered a transfer of interest: (a) a change in ownership of Borrower as a result of a merger, consolidation, reorganization, or joint venture; (b) the sale, exchange, issuance, or other transfer of Borrower's stock on a national exchange or between Borrower's parent company, if any, and any subsidiary, affiliate, related entity, or other entity that controls, is controlled by, or is under common control with Borrower; (c) the Transfer of this Note to Borrower's parent entity, if any, or any subsidiary, affiliate, related entity, an entity that controls, is controlled by, or is under common control with Borrower; (d) a collateral assignment of Borrower's interest in this Note to a lender as security for any indebtedness of Borrower to the lender; or (e) the leasing of any property subject to the Deed of Trust or any portion of Buyer's planned Cottage Industries project to a tenant occupying the completed improvements in the ordinary course of business. Borrower shall not be required to obtain Authority's consent and Authority shall have no right to delay, alter, or impede any of the foregoing transactions or

combinations thereof, but a transfer of interest pursuant to clauses (a)-(d) of the preceding sentence (but not clause (e)) shall be effective only upon not less than sixty (60) days written notice to Authority.

5. Security. The Deed of Trust, dated the same date as this Note, secures this Note.

6. Waivers.

(a) Borrower expressly agrees that this Note or any payment hereunder may be extended from time to time at Authority's sole discretion and that Authority may accept security in consideration for any such extension or release any security for this Note at its sole discretion all without in any way affecting the liability of Borrower.

(b) No extension of time for payment of this Note or any installment hereof made by agreement by Authority with any person or party now or hereafter liable for payment of this Note shall 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 Borrower under this Note shall be absolute and Borrower waives any and all rights:

(i) to offset, deduct, or withhold any payments or charges due under this Note for any reasons whatsoever;

(ii) of presentment for payment, demand, protest and notices of dishonor and protest made by Authority; and

(iii) with respect to Authority's diligence in taking any action to collect any sums owing under this Note or in proceeding against any of Authority's rights and interests in and to properties securing payment of this Note.

7. Attorney Fees and Costs. Borrower agrees, that if any amounts due under this Note are not paid when due, in addition to any such past due amounts, Borrower shall pay, all costs and expenses of collection and reasonable attorney fees paid or incurred by Authority in connection with the collection or enforcement of this Note; whether or not suit is filed.

8. Deed of Trust Acceleration. This Note is secured by a Deed of Trust on the Property. The Deed of Trust provides for acceleration of the payments due under this Note, along with applicable interest, as set forth in Section 9, below, in the event of default (after expiration of any applicable cure period) under the Deed of Trust or this Note.

9. Default. Borrower shall be in default under this Note if Borrower: (i) fails to pay any money when due under this Note; (ii) breaches any representation or covenant made in this Note in any material respect; or (iii) breaches any provision of the Deed of Trust.

All covenants, conditions, and agreements contained in this Note and the Deed of Trust are hereby made a part of this Note, and Borrower agrees that the unpaid balance of the then principal amount of this Note, together with all charges owing, shall, at the option of Authority hereof, become

immediately due and payable, and thereafter until paid bear interest at the rate of ten percent (10%) per annum (“Default Rate”), compounded annually upon the failure of the Borrower to make any payment hereunder, as and when due (after expiration of any applicable cure period); upon the failure of Borrower to perform or observe any other term or provision of this Note; or upon the occurrence of any event (whether termed default, event of default, or similar term) which (after the expiration of any applicable cure period) under the terms of this Note or the Deed of Trust shall entitle Authority to exercise rights or remedies thereunder.

10. Governing Law. This Note shall be construed in accordance with and be governed by the laws of the State of California.

11. Severability. If any provision of this Note shall be invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby.

12. Time. Time is of the essence in this Note.

13. No Waiver by Authority. No waiver of any breach, default, or failure of condition under the terms of this Note or the Deed of Trust or the obligations secured thereby shall be implied from any failure of Authority to take, or any delay by Authority in taking, action with respect to such breach, default or failure, or any form of previous waiver of any similar or unrelated breach, default or failure; and waiver of any term of this Note or the Deed of Trust or any of the obligations secured thereby must be made in writing and shall be limited to the express written terms of such waiver.

