

## PROMISSORY NOTE

May 27, 2022

PRINCIPAL AMOUNT: \$1,025,000.00

FOR VALUE RECEIVED, the undersigned, JAMES E. WESLEY, JR., SUCCESSOR TRUSTEE of THE ETHEL M. HARRELL LIVING TRUST u/a dated November 20, 2007 ("Borrower"), whose address is 4311 7<sup>th</sup> Avenue, Los Angeles, California 90008, promise to pay to the order of WEISS INVESTMENTS, a California limited partnership ("Lender"), at c/o RTI Properties, Inc., 19300 South Hamilton Avenue, Suite 210, Gardena, California 90248, or at such other place as the Holder of this Note may from time to time designate in writing, in lawful money of the United States of America, the principal sum of One Million Twenty-Five Thousand and No/100 Dollars (\$1,025,000.00), and so much as may be advanced from time to time, with interest at the rate, and with principal and interest due and payable, all as set forth below. This Promissory Note is sometimes referred to herein as this "Note", and the loan evidenced by this Note is sometimes referred to herein as the "Loan". The Lender and/or its transferees or assigns are sometimes referred to herein as the "Holder" of this Note. This Note is secured by that certain Deed of Trust with Absolute Assignment of Leases and Rents, Security Agreement and Fixture Filing of even date herewith (the "Deed of Trust"), made by Borrower, as Trustor, for the benefit of Lender, as Beneficiary. Capitalized terms not otherwise defined herein shall have the meaning given to such terms in the Deed of Trust and the other Loan Documents associated with the Loan.

**1.1 Maturity Date.** The date when all sums due under this Note are due and payable is the "Maturity Date". The Maturity Date shall mean May 31, 2023.

**1.2 Rate of Interest.** The principal balance outstanding from time to time shall bear interest from and after the date advanced at the annual rate of Eight and 95/100ths per cent (8.95%) per annum (the "Note Rate").

**1.3 Method of Computation of Interest.** Interest for periods of one or more whole calendar months shall be calculated on the basis of one-twelfth (1/12) of one year's interest for each such month that principal is outstanding. Interest for a period of less than a whole calendar month shall be calculated on the basis of one-three hundred sixtieth (1/360) of one year's interest on the outstanding principal at the applicable rate times the number of days during such period that principal is outstanding.

**1.4 Monthly Payments Prior to Maturity Date.** On the first day of each calendar month commencing August 1, 2022 until the Maturity Date, there shall be due and payable a monthly payment in an amount equal to all accrued interest. Except as otherwise set forth herein or in the other Loan Documents, interest shall be paid in arrears.

**1.5 Payment in Full upon Maturity Date.** On the Maturity Date, the entire unpaid principal balance and all accrued interest shall be due and payable.

**1.6 Advances.** Subject to the terms and conditions set forth in this Note, Borrower may borrow (and repay and re-borrow) from time to time between the date hereof and the Maturity Date, upon notice by Borrower to Holder given as set forth in this Section 1.6, such advances of principal under this Note (each an "**Advance**") as are requested by Borrower for business, commercial and/or investment purposes up to a maximum aggregate principal amount outstanding (after giving effect to all amounts so requested) at any one time equal to ONE MILLION TWENTY-FIVE THOUSAND and No/100 Dollars (\$1,025,000.00), except following any partial reconveyance of a portion of the real property secured by the Deed of Trust (defined below), in which case said amount, \$1,025,000.00, shall be reduced by the amount of the consideration paid for such reconveyance (collectively, the "**Aggregate Commitment**"); provided, however, that no Event of Default (as hereinafter defined) shall have occurred. Except with respect to the Initial Advance on the date hereof, Borrower shall give to Holder written notice in the form of **Exhibit "A"** attached hereto and incorporated herein by this reference (each, an "**Advance Request**") of each Advance requested under this Note, which Advance Request shall be complete in all respects and shall be delivered to Holder no later than 11:00 a.m. (California time) on the date occurring three (3) business days prior to the draw date specified in such Advance Request. The obligation of Holder to make any Advance shall be subject to the satisfaction of each of the following conditions precedent: (i) each of the representations and warranties made by or on behalf of Borrower in any of the Loan Documents (as hereinafter defined) shall be true and correct in all material respects as of the date as of which such representations and warranties were originally made and as of the date of Borrower's request for such Advance as if re-made at and as of the date of such request, and (ii) no Event of Default shall have occurred. Without limiting the foregoing, each request for an Advance under the Loan shall constitute a representation and warranty by the Borrower that the conditions set forth in the preceding clauses (i) and (ii) have been satisfied on the date of such request. In no event shall Holder have any obligation to make any Advances of proceeds under the Loan in the maximum aggregate principal amount outstanding of more than the Aggregate Commitment.

