

## SALS-CV-01639-AG-KES Document 1-1 Filed 08/01/18 Page 1 of 2 Page ID #:38 EQUIPMENT FINANCING AGREEMENT

		Agreement #	
"DEBTOR"			
Full Legal Name	ECO FARMS SALES, INC.		
Debtor Address:	28790 LAS HACIENDAS ST		
	Temecula, CA 92590		
County:	Riverside	Business Phone # 951	
QUANTITY  FULL DESCRIPTION OF COLLATERAL INCLUDING MODEL, SERIAL NUMBERS As delineated on Exhibit "A", attached hereto and made a part hereof.			EQUIPMENT COST \$127,279.60
COLLATERAL LOCATION (IF DIFFERS FROM BILLING ADDRESS)			INITIAL PAYMENT
			(CHECK FOR THIS AMOUNT MUST ACCOMPANY AGREEMENT)
STREET ADDRE	ESS CITY	STATE ZIP COUNTY	SECURITY DEPOSIT: \$11,400.00
TERM OF LOAN AND PAYMENTS COMMENCEMENT DATE			
12 QUA	ARTERLY PAYMENTS OF \$14,4	400.00	LOAN FEE: 1% BLA
			TOTAL AMOUNT \$11,400.00
			DUE: \$11,400.00
Debtor and Creditor agr		TERMS OF EQUIPMENT FINANCING AGREEMENT	
. SECURITY INTEREST: Debtor hereby grants Cheditor a security interest under the Uniform Commercial Codd in the above property (collectively the "Collateral" and individually an "Item" or "Item of Collateral"). Such security interest is granted to secure performance by Debtor in its obligations the reunder and under any other present or future agreement with Creditor. Debtor shall insure that such security interest			
s and shall remain a sole first lien security interest. DEBTOR HEREBY AUTHORIZES CREDITOR TO FILE A COPY OF THIS AGREEMENT AS A FINANCING STATEMENT AND APPOINTS CREDITOR OR ITS DESIGNEE AS DEBTOR'S ATTORNEY-IN-FACT TO EXECUTE AND FILE, ON DEBTOR'S BEHALF, FINANCING STATEMENTS COVERING THE COLLATERAL.			
2. PAYMENTS: Debtor shall repay creditor the above total number of Quarterly Payments of the amount indicated above. The FIRST QUARTERLY Payment shall be deemed due as of the date indicated above and ubsequent Quarterly Payments shall be due on the same day of each quarter hereafter until paid. In addition to the payments outlined above, we will charge you a prorata portion based on a daily charge of one-			
inetieth (1/90) of the Quarterly Payment amount, calculated from the date we issued payment to you (the debtor), to the start of the first Quarterly Payment and shall be due and payable at the commencement date.			
hat if there is a default,	, any payments under this agreement may be appli	of Creditor's invoice therefor. Advance payments shall be applied to the last Quarterly ied to Debtor's obligations to Creditor in such order as Creditor chooses. In the event I	Debtor signs this Agreement, but the Agreement is not
		deposit may be retained by Creditor to compensate Creditor for its documentation OR INTERMEDIARY NOR ANY AGENT OF EITHER THEREOF IS AN AGENT	
UCH PARTIES IS AU	JTHORIZED TO WAIVE OR ALTER ANY ITE	EM OR CONDITION OF THIS AGREEMENT. NO REPRESENTATION AS TO AN	Y MATTER BY ANY SUCH PARTY SHALL BIND
PREPAYMENT, NO C	OFFSET, THIS AGREEMENT IS NON CANC	RTERLY PAYMENTS AND PERFORM ITS OTHER OBLIGATIONS THEREUM ELABLE BY DEBTOR FOR ANY REASON WHATSOEVER. DEBTOR MAY I	REPAY THE QUARTERLY PAYMENTS ONLY IN
ACCORDANCE HEREWITH. ALL PAYMENTS THEREUNDER ARE TO BE MADE WITHOUT OFFSET. <b>5. FINANCING</b> . THIS AGREEMENT IS SOLELY A FINANCING AGREEMENT. SEE REVERSE SIDE FOR ADDITIONAL TERMS AND CONDITIONS WHICH ARE PART OF THIS AGREEMENT. <b>CREDITOR MAKES NO WARRANTY, EXPRESS OR IMPLIED, OR THAT</b>			
THE EQUIPMENT IS FIT FOR A PARTICULAR PURPOSE OR THAT THE EQUIPMENT IS MERCHANTABLE. DEBTOR AGREES THAT DEBTOR HAS SELECTED THE SUPPLIER AND EACH ITEM OF EQUIPMENT BASED UPON DEBTOR'S OWN JUDGMENT AND DISCLAIMS ANY RELIANCE UPON ANY STATEMENTS OR REPRESENTATIONS MADE BY CREDITOR.			
CREDITOR DOES NOT TAKE RESPONSIBILITY FOR THE INSTALLATION OR LEBFORMACE OF THE EQUIPMENT. THE SUPPLIER IS NOT AXAGENT OF CREDITOR'S AND NOTHING THE			
SUPPLIER STATES CAN AFFECT DEBTOR'S OBLIGATION ONDER THE AGREEMENT. DEBTOR WILL CONTINUE TO MAKE ALL PAYMENTS UNDER THIS AGREEMENT REGARDLESS OF ANY CLAIM OR COMPLAINT AGAINST SUPPLIER. This agreement is effective only upon execution by an authorized officer of Creditor following Debtor's execution hereof, and upon execution Creditor			
hall fund the Equipment Cost/Advanced. Debtor hereby authorizes Creditor to Disburse the Equipment Cost/Advance as antidicated on the attached Disbursement Authorization. Creditor reserves the right to pay the applicable portion of the Equipment Cost/Advance jointly to any party not specified in the preceding sentence with a security interest in an Item of Collateral. 6. LOCATION; INSPECTION; USE. Debtor			
