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FILED
SUPERIOR COURT OF CALIFORNIA
COUNTY OF ORANGE
CENTRAL JUSTICE CENTER

MAY 06 2009

ALAN CARLSON, Clerk of the Court
[Signature]
BY D DUNNING

9 **SUPERIOR COURT FOR THE STATE OF CALIFORNIA**
10 **COUNTY OF ORANGE, CENTRAL JUSTICE CENTER**

11 Brown Bark III, L.P.,

12 Plaintiff,

13 v.

14 WESTOVER FINANCIAL, INC., a
15 California corporation;
16 STEVEN R. JONES, an individual;
17 JOSEPH G. WOODLEY, an individual; and
18 DOES 1 through 100, inclusive,

19 Defendants,

CASE NO.

Unlimited Civil Jurisdiction

COMPLAINT FOR:

- (1) BREACH OF CONTRACT
(2) BREACH OF CONTRACT
(3) BREACH OF GUARANTY
(4) BREACH OF GUARANTY
(5) CLAIM AND DELIVERY
(6) CONVERSION
(7) INJUNCTIVE RELIEF

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20 Plaintiff BROWN BARK III, L.P. alleges:

21 **GENERAL ALLEGATIONS**

22 1. Plaintiff was at all times mentioned, and now is, a Delaware limited partnership,
23 authorized to do business and doing business in the State of California.

24 2. Defendant WESTOVER FINANCIAL, INC. (hereinafter referred to as
25 "WESTOVER") is a corporation organized and existing under the laws of the State of California,
26 with its principal place of business in the County of Orange, State of California.

27 3. Defendant STEVEN R. JONES (hereinafter referred to as "JONES") is a resident
28 of the County of Orange, State of California. Plaintiff is informed and believes, and thereon

1 alleges, that, at all times relevant hereto, JONES was an officer, director, and shareholder of and
2 in WESTOVER and guarantor of the obligation of WESTOVER that is the subject of this action.

3 4. Defendant JOSEPH G. WOODLEY (hereinafter referred to as "WOODLEY") is
4 an individual and at all times herein mentioned a director and shareholder of and in WESTOVER
5 and guarantor of the obligation of WESTOVER that is the subject of this action.

6 5. Plaintiff is informed and believes and thereon alleges that the activities complained
7 of or obligations sued on arose within and/or were to be performed in this judicial district; and,
8 that the Defendants herein are indebted to Plaintiff on the obligations sued on.

9 6. Plaintiff is ignorant of the true names and capacities of Defendants sued herein as
10 DOES 1 to 100, inclusive, and therefore, sues these Defendants by such fictitious names. Plaintiff
11 will amend this Complaint to allege their true names and capacities when the same have been
12 ascertained. Plaintiff is informed and believes, and thereon alleges, that each of the fictitiously
13 named Defendants is responsible in some manner for the occurrences hereinafter alleged and that
14 Plaintiff's damages were proximately caused thereby.

15 7. On or about April 13, 2007, Defendant WESTOVER; and DOES 1 through 25,
16 inclusive, executed and delivered to First Heritage Bank, N.A. a Credit Agreement, \$1,000,000
17 Revolving Line of Credit Promissory Note and a Security and Pledge Agreement (hereinafter
18 collectively referred to as "the Secured Loan Agreement"). A true and correct copy of the Secured
19 Loan Agreement is attached hereto as **Exhibit "1"** and incorporated herein by reference.
20 WESTOVER is admittedly in default under the terms of the Secured Loan Agreement. Under the
21 terms of the Secured Loan Agreement, WESTOVER gave to Plaintiff a security interest in all then
22 owned and future acquired assets of WESTOVER; and DOES 1 through 25, inclusive (hereinafter
23 referred to as "Collateral"), all of which Plaintiff is entitled to resort to in fulfillment of any and all
24 obligations secured by the terms of the Secured Loan Agreement, as well as expenses incurred by
25 Plaintiff on any disposition thereof, should WESTOVER default in any manner under the Secured
26 Loan Agreement, including attorneys' fees and costs.