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

15. Notices. All notices required in this Note shall be sent in accordance with Section 17 of the Deed of Trust.

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

[SIGNATURE PAGE FOLLOWS]



COTTAGE INDUSTRIES LLC  
a California limited liability company

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

As agent and manager

Date: December \_\_, 2022

EXHIBIT "A" TO PROMISSORY NOTE

LEGAL DESCRIPTION OF THE PROPERTY

That certain real property located in the City of Garden Grove, County of Orange, State of California more particularly described as follows:

1. APN 090-172-15 (12951 7<sup>th</sup> Street, Garden Grove)

LOT 18 OF TRACT NO. 431, IN THE CITY OF GARDEN GROVE, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 16, PAGE 49 OF MISCELLANEOUS MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

2. APN 090-174-07 (11421 Garden Grove Blvd., Garden Grove)

THE EAST 111.00 FEET OF THE WEST 121.00 FEET OF THE SOUTH 125.00 FEET, IN BLOCK 6 OF GARDEN GROVE HOME TRACT, IN THE CITY OF GARDEN GROVE, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 4, PAGE 57 OF MISCELLANEOUS MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

3. APN 090-174-06 (12942 8<sup>th</sup> Street, Garden Grove)

THAT PORTION OF BLOCK 6 OF THE GARDEN GROVE HOME TRACT, AS SHOWN ON A MAP RECORDED IN BOOK 4, PAGE 57 OF MISCELLANEOUS MAPS, RECORDS OF ORANGE COUNTY, CALIFORNIA, DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT IN THE WEST LINE OF SAID BLOCK 6, WHICH POINT IS 185.36 FEET SOUTHERLY FROM THE INTERSECTION OF SAID WEST LINE WITH THE WESTERLY EXTENSION OF THE SOUTH LINE OF LOT 8 OF TRACT NO. 631, AS SHOWN ON A MAP RECORDED IN BOOK 20, PAGE 26 OF SAID MISCELLANEOUS MAPS, SAID POINT BEING THE SOUTHWEST CORNER OF THE LAND CONVEYED TO JOHN MATTHEWS AND WIFE BY DEED RECORDED JULY 12, 1958 IN BOOK 1668, PAGE 32 OF OFFICIAL RECORDS OF SAID ORANGE COUNTY;

THENCE SOUTH ALONG THE WEST LINE OF SAID BLOCK 6 A DISTANCE OF 55.80 FEET TO A POINT 125.00 FEET NORTH OF THE SOUTHWEST CORNER OF SAID BLOCK 6;

THENCE EAST 10.00 FEET TO THE NORTHWEST CORNER OF LAND CONVEYED TO C. LOWELL CLARKE AND WIFE BY DEED RECORDED JULY 21, 1943 IN BOOK 1197, PAGE 472 OF SAID OFFICIAL RECORDS;

THENCE CONTAINING EAST ALONG THE NORTH LINE OF SAID LAND CONVEYED TO CLARKE AND THE EASTERLY EXTENSION THEREOF, 135.66 FEET;

THENCE NORTH 55.80 FEET TO THE SOUTHEAST CORNER OF SAID LAND  
CONVEYED TO JOHN MATTHEWS AND WIFE;

THENCE WEST ALONG THE SOUTH LINE OF SAID LAND CONVEYED TO MATTHEWS  
AND WIFE 145.66 FEET TO THE POINT OF BEGINNING.

**EXHIBIT F**

**FORM OF AUTHORITY PARCELS DEED OF TRUST**

[On following pages]

RECORDING REQUESTED BY  
AND WHEN RECORDED MAIL TO:

City of Garden Grove  
Attn.: City Clerk  
11222 Acacia Parkway  
Garden Grove, CA 92840

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No fee document pursuant to  
Government Code Section 27383

APNs 090-172-15, 090-174-07, and 090-174-06

DEED OF TRUST AND SECURITY AGREEMENT

THIS DEED OF TRUST AND SECURITY AGREEMENT (“Deed of Trust”) is made this \_\_\_ day of December, 2022, by trustor Cottage Industries LLC, a California limited liability company (“Trustor”), and trustee First American Title Insurance Company (“Trustee”), for the benefit of the Garden Grove Housing Authority, a public agency, corporate and , as beneficiary (“Beneficiary”).

FOR GOOD AND VALUABLE CONSIDERATION, including the indebtedness herein recited, the receipt of which is hereby acknowledged, Trustor, hereby irrevocably grants, transfers, conveys and assigns to Beneficiary, 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 Orange County, California, described in the attached Exhibit “A” and more commonly known as the “Property.”