nall keep, or, as to an Item which is movable, permanently garage and not remove from the United States, as appropriate, each Item of Collatera in Debtor's possession and control at the Collateral Location or at			
uch other location to which such Item may have been moved with the prior written consent of Creditor. Upon request, Debtor shall advise Creditor as to the exact location of an Item of Collateral. Creditor may respect the Collateral during normal business hours and enter the premises where the Collateral may be located for such purposes. Each Item shall be used solely for commercial or business purposes and operated in			
careful and proper manner an in compliance with all applicable governmental requirements of insurance perficies carried hereunder and all manufacturer's instructions and warranty requirements.  I. ALTERATIONS; SECURITY INTEREST COVERAGE. Without Creditor's prior written consent, Debtor shall not make any alterations, additions or improvements to an Item of Collateral which detract from			
ts economic value or functional utility. All additions and improvements made to an Item shall be decreed accessions thereto, and shall not be removed if removal would impair the Item's economic value or functional utility. Creditor's security interest shall cover all modifications, accessions, additions to and replacements and substitutions for the Collateral. Debtor will not make any replacements or substitutions without			
Creditor's prior written consent. 8. MAINTENANCE. Debtor shall maintain the Collateral in good repair, condition and working order. Debtor shall cause all repairs required to maintain the Collateral in such			
condition to be made promptly by qualified parties. Debtor will cause each Item of Collateral for which a service contract is generally available to be covered by such a contract which provides coverage typical as to property of the type involved and is issued by a competent servicing entity. 9. LOSS AND DAMAGE; CASUALTY VALUE. In the event of loss, theft, destruction or requisition of or damage to an Item of			
Collateral from any cause Debtor shall give Creditor prompt notice thereof and shall thereafter place the Item in good repair, condition and working order; provided, however, that if such Item is determined by Creditor to be lost, stolen, destroyed or damaged beyond repair or is requisitioned or suffers a constructive total loss under an insurance policy carried hereunder Debtor shall cause the Equipment to be			
eplaced and shall immediately provide Creditor with information necessary to perfect Creditor's security interest in the replacement Equipment, or shall pay Creditor the "Casualty Value" of such Item which			
hall equal (a) any amounts due at the time of such payment, and (b) each future installment payment due with respect to such Item discounted at three percent (3%) per annum simple interest from the date lue to the date of such payment. 10. PAYMENT OF FINANCING AGREEMENT OBLIGATIONS: Payment of the Quarterly Payments shall be made by electronically withdrawing funds from the bank			
ecount on which Debtor's deposit check was drawn, or any other account from which Debtor paid any obligation under this Agreement. Debtor authorizes Creditor to debit from this account on which Debtors			
eposit check was drawn, or any other account from which Debtor paid any obligation under this Agreement on or after the due date of Debtor's Quarterly Payment, for scheduled Quarterly Payments or other mounts due and owing at the time under the Financing Agreement. Debtor acknowledges that, if Creditor assigns the Financing Agreement to a third party, the assignee is authorized to debit the account on			
which Debtors deposit check was drawn, or any other account from which Debtor paid any obligation under this Agreement. If Debtor would prefer to authorize Creditor to debit another account, fill in the blanks rovided below along with a copy of a voided check from the specified account. However, Debtor agrees that Creditor, or its assignees, has the right, but not the obligation, to electronically withdraw funds from			
he bank account on w		count specified below, or any other account from which Debtor paid any obligation un	
Account Number:	Other amounts due and owing at the time and the	ABA / Routing Number:	
Financial Institution	n Name		Initials Initials
	in ivaline.		mitiais
(CREDITOR) Balboa Capital	Corporation	(DEBTOR) ECO FARMS SALES, INC.	
575 Anton Blvo		28790 LAS HACIENDAS ST	
Costa Mesa, CA 92626 Temecula, CA 92590			
By:		sign By: Andrew Hamilton	
Vice President		Name: Andrew Hamilton Title: CEO	
Date		Date 04/14/2017 Home Phone (951)	