27 ///

1 8. On or about April 13, 2007, Defendants WESTOVER; and DOES 1 through 25,
2 inclusive; and Defendants JONES; and DOES 26 through 50, inclusive, executed and delivered to
3 First Heritage Bank, N.A. a Custodian Agreement, in connection with the Secured Loan
4 Agreement, which provides that Defendant JONES; and DOES 26 through 50, inclusive, would
5 act as Lender First Heritage Bank, N.A.'s custodian, agent, and bailee, with respect to the
6 Collateral and that Defendant JONES; and DOES 26 through 50, inclusive, would act as a
7 fiduciary for Lender. The terms of the Custodian Agreement further provide that the Lender is to
8 be given free access to all of the Collateral for inspection and examination and that Defendants
9 WESTOVER; and DOES 1 through 25, inclusive, and JONES; and DOES 26 through 50,
10 inclusive, guarantees the performance of Defendant JONES under the Custodian Agreement and
11 agrees to indemnify and hold the Lender harmless from and against any and all liabilities, costs
12 and expenses, including attorneys' fees, arising from or in any way relating to the Custodian
13 Agreement. Defendants WESTOVER; and DOES 1 through 25, inclusive, and JONES; and
14 DOES 26 through 50, inclusive, are admittedly in default under the terms of the Custodian
15 Agreement. A true and correct copy of the Custodian Agreement is attached hereto as **Exhibit**
16 **"2"** and incorporated herein by reference.

17 9. On or about April 13, 2007, Defendant JONES; and DOES 26 through 50,
18 inclusive, made, executed and delivered a Guaranty (hereinafter referred to as "the JONES
19 Guaranty"), wherein he absolutely and unconditionally guaranteed to Lender First Heritage Bank,
20 N.A. and to all of First Heritage Bank, N.A.'s successors and assigns the payment and
21 performance of all of WESTOVER's obligations under the Secured Loan Agreement and
22 Custodian Agreement, including payment of attorneys' fees and costs incurred in the enforcement
23 of the JONES Guaranty or in the collection or enforcement of any of the obligations of
24 WESTOVER, together with interest thereon. A true and correct copy of the JONES Guaranty is
25 attached hereto as **Exhibit "3"** and incorporated herein by this reference. JONES is admittedly in
26 material default of the terms of the JONES Guaranty.

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1 10. On or about April 13, 2007, Defendant WOODLEY; and DOES 51 through 75,
2 inclusive, made, executed and delivered a Guaranty (hereinafter referred to as "the WOODLEY
3 Guaranty"), wherein he absolutely and unconditionally guaranteed to Lender First Heritage Bank,
4 N.A. and to all of First Heritage Bank, N.A.'s successors and assigns the payment and
5 performance of all of WESTOVER's obligations under the Secured Loan Agreement and
6 Custodian Agreement, including payment of attorneys' fees and costs incurred by Plaintiff in the
7 enforcement of the WOODLEY Guaranty or in the collection or enforcement of any of the
8 obligations of WESTOVER, together with interest thereon. A true and correct copy of the
9 WOODLEY Guaranty is attached hereto as **Exhibit "4"** and incorporated herein by this
10 reference. WOODLEY is admittedly in material default of the terms of the WOODLEY
11 Guaranty.

12 11. By way of Loan Sale Agreement, dated January 12, 2009, Federal Deposit
13 Insurance Corporation ("FDIC") in its capacity as Receiver for Lender First Heritage Bank, N.A.
14 sold all of the rights, title and interest in the Secured Loan Agreement, Custodian Agreement and
15 all documents and instruments constituting Loan Documents, including Guaranties, pursuant to
16 the Credit Agreement executed in connection with securing the \$1,000,000 Revolving Line of
17 Credit Promissory Note dated April 13, 2007, by WESTOVER, in favor of First Heritage Bank,
18 N.A., to Plaintiff herein. A true and correct copy of the of the Allonge and Assignment, with
19 Exhibit "A" to the Assignment, dated February 13, 2009, whereby the FDIC in its capacity as
20 Receiver for First Heritage Bank, N.A. assigned all of the rights, title, and interest of First
21 Heritage Bank, N.A. in the Secured Loan Agreement, Custodian Agreement, Guaranties and all
22 documents and instruments constituting Loan Documents, pursuant to the Credit Agreement, to
23 Plaintiff herein, is attached hereto as **Exhibit "5"** and incorporated herein by this reference.

24 12. In January 2009, Plaintiff notified Defendants WESTOVER; and DOES 1 through
25 25, inclusive, of the assignment and transfer of the Secured Loan Agreement and all related Loan
26 Documents to Plaintiff and made demand upon Defendants WESTOVER; and DOES 1 through
27 25, inclusive, for payment of WESTOVER's obligations under the Secured Loan Agreement.

13. On February 25, 2009, Plaintiff gave WESTOVER, JONES, and WOODLEY written notice of WESTOVER's material defaults under the terms of the Secured Loan Agreement, related Loan Documents, and Guaranties. A true and correct copy of that notice of default is attached hereto as **Exhibit "6"** and incorporated herein by this reference. On April 30, 2009, Plaintiff also made written demand upon Defendants that they assemble all of the Collateral and deliver it to Plaintiff, as required by the Secured Loan Agreement, Custodian Agreement, and the applicable provisions of *Uniform Commercial Code*. A true and correct copy of that written demand is attached hereto as **Exhibit "7"** and incorporated herein by this reference. To date, Defendants, and