TOGETHER WITH all easements, rights-of-way and rights used in connection therewith or as a means of access thereto;

TOGETHER WITH any and all buildings, improvements and landscaping of every kind and description now or hereafter erected thereon, and all property of Trustor now or hereafter affixed to or placed upon the Property (sometimes collectively referred to as the “Improvements”);

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

TOGETHER WITH all estate, interest, right, title, 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 oil, gas and mineral rights (including royalty and leasehold rights relating thereto), all water and water rights and shares of stock relating thereto, and any and all awards made for the taking

by eminent domain or by and proceeding or purchase in lieu thereof of the whole or any part of such property; and

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

All of the foregoing, together with the Property, is herein referred to as the "Security".

To have and to hold the Security together with acquittances to the Trustee, its successors and assigns forever.

TO SECURE to Beneficiary the obligations and any payments required by that certain Promissory Note, executed by Trustor in favor of Beneficiary of even date herewith, along with any exhibits attached thereto (the "Note");

TO SECURE to Beneficiary the performance by Trustor of all agreements and adherence to all conditions set forth herein and in the Note;

TO SECURE all renewals, extensions, supplements and other modifications of any of the foregoing, including without limitation modifications that are evidenced by new or additional documents or that change the rate of interest on any obligation; and

TO SECURE the payment of all other sums, with interest thereon, advanced in accordance herewith, to protect the security of this Deed of Trust; and the performance of the covenants and agreements of Trustor herein contained.

All of the foregoing obligations, as well as those identified hereafter, are referred to collectively herein as the "Trustor Covenants."

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

1. Purpose. This Deed of Trust secures Trustor's obligation to repay the Note and perform all of Trustor's obligations set forth in the Note.

2. Definitions. The terms set forth in this section shall have the following meanings in this Deed of Trust. Any capitalized terms not defined in this Deed of Trust shall have the same meanings ascribed to such terms in the Note, the terms of which have been incorporated into this Deed of Trust.

a. "Trustor" shall mean Cottage Industries LLC.

- b. “Deed of Trust” shall mean this Deed of Trust and Security Agreement.
- c. “Loan” and “Loan Amount” shall have the same meanings as set forth in the Note.
- d. “Note” shall mean that certain Promissory Note secured by this Deed of Trust, of even date herewith, executed by Trustor for the benefit of Beneficiary.
- e. “Beneficiary” shall mean the Garden Grove Housing Authority, a public agency, corporate and politic.
- f. “Property” shall mean that certain real property legally described on Exhibit “A,” attached to this Deed of Trust and incorporated herein, together with all Improvements, and fixtures now or hereafter constructed, placed or located on the Property.
- g. “Term” shall mean the term of the Note, the obligations of which are secured by this Deed of Trust.

3. Trustor’s Estate. Trustor represents and warrants that it is lawfully seized of the estate hereby conveyed, that it has the right to grant and convey the Security, and that, subject to Trustor’s rights set forth in Section 22 of this Deed of Trust, other than this Deed of Trust and the Note, the Security is not encumbered by any senior liens. Trustor agrees to warrant and defend generally the title to the Security against all claims and demands, subject to any declarations, easements or restrictions listed in a schedule of exceptions to coverage of any title insurance policy insuring Beneficiary’s interest in the Security.

4. Payment of Sums Owed. Trustor shall promptly pay to Beneficiary, when due, any amounts due under the Note.

5. Trustor Covenants. Trustor will observe and perform all of the covenants and agreements of the Trustor Covenants, as more specifically contained herein.

6. Liens. Except as permitted pursuant to Section 22 of this Deed of Trust or as otherwise approved in writing by Beneficiary, Trustor shall not cause, incur, suffer or permit to exist or become effective any lien, encumbrance or charge upon all or any part of the Property, or any interest therein other than (i) easements, rights of way, covenants, conditions, restrictions, liens and other title limitations, and (ii) immaterial easements and rights of way which are required by governmental authorities as a condition to the use of the Security (collectively, the “Permitted Encumbrances”). Trustor shall pay and promptly discharge, at Trustor’s cost and expense, all liens, encumbrances and charges upon the Security, or any part thereof or interest therein other than the Permitted Encumbrances. If Trustor shall fail to remove and discharge any such lien, encumbrance, or charge, then, in addition to any other right or remedy of Beneficiary, Beneficiary may, but shall not be obligated to, discharge the same, without inquiring into the validity of such lien, encumbrance or charge nor inquiring into the existence of any defense or offset thereto, either by paying the amount claimed to be due, or by procuring the discharge of such lien, encumbrance or charge by depositing in court a bond or the amount claimed, or otherwise giving security for

such claim, in such manner as is or may be prescribed by law. Trustor shall, immediately upon demand by Beneficiary, pay to Beneficiary an amount equal to all costs and expenses incurred by Beneficiary in connection with the exercise by Beneficiary of the foregoing right to discharge any such lien, encumbrance or charge, together with interest thereon from the date of such expenditure and, until paid, such sums shall be secured hereby.