PAGE 38 EXHIBIT A

EFA750D-0415 Page 1 of 2

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- 11. TITLING. If requested by Creditor, Debtor shall cause an Item of Collateral subject to title registration laws to be titled as directed by Creditor. Debtor shall advise Creditor promptly as to any necessary retitling. Debtor shall cause all documents of title to be furnished Creditor within sixty (60) days of the date of any titling effected by Debtor.
- 12. TAXES. Debtor shall when due pay and make filings with respect to all taxes, fees, including registrations, fines, penalties and other governmental assessments based on the ownership or use of the Collateral and shall pay as directed by Creditor or reimburse Creditor for all other governmental assessments (including gross receipts taxes but exclusive of Federal and State taxes based on Creditor's net income) related to amounts
- the hereunder, the Collateral or otherwise related hereto. Filings with respect to such other assessments shall, at Creditor's option, be made by Creditor or by Debtor as directed by Creditor.

  13. INSURANCE. During the term of this Agreement, Debtor agrees to maintain, at Debtor's expense, "Special Form" property insurance protecting the Equipment for its full replacement value, naming Lessor as a loss payee on a "Lender's Loss Payable" endorsement; and public liability insurance, in amounts acceptable to Creditor, naming Creditor as an additional insured (together "Required Insurance"). Debtor must provide Creditor satisfactory written evidence of Required Insurance within thirty (30) days of the commencement date of this Agreement or of any subsequent written request. If Debtor does not do so, Creditor may obtain insurance from an insurer of Creditor's choosing in such forms and amounts as Creditor deems reasonable to protect Creditor interests ("Agreement Insurance"). Agreement Insurance covers the Equipment and Creditor; it does not name Debtor as an insured. Debtor agrees to pay Creditor periodic charges for Agreement Insurance ("Insurance Charges") that include: a premium that may be higher than if Debtor maintained Required Insurance separately; a finance charge of up to 1.5% per month on any premium advances made by Creditor or Creditors agents; and billing and processing fees; each of which may generate a profit to Creditor and Creditor agents. If Debtor fails to pay billed Insurance Charges within 30 days of their due date, Creditor may pay them by applying funds paid under the Agreement or debiting Debtor's account under any previously authorized automatic payment. Creditor shall discontinue billing Insurance Charges upon receipt of satisfactory evidence of Required Insurance. Debtor agrees to arbitrate any dispute with Creditor or Creditor agents regarding Agreement Insurance or Insurance Charges under the rules of the American Arbitration Association in Los Angeles, California; provided however, such agreement does not authorize class
- 14. CREDITOR'S PAYMENT. If Debtor fails to perform any of its obligations hereunder, Creditor may perform such obligation, and Debtor shall (a) reimburse Creditor the cost of such performance and (b) pay creditor the service charge contemplated in paragraph 20.