**1.7 Prepayments.** Borrower may prepay all or any part of the principal balance at any time without charge or premium; provided, however, that any partial prepayments of principal shall be made in even, one thousand dollar (\$1,000) increments.

**1.8 Payment by Electronic Funds Transfer.** Until directed otherwise in writing by Holder, all payments made under this Note shall be made by electronic funds transfer ("EFT") debit entries to Borrower's account at an Automated Clearing House member bank. Each payment shall be initiated by Holder through the Automated Clearing House network for settlement on the designated date. Prior to each payment due date, Borrower shall deposit and/or maintain sufficient funds in Borrower's account to cover each debit entry.

**1.9 Security.** This Note is secured by, among other things, that certain Deed of Trust, Assignment of Rents and Leases, Security Agreement and Fixture Filing of even date herewith (the "**Deed of Trust**"), encumbering Borrower's interest in real property described in the Deed of Trust and improvements located or to be located thereon, and certain personal property, which Deed of Trust is subordinate to that certain Senior Deed of Trust as defined in the Deed of Trust. This Note, the Deed of Trust, and all other present and future agreements, documents and instruments executed or to be executed in connection with the Loan, all extensions, renewals,

substitutions, replacements and modifications of any of the foregoing documents are referred to herein, collectively, as the "Loan Documents".

**1.10 Application of Payments.** All payments received, irrespective of how they may be designated by Borrower, shall be applied in this order: first, to amounts other than interest and principal, if any, owing under this Note, the Deed of Trust or any of the other Loan Documents; second, to accrued interest; third, to principal; except that, after the occurrence and during the continuation of any Event of Default, all amounts received shall be applied in such order as Holder, in its sole discretion, may elect. Borrower waives the application of Sections 1479 and 2822(a) of the California Civil Code and any other statute or rule of law that would otherwise direct, or permit Borrower to direct, the order of application of payments made by Borrower or amounts otherwise received by Holder.

**1.11 No Waiver by Acceptance of Overdue or Partial Payments.** If Holder accepts payment of any overdue amount, or partial payment of an amount due and the remainder of such amount is unpaid, such acceptance shall in no event: (a) constitute a cure or waiver of Borrower's default with respect to such overdue or unpaid amount; (b) prevent Holder from exercising any of its rights and remedies with respect to Borrower's default; or (c) constitute a waiver of Holder's right to require full and timely payment of amounts becoming due thereafter or to exercise any of Holder's rights and remedies for any failure to so pay.

**1.12 Late Payment Charge.** Borrower acknowledges that late payment to Holder of any sums due hereunder will cause Holder to incur costs not contemplated hereunder, the exact amount of which would be impracticable or extremely difficult to ascertain. Such costs include processing and accounting costs, the expenses incurred and time and effort associated with recovering the delinquent payment, and the loss of timely use of the payment amount. Accordingly, if any amount due from Borrower, whether interest or principal, is not received by Holder or Holder's designee within ten (10) calendar days after its due date, Borrower shall then pay to Holder a late payment charge equal to TEN percent (10.00%) of such overdue amount (the "Late Charge"). Borrower and Lender agree that such Late Charge represents a fair and reasonable estimate of the costs Holder will incur by reason of late payment. This provision shall not be construed as extending the time for payment of any amount under this Note, and acceptance of a Late Charge by Holder shall in no event constitute a waiver of Borrower's default with respect to the overdue amount nor prevent Holder from exercising any of its rights and remedies with respect to such default.

**1.13 Default.** The term "Default" shall mean the occurrence of an Event of Default as defined in the Deed of Trust. The existence of a Default shall be deemed to be on the first date of the occurrence of an Event of Default (the "Date of Default"), and all rights and remedies of Lender, Beneficiary and Trustee under the Loan Documents with respect thereto, with or without notice, shall be retroactive to the Date of Default.

**1.14 Acceleration upon Default.** Upon the occurrence of an Event of Default, Holder may, at its election, declare the entire balance of principal and accrued interest immediately due and payable. A delay by Holder in exercising any right of acceleration after an Event of Default shall not constitute a waiver of the Event of Default or of the right of acceleration or any other right or remedy for such Event of Default, including the imposition of the Default Rate (defined

below) from the Date of Default. The failure by Holder to exercise any right of acceleration as a result of an Event of Default shall not constitute a waiver of the right of acceleration or any other right or remedy with respect to any other Event of Default, whenever occurring.

**1.15 Interest Rate after Default.** From and after the Date of Default, with or without acceleration of the unpaid balance, the unpaid principal balance and costs incurred shall, from and after such the Date of Default, and without notice, bear interest until paid at the rate of TWENTY FOUR percent (24.00%) per annum (the "Default Rate").