7. Preservation and Maintenance of Security. Trustor agrees that at all times prior to full payment of the sums owed under the Note, secured by this Deed of Trust, that Trustor will, maintain, preserve and keep the Security or cause the Security to be maintained and preserved in good condition and repair and in a prudent and businesslike manner.

8. Protection of Beneficiary's Security.

- a. If Trustor fails to perform the Trustor Covenants or any obligations contained in this Deed of Trust, or the Note, if an Event of Default, as defined hereafter, occurs, or if any action or proceeding is commenced which materially affects Beneficiary's interest in the Security, then Beneficiary, at its option and upon notice to Trustor, may make such appearances, disburse such sums and take such action as it determines necessary to protect Beneficiary's interest, including but not limited to, disbursement of reasonable attorney's fees and necessary repairs to the Security.
- b. Any amounts disbursed by Beneficiary pursuant to this Section will become an indebtedness of Trustor secured by this Deed of Trust. Unless Trustor and Beneficiary agree to other terms of payment, such amount will be payable upon notice from Beneficiary to Trustor requesting payment thereof, and will bear interest of ten percent (10%) from the date of disbursement unless payment of interest at such rate would be contrary to applicable law, in which event such amounts will bear interest at the highest rate permissible under applicable law. Beneficiary to insure any expense or take any action hereunder.
- c. In the event that Trustor fails to observe or perform any obligations or Trustor Covenants under this Deed of Trust, or the Note, then Beneficiary may hold Trustor in default, treat the occurrence as an Event of Default pursuant to this Deed of Trust, and take any actions available under this Deed of Trust, or the Note, including, but not limited to, acceleration of any payments due or sale of the Security, as provided for hereafter.

9. Events of Default. Each of the following shall constitute an event of default ("Event of Default"): (a) the occurrence of any default under the provisions of this Deed of Trust, or the Note; or (b) the failure to make any payment or perform any of Trustor's other obligations now or hereafter secured by this Deed of Trust (subject to any applicable cure period).

10. Acceleration; Remedies and Notice. If Trustor is in default of any obligations under this Deed of Trust (including the Trustor Covenants), or the Note, or at the occurrence of any Event



of Default, then at the option of Beneficiary, the amount of any payment related to any such default, the Loan Amount under the Note, as applicable, and any other indebtedness and other obligations secured hereby shall immediately become due and payable without presentment, protest notice or demand, all of which are hereby expressly waived, upon written notice by Beneficiary to Trustor and no omission on the part of Beneficiary to exercise such option when entitled to do so shall be construed as a waiver of such right.

Upon Trustor's breach of any covenant or agreement in this Deed of Trust (including, but not limited to, the covenant to pay, when due, any sums secured by this Deed of Trust), or the Note, or upon the occurrence of an Event of Default, Beneficiary, prior to acceleration of the sums due under the Note, shall provide notice by certified mail, return receipt requested, to Trustor specifying:

- a. the breach or Event of Default;
- b. if the breach or Event of Default is curable, and the action required to cure such breach;
- c. a date, not less than thirty (30) days from the date the notice is effective, by which such breach, if curable, is to be cured; and
- d. if the breach is curable, that failure to cure such breach on or before the date specified in the notice may result in acceleration of the sums due under the Note, as secured by this Deed of Trust, as well as sale of the Security (collectively the "Notice of Default")

If the breach or Event of Default is not curable or is not cured on or before the date specified in the Notice of Default, Beneficiary, at its option, may:

- i. declare all of the sums secured by this Deed of Trust to be immediately due and payable without further demand and may invoke the power of sale and any other remedies permitted by California law;
- ii. commence an action to foreclose this Deed of Trust as a mortgage, or specifically enforce any of the covenants hereof;
- iii. deliver to Trustee a written declaration of default and demand for sale, pursuant to the provisions for notice of sale as the law may require; or
- iv. exercise all other rights and remedies provided herein, in the instruments by which Trustor acquires title to any Security, or in any other document or agreement now or hereafter evidencing, creating or securing all or any portion of the obligations secured hereby; or provided by law.

The Notice of Default shall also inform Trustor of Trustor's right to reinstate after acceleration and the right to bring a court action to assert the nonexistence of default or any other defense of Trustor to acceleration and sale.