  15. INDEMNITY. Debtor shall indemnify, defend and hold Creditor harmless against any claim, action, liability or expense, including attorneys' fees and court costs, incurred by Creditor related to this agreement.
- While it is not anticipated that Creditor shall have any liability for torts related to the Collateral, this indemnity covers tort proceedings including any strict liability claim, any claim under another theory related to latent or other defects and any patent, trademark or service mark infringement claim.
- 16. DEFAULT. Any of the following constitutes an event of default hereunder: (a) Debtor's failure to pay any amount hereunder, within three (3) business days of when due; (b) Debtor's default in performing any other obligation hereunder or under any agreement between Debtor and Creditor; (c) death or judicial declaration of competency of Debtor, if an individual; (d) the filing by or against Debtor of a petition under the Bankruptcy Code or under any other insolvency law or law providing for the relief of debtors, including, without limitation, a petition for reorganization, agreement or extension; (e) the making of an assignment of a substantial portion of its assets by Debtor for the benefit of creditors, appointment of a receiver or trustee for Debtor or for any Debtor's assets, institution by or against Debtor of any other type of insolvency proceeding or other proceeding contemplating settlement claims against or winding up of the affairs of Debtor, Debtor's cessation of active business affairs or the making by Debtor of a transfer of a material portion of Debtor's assets or inventory not in the ordinary course of business; (f) the occurrence of an event described in (c), (d), or (e) s to a guarantor of other surety of Debtor's obligations hereunder, (g) any misrepresentation of a material fact in connection herewith by or on behalf of Debtor; (h) Debtor's default under a lease or agreement providing financial accommodation with a third party or (i) creditor shall in good faith deem itself insecure as a result of a material adverse change in Debtor's financial condition or otherwise.
- insecure as a result of a material adverse change in Debtor's financial condition or otherwise.

  17. REMEDIES. Upon the occurrence of an event of default Creditor shall have the right, options, duties and remedies of a secured party, and Debtor shall have the rights and duties of a Debtor, under the Uniform Commercial Code (regardless of whether such Code of a law similar, thereto has been enacted in a jurisdiction wherein the rights or remedies are asserted) and in connection therewith Creditor may: (a) declare the Casualty Value or such lesser amount as may be set by law immediately due and payable with respect to any or all Items of Collateral without appropriate, render unusable any or all Items of Collateral, without demand or notice, wherever located, without (any process of law and without liability for any damages occasioned by such taking of possession including damages to contents; (c) require Debtor to assemble any or all Items of Collateral, whether or not in Creditor's possession, in a commercially reasonable manner at public or private sale and apply the net proceeds of such sale after deducting all costs of such sale, including, but not limited to, costs of transportation, repossession, storage, refurbishing, advertising and process for the obligations of Debtor hereunder with Debtor remaining liable for any deficiency and with any excess being returned to Debtor or (e) utilize any other medy available under the Uniform Commercial code or otherwise to Creditor.

  All remedies are cumulative. Any sale may be adjourned by announcement at the time and place appointed for such sale without further published notice, and Creditor may if permitted by law bid and become the nurchaser at any such sale.
- 18. LITIGATION EXPENSES. Debtor shall pay Creditor its costs and expenses not offset as provided in paragraph 17, including repossession and attorneys' fees and court costs, incurred by Creditor in enforcing
- this agreement. This obligation includes the payment of such amounts whether an action is filed and whether an action which is filed is dismissed. 19. ASSIGNMENT. Without the prior written consent of Creditor, Debtor shall not sell, lease or create or allow any lien other than Creditor's security interest against an Item of Collateral or assign any of Debtor's
- obligations hereunder. Debtor's obligations are not assignable by operation of law. Consent to any of the foregoing applies only in the given instance.

  Creditor may assign, pledge or otherwise transfer any of its rights but none of its obligations hereunder without notice to Debtor. If Debtor is given notice of any such assignment, Debtor shall acknowledge receipt thereof in writing and shall thereafter pay any amounts due hereunder as directed in the notice. The rights of an assignee to amounts due hereunder shall be free of any claim or defense Debtor may have against Creditor, and Debtor agrees not to assert against an assignee any claim or defense which Debtor may have against Creditor.
- Subject to the foregoing, this agreement inures to the benefit of, and is binding upon, the heirs, legatees, personal representatives, successors and assigns of the parties
- 20. MARKINGS; PERSONAL PROPERTY. Debtor shall mark the Collateral or its location as requested by Creditor to indicate Creditor's security interest. As between the parties the Collateral shall at all times be deemed personal. Debtor will provide Creditor any real property waivers requested by Creditor as to the real property where an Item of Collateral is or is to be located.

  21. LATE PAYMENT. If Debtor fails to pay any amount to be paid hereunder within three (3) days of when due, you agree to pay us (a) eighteen percent (18%) of each such late payment (to the extent permitted by
- law) (b) amounts Creditor pays others in connection with the collection of the payment and (c) interest on such unpaid amount from the date due until paid at the lesser of eighteen percent (18%) per annum or the highest rate permitted by applicable law. No more than a single charge under subparagraph (a) will be due in any given month.
- 22. SECURITY INTEREST RELEASE. At such time as there is no outstanding obligation secured hereby (including obligations under other agreements contemplated under paragraph 1) Creditor shall
- 22. Security INTEREST RELEASE. At such time as tiefe is no obstanding obligation security including obligation statements and agreement contemparate under paragraph of provide Debtor such termination statements related to the Collarsral as Debtor shall provide to Creditor shall request. Debtor shall be responsible for the filing of each such termination statement.