**1.16 Enforcement / Attorneys' Fees and Costs.** Borrower shall immediately reimburse Holder for all fees and costs, including reasonable attorneys' fees and experts' fees and costs, incurred by Holder for: (a) enforcement of this Note or any of its terms, or the exercise of any rights or remedies hereunder and/or at law, in equity or otherwise, whether or not any action or proceeding is filed; (b) representation of Holder in any bankruptcy, insolvency, reorganization or other debtor-relief or similar proceeding of or relating to Borrower or Borrower's transferees or assigns, to any person liable (by way of guaranty, assumption, endorsement or otherwise) upon any of the obligations of this Note, or to the Property; or (c) representation of Holder in any action or proceeding relating to the Property, including, but not limited to, foreclosure, receivership, lien or stop-notice enforcement, bankruptcy, eminent domain and probate actions or proceedings, whether commenced by Holder or any other person, and whether commenced prior or subsequent to payment of all obligations under this Note. All such fees and costs shall bear interest until paid at the rate applicable from time to time under this Note. This section shall survive payment of all obligations under this Note and reconveyance of the deed of trust securing this Note.

**1.17 Waivers by Borrower and Other Parties.** The Borrowers, endorsers, guarantors and sureties of this Note hereby waive diligence, demand, presentment, notice of non-payment, notice of dishonor, protest and notice of protest, agree that the time for performance of any obligation under this Note may be extended from time to time without notice, consent to the release without notice of any party liable hereon or herefor, consent to the addition without notice of parties liable hereon or herefor, and consent to the acceptance without notice of further security for this Note, including other types of security, all without in any way affecting their liability, and waive the right to plead any and all statutes of limitations as a defense to this Note, any guaranty hereof or any agreement to pay the obligations hereof, to the full extent permitted by law.

**1.18 Full Payment.** All amounts payable under this Note shall be paid in full without setoff, deduction or counterclaim. All amounts payable under this Note shall be free and clear of and without any deduction or withholding for or on account of any taxes, levies, duties, charges, fees, restrictions or conditions of any nature now or hereafter imposed by any country, federal, state, county or local government or any political subdivision or taxing authority thereof or therein. Borrower shall indemnify Holder against any such taxes, levies, imposts, duties, charges and fees (other than taxes on the income of Holder imposed by any taxing authority) which may be assessed against Holder or claimed or demanded from Holder in respect of any amount payable by Borrower hereunder, and against any costs, charges, expenses or liability arising out of or with respect to such assessment, claim or demand, to the full extent permitted by law.

**1.19 Time of the Essence.** Time is of the essence with respect to the payment and performance of the obligations under this Note.

**1.20 No Oral Waivers or Modifications.** No provision of this Note may be waived or modified orally, but only in a writing signed by Holder.

**1.21 Governing Law.** This Note shall be governed by and construed under the laws of the State of California, without regard to conflict of law provisions.

**1.22 Severability.** Every provision of this Note is intended to be several. If any provision of this Note is determined by a court of competent jurisdiction to be illegal, invalid or unenforceable, such illegality, invalidity or unenforceability shall not affect the other provisions hereof, which shall remain binding and enforceable.


**1.23 Limitation upon Interest.** All agreements between the Borrower and Holder, now existing or hereafter arising, are hereby expressly limited so that in no event whatsoever shall the amount paid or agreed to be paid to Holder hereof for the use, forbearance or detention of money to be loaned hereunder or otherwise, or for the performance or payment of any covenant or obligation contained herein, exceed the maximum amount permissible under applicable law. If from any circumstance whatsoever fulfillment of any provision hereof exceeds the limit of validity prescribed by law, then, ipso facto, the obligation to be fulfilled shall be reduced to the limit of such validity, and if from any such circumstance Holder hereof shall ever receive as interest under this Note or otherwise an amount that would exceed the highest lawful rate, such amount that would be excessive interest shall be applied to the reduction of the principal amount owing hereunder (without charge for prepayment) and not to the payment of interest, or if such excessive interest exceeds the unpaid balance of principal, such excess shall be refunded to Borrower.

**1.24 Licenses.** The loan evidenced by this Note has been negotiated and arranged by RTI Properties, Inc., licensed real estate brokers, California Department of Real Estate license identification number 01125534/00793526, for compensation paid by Borrower.

**1.25 Headings.** Headings herein are used for convenience of reference only and do not define or limit the scope of provisions of this Note.

**1.26 Successors and Assigns.** This Note binds Borrower and its successors, permitted assigns, heirs, administrators and executors, and inures to the benefit of Holder and its successors, assigns, participants, heirs, administrators and executors. Holder in its sole discretion may transfer this Note, and may sell or assign participations or other interests in all or any part of this Note, all without notice to or consent of Borrower.

JAMES E. WESLEY, JR., SUCCESSOR  
TRUSTEE of THE ETHEL M. HARRELL  
LIVING TRUST u/a dated November 20,  
2007

By   
James E. Wesley, Jr., Successor Trustee