Beneficiary shall be entitled to collect all reasonable costs and expenses incurred in pursuing the remedies provided in this Section.

11. Foreclosure by Power of Sale. Should Beneficiary elect to foreclose by exercise of the power of sale herein contained, Beneficiary shall notify Trustee and shall deposit with Trustee this Deed of Trust, and the Note, which is secured hereby (and the deposit of which shall be deemed to constitute evidence that unpaid amounts due pursuant to the Note 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 of election to foreclose from Beneficiary, Trustee shall cause to be recorded, published and delivered to Beneficiary's notice of 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 a Notice of Default and after Notice of Sale having been given as required by law, sell the Security, at the time and place of sale fixed by it in said Notice of Sale, whether as a whole or in separate lots or parcels or items as Trustee shall deem expedient and in such order as it may determine unless specified otherwise to Trustor according to law, 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. 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 amounts due pursuant to the Note; (ii) all other sums then secured hereby, as applicable; and (iii) the remainder, if any, to Trustor.
- c. Trustee may postpone sale of all or any portion of the Security 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.

12. Trustor's Right to Reinstate. Notwithstanding Beneficiary's acceleration of the sums secured by this Deed of Trust, or other actions taken in response to any Event of Default of Trustor, Trustor shall have the right to have any proceedings commenced by Beneficiary, to enforce this Deed of Trust, discontinued at any time prior to five (5) days before sale of the Security pursuant to the power of sale contained in this Deed of Trust or at any time prior to entry of a judgment enforcing this Deed of Trust if:

- d. Trustor pays Beneficiary all sums which would be then due under this Deed of Trust, or the Note, as applicable;
- e. Trustor cures all breaches of any other covenants or agreements of Trustor contained in this Deed of Trust, or the Note, as applicable
- f. Trustor pays all reasonable expenses incurred by Beneficiary and Trustee in enforcing the covenants and agreements of Trustor contained in this Deed of Trust, and in enforcing Beneficiary's and Trustee's remedies, including, but not limited to, reasonable attorney's fees, as applicable; and
- g. Trustor takes such action as Beneficiary may reasonably require to assure that the lien of this Deed of Trust, Beneficiary's interest in the Security and Trustor's obligation to pay the sums secured by this Deed of Trust shall continue unimpaired.

Upon such payment and cure by Trustor, this Deed of Trust and the obligations secured hereby shall remain in full force and effect as if no acceleration had occurred.

13. Forbearance by Beneficiary Not a Waiver. Any forbearance by Beneficiary in exercising any right or remedy shall not be a waiver of the exercise of any such right or remedy, nor shall acceptance by Beneficiary of any payment provided for in the Note constitute a waiver of Beneficiary's right to require prompt payment of any remaining amounts owed. The procurement of insurance or the payment of taxes or other liens or charges by Beneficiary shall not be a waiver of Beneficiary's right to accelerate the maturity of the indebtedness secured by this Deed of Trust.

14. Remedies Cumulative. All remedies provided in this Deed of Trust are distinct and cumulative to any other right or remedy under this Deed of Trust or any other document, including the Note, or afforded by law or equity, and may be exercised concurrently, independently or successively at the discretion of Beneficiary.

15. Reconveyance. Upon payment of all sums secured by this Deed of Trust, as set forth in the Note, Beneficiary shall request Trustee to reconvey the Security and shall surrender this Deed of Trust and the Note to Trustee. Trustee shall reconvey the Security without warranty and without charge to the person or persons legally entitled thereto. Such person or persons shall pay all costs of recordation, if any.

16. Substitute Trustee. Beneficiary, at its option, may from time to time remove Trustee and appoint a successor trustee to any Trustee appointed hereunder. The successor trustee shall succeed to all the title, power and duties conferred upon Trustee herein and by applicable law.

17. Notice. All notices, demands and requests which may be given, or which are required to be given by any party to this Deed of Trust, and any exercise of a right of termination provided by this Deed of Trust, shall be in writing and shall be deemed effective either: (1) on the third (3rd) business day after being sent, by certified or registered mail, return receipt requested, addressed to the intended recipient at the address specified below; (2) on the first (1st) business

day after being deposited into the custody of a nationally recognized overnight delivery service (i.e., FedEx Corporation, UPS, or DHL) addressed to such party at the address specified below; or (3) on the business day sent via electronic mail in Portable Document Format (PDF) with confirmation of receipt, in which case notice shall be deemed delivered upon receipt of confirmation of receipt. For purposes of this section, the addresses of the parties for all notices are as follows:

If to Trustor: Cottage Industries LLC  
Attn.: Linda Sadeghi  
696 Randolph Avenue, Suite A  
Costa Mesa, CA 92626

If to Beneficiary: Garden Grove Housing Authority  
Attn.: Executive Director  
11222 Acacia Parkway  
Garden Grove, CA 92840

18. Governing Law. This Deed of Trust shall be governed by the laws of the State of California.

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

20. Captions. The captions and headings in this Deed of Trust are for convenience only and are not to be used to interpret or define the provisions hereof.

21. Exhibits. Any exhibits referred to in this Deed of Trust are incorporated in this Deed of Trust by such reference.

22. Subordination. This Deed of Trust shall be automatically subordinate to a deed of trust, to be executed by Trustor or Trustor's successor in interest and recorded in Orange County, California, to secure a loan (hereafter referred to as a "Project Financing Loan") obtained for the purpose of the construction, permanent, or so-called "take-out" financing or refinancing of the acquisition, development, construction, maintenance, repair, and operation of the Cottage Industries project that is the subject of that certain Disposition and Development Agreement entered into by and between LAB Holding LLC (whose interest was subsequently assigned to Trustor) and the City of Garden Grove and dated as of May 10, 2016, as the same may be amended from time to time (the "DDA"). For purposes of this Deed of Trust, a Project Financing Loan shall include any advance of funds to Trustor (or successor in interest) by the lender for the purpose of

acquiring, developing, constructing, maintaining, repairing, and operating the Cottage Industries project consistent with the DDA, whether in the form of a mortgage, deed of trust, or other security instrument in favor of the lender. The following are the conditions to this subordination:

- a. At the time of recordation of the deed of trust securing the Project Financing Loan, no unrescinded Notice of Default of this Deed of Trust appears of record.
- b. Any funds derived from the Project Financing Loan shall be used only for the acquisition, development, construction (including both so-called “hard” and “soft” costs), maintenance, repair, and operation of the Cottage Industries project that is the subject of the DDA, including without limitation for the payment of loan fees, interest, or charges directly connected with the Project Financing Loan.
- c. The total amount of the Project Financing Loan shall not exceed eighty percent (80%) of the anticipated value of the entire Cottage Industries project (including all parcels subject to the DDA, including but not limited to the Property) after completion of the construction of the Cottage Industries project or, if the Project Financing Loan is to be issued after completion of construction, within ninety (90) days prior to the date of issuance of the Project Financing Loan. For example, if the value of the Cottage Industries project is estimated at \$4 million after completion of construction and the Project Financing Loan is issued prior to completion, the principal amount of the Project Financing Loan shall not exceed \$3.2 million.
- d. No portion of the Project Financing Loan shall be used to pay loan fees, interest, or other charges not directly connected with the acquisition, development, construction, maintenance, repair, and operation of the Cottage Industries project.
- e. The proceeds of any Project Financing Loan issued prior to completion of construction of the Cottage Industries project shall be disbursed by the lender either through its own offices or through a bonded disbursement control agency only after inspection of the work completed and presentation of vouchers signed by Trustor or its successor in interest for the cost of work, labor, or materials actually performed or used in the acquisition, development, and construction of improvements comprising the Cottage Industries project.
- f. The remaining terms and provisions of the construction loan shall be as required by the lender.

Beneficiary shall, within fifteen ( 15) days after receipt of a written request therefor from Trustor, execute a separate agreement of subordination, in recordable form, in favor of the lender for any Project Financing Loan to which this Deed of Trust is hereby subordinated, and deliver the

subordination agreement to the lender or the lender's title company designated by Trustor. The terms of any such subordination agreement shall prevail over the subordination provisions provided for in this Deed of Trust. Beneficiary's Executive Director shall have authority to approve and execute such subordination agreement.

[SIGNATURE PAGE FOLLOWS]

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

COTTAGE INDUSTRIES LLC  
a California limited liability company

By: \_\_\_\_\_  
Printed Name: Linda Sadeghi, as agent and manager

Date: December \_\_, 2022

EXHIBIT "A" TO DEED OF TRUST

LEGAL DESCRIPTION OF THE PROPERTY

That certain real property located in the City of Garden Grove, County of Orange, State of California more particularly described as follows:

1. APN 090-172-15 (12951 7<sup>th</sup> Street, Garden Grove)

LOT 18 OF TRACT NO. 431, IN THE CITY OF GARDEN GROVE, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 16, PAGE 49 OF MISCELLANEOUS MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

2. APN 090-174-07 (11421 Garden Grove Blvd., Garden Grove)

THE EAST 111.00 FEET OF THE WEST 121.00 FEET OF THE SOUTH 125.00 FEET, IN BLOCK 6 OF GARDEN GROVE HOME TRACT, IN THE CITY OF GARDEN GROVE, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 4, PAGE 57 OF MISCELLANEOUS MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

3. APN 090-174-06 (12942 8<sup>th</sup> Street, Garden Grove)

THAT PORTION OF BLOCK 6 OF THE GARDEN GROVE HOME TRACT, AS SHOWN ON A MAP RECORDED IN BOOK 4, PAGE 57 OF MISCELLANEOUS MAPS, RECORDS OF ORANGE COUNTY, CALIFORNIA, DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT IN THE WEST LINE OF SAID BLOCK 6, WHICH POINT IS 185.36 FEET SOUTHERLY FROM THE INTERSECTION OF SAID WEST LINE WITH THE WESTERLY EXTENSION OF THE SOUTH LINE OF LOT 8 OF TRACT NO. 631, AS SHOWN ON A MAP RECORDED IN BOOK 20, PAGE 26 OF SAID MISCELLANEOUS MAPS, SAID POINT BEING THE SOUTHWEST CORNER OF THE LAND CONVEYED TO JOHN MATTHEWS AND WIFE BY DEED RECORDED JULY 12, 1958 IN BOOK 1668, PAGE 32 OF OFFICIAL RECORDS OF SAID ORANGE COUNTY;

THENCE SOUTH ALONG THE WEST LINE OF SAID BLOCK 6 A DISTANCE OF 55.80 FEET TO A POINT 125.00 FEET NORTH OF THE SOUTHWEST CORNER OF SAID BLOCK 6;

THENCE EAST 10.00 FEET TO THE NORTHWEST CORNER OF LAND CONVEYED TO C. LOWELL CLARKE AND WIFE BY DEED RECORDED JULY 21, 1943 IN BOOK 1197, PAGE 472 OF SAID OFFICIAL RECORDS;

THENCE CONTAINING EAST ALONG THE NORTH LINE OF SAID LAND CONVEYED TO CLARKE AND THE EASTERLY EXTENSION THEREOF, 135.66 FEET;



THENCE NORTH 55.80 FEET TO THE SOUTHEAST CORNER OF SAID LAND  
CONVEYED TO JOHN MATTHEWS AND WIFE;

THENCE WEST ALONG THE SOUTH LINE OF SAID LAND CONVEYED TO MATTHEWS  
AND WIFE 145.66 FEET TO THE POINT OF BEGINNING.

**EXHIBIT G**

**FORM OF CITY PARCELS GRANT DEED**

[On following pages]

**RECORDING REQUESTS BY  
AND WHEN RECORDED RETURN TO:**

Cottage Industries LLC  
709 Randolph Ave.  
Costa Mesa, CA 92626  
Attention: Linda Sadeghi

APNs: 090-172-31 and 090-174-19

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[SPACE ABOVE FOR RECORDER'S USE ONLY]

**GRANT DEED**

FOR VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, the CITY OF GARDEN GROVE, a California municipal corporation (Grantor) hereby grants to COTTAGE INDUSTRIES LLC the real property located in the City of Garden Grove, County of Orange, State of California, that is described on "Exhibit A" attached hereto and incorporated herein by reference.

IN WITNESS WHEREOF, Grantor has executed this Grant Deed as of the date set forth below.

Dated: December \_\_, 2022

**CITY:**

\_\_\_\_\_  
City Manager

Attest:

\_\_\_\_\_  
City Clerk

EXHIBIT A TO GRANT DEED

LEGAL DESCRIPTION OF THE PROPERTY

That certain real property located in the City of Garden Grove, County of Orange, State of California more particularly described as follows:

1. APN 090-172-31 (11301 Garden Grove Blvd., Garden Grove)

LOTS 19 AND 20 OF TRACT NO. 431, IN THE CITY OF GARDEN GROVE, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 16, PAGE 49 OF MISCELLANEOUS MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

2. APN 090-174-19 (11461 Garden Grove Blvd., Garden Grove)

THE EAST 90 FEET OF THE SOUTH 125 FEET OF BLOCK 6 OF THE GARDEN GROVE HOME TRACT, AS SHOWN ON A MAP RECORDED IN BOOK 4, PAGE 57, OF MISCELLANEOUS MAPS, RECORDS OF ORANGE COUNTY, CALIFORNIA.

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 Orange )

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

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

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

WITNESS my hand and official seal.

Signature \_\_\_\_\_

(Seal)

\_\_\_\_\_

**EXHIBIT H**

**FORM OF AUTHORITY PARCELS GRANT DEED**

[On following pages]

**RECORDING REQUESTS BY  
AND WHEN RECORDED RETURN TO:**

Cottage Industries LLC  
709 Randolph Ave.  
Costa Mesa, CA 92626  
Attention: Linda Sadeghi

APNs: 090-172-15, 090-174-07, and 090-174-06

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[SPACE ABOVE FOR RECORDER'S USE ONLY]

**GRANT DEED**

FOR VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, the GARDEN GROVE HOUSING AUTHORITY, a public agency, corporate and politic (Grantor) hereby grants to COTTAGE INDUSTRIES LLC, the real property located in the City of Garden Grove, County of Orange, State of California, that is described on "Exhibit A" attached hereto and incorporated herein by reference.

IN WITNESS WHEREOF, Grantor has executed this Grant Deed as of the date set forth below.

Dated: December \_\_, 2022

**CITY:**

\_\_\_\_\_  
Executive Director

Attest:

\_\_\_\_\_  
City Clerk

EXHIBIT "A" TO GRANT DEED

LEGAL DESCRIPTION OF THE PROPERTY

That certain real property located in the City of Garden Grove, County of Orange, State of California more particularly described as follows:

1. APN 090-172-15 (12951 7<sup>th</sup> Street, Garden Grove)

LOT 18 OF TRACT NO. 431, IN THE CITY OF GARDEN GROVE, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 16, PAGE 49 OF MISCELLANEOUS MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

2. APN 090-174-07 (11421 Garden Grove Blvd., Garden Grove)

THE EAST 111.00 FEET OF THE WEST 121.00 FEET OF THE SOUTH 125.00 FEET, IN BLOCK 6 OF GARDEN GROVE HOME TRACT, IN THE CITY OF GARDEN GROVE, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 4, PAGE 57 OF MISCELLANEOUS MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

3. APN 090-174-06 (12942 8<sup>th</sup> Street, Garden Grove)

THAT PORTION OF BLOCK 6 OF THE GARDEN GROVE HOME TRACT, AS SHOWN ON A MAP RECORDED IN BOOK 4, PAGE 57 OF MISCELLANEOUS MAPS, RECORDS OF ORANGE COUNTY, CALIFORNIA, DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT IN THE WEST LINE OF SAID BLOCK 6, WHICH POINT IS 185.36 FEET SOUTHERLY FROM THE INTERSECTION OF SAID WEST LINE WITH THE WESTERLY EXTENSION OF THE SOUTH LINE OF LOT 8 OF TRACT NO. 631, AS SHOWN ON A MAP RECORDED IN BOOK 20, PAGE 26 OF SAID MISCELLANEOUS MAPS, SAID POINT BEING THE SOUTHWEST CORNER OF THE LAND CONVEYED TO JOHN MATTHEWS AND WIFE BY DEED RECORDED JULY 12, 1958 IN BOOK 1668, PAGE 32 OF OFFICIAL RECORDS OF SAID ORANGE COUNTY;

THENCE SOUTH ALONG THE WEST LINE OF SAID BLOCK 6 A DISTANCE OF 55.80 FEET TO A POINT 125.00 FEET NORTH OF THE SOUTHWEST CORNER OF SAID BLOCK 6;

THENCE EAST 10.00 FEET TO THE NORTHWEST CORNER OF LAND CONVEYED TO C. LOWELL CLARKE AND WIFE BY DEED RECORDED JULY 21, 1943 IN BOOK 1197, PAGE 472 OF SAID OFFICIAL RECORDS;

THENCE CONTAINING EAST ALONG THE NORTH LINE OF SAID LAND CONVEYED TO CLARKE AND THE EASTERLY EXTENSION THEREOF, 135.66 FEET;



THENCE NORTH 55.80 FEET TO THE SOUTHEAST CORNER OF SAID LAND  
CONVEYED TO JOHN MATTHEWS AND WIFE;

THENCE WEST ALONG THE SOUTH LINE OF SAID LAND CONVEYED TO MATTHEWS  
AND WIFE 145.66 FEET TO THE POINT OF BEGINNING.

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 Orange )

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

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

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

WITNESS my hand and official seal.

Signature \_\_\_\_\_

(Seal)