  23. ADDITIONAL DOCUMENTS. Debtor shall provide to Creditor such financing statements and similar documents as Creditor shall request. Debtor shall request. Debtor where permitted by law to make filings of such documents without Debtor's signature. Debtor further shall furnish Creditor (a) a fiscal year end financial statement including balance sheet and profit and loss statement within one hundred twenty (120) days of the close of each fiscal year and (b) such other information and documents not specifically mentioned by Confidence related by Confide fees incurred by Creditor related hereto.
- fees incurred by Creditor related hereto.

  24. NOTICES. Notices shall be in writing, and sufficient if mailed to the party involved, United States mail lirst class postage prepaid at its respective address set forth above or at such other address as such party may provide on notice in accordance herewith. Notice so given shall be effective when mailed. Debtor shall promptly notify Creditor of any changed no Debtor's address.

  25. GENERAL. This agreement constitutes the entire agreement of the parties as to the subject matter and shall not be amended, altered or changed except by a written agreement signed by the parties. Any waiver by Creditor must be in writing, and forbearance shall not constitute a waiver. Whenever the context of this agreement requires, the neuter includes the maculing of the manual includes the plural. If there is more than one Debtor named in this agreement, the liability of each shall be joint and several. The titles to the paragraphs of this agreement are solely for the convenience of the parties and are not an aid in the interpretation. This agreement shall be governed by the law of the State of California. Venue for any action protect to this agreement shall be in an appropriate court in Orange County, California or the home county and state of anyone holding Creditor's interest as it may be assigned from time to time, to which Debtor consents, or in an appropriate court in another jurisdiction selected by Creditor which has jurisdiction over the parties. Any provision declared invalid shall be deemed severable from the remaining provisions which shall remain in full force and effect. Time is of the essence of this agreement. The obligations of Debtor shall survive the release of the security interest in the Collateral.
- 26. DEBTOR'S WARRANTIES. DEBTOR CERTIFIES AND WARRANTS:(a) THE FINANCIAL AND OTHER INFORMATION WHICH DEBTOR HAS SUBMITTED, OR WILL SUBMIT, TO CREDITOR IN CONNECTION WITH THIS AGREEMENT IS, OR SHALL BE AT TIME OF SUBMISSION, TRUE AND COMPLETE; (b) THIS AGREEMENT HAS BEEN DULY AUTHORIZED BY DEBTOR AND UPON EXECUTION BY DEBTOR SHALL CONSTITUTE THE LEGAL, VALID AND BINDING OBLIGATION, CONTRACT AND AGREEMENT OF DEBTOR ENFORCEABLE AGAINST DEBTOR IN ACCORDANCE WITH ITS TERMS; AND (c) EACH SHOWING PROVIDED BY DEBTOR IN CONNECTION HEREWITH MAY BE FULLY RELIED UPON BY CREDITOR NONWITHSTANDING ANY TECHNICAL DEFICIENCY IN ATTESTATION OR OTHERWISE. THE PERSON EXECUTING THIS AGREEMENT ON BEHALF OF DEBTOR WARRANTS THAT PERSON'S DUE AUTHORITY TO DO SO. DEBTOR FURTHER WARRANTS THAT EACH ITEM OF COLLATERAL SHALL AT THE TIME CREDITOR FUNDS THE TOTAL ADVANCE BE OWNED BY DEBTOR FREE AND CLEAR OF LIENS OR ENCUMBRANCES AND BE IN GOOD CONDITION AND WORKING ORDER.
- 27. Counterparts and Facsimile Signatures. If this Agreement was sent electronically, Debtor hereby warrants that this Agreement has not been altered in any way. Any alteration or revision to any part of this Agreement or any attached documents will make all alterations or revisions non-binding and void. Only one counterpart of this Agreement and of each Schedule, Addenda, or Exhibit attached hereto shall bear our ink signed signature and shall be marked "Original". To the extent that any Equipment Financing Agreement, Schedule, Addenda or Exhibit hereto constitute chattel paper (as that term is defined by the Uniform Commercial Code), a security interest may only be created in this Agreement, Schedule, Addenda or Exhibit that bears our ink signed signature and is marked "Original".

Equipment Financing Agreement# Initials 474

**PAGE 39** EFA750D-0415 Page 2 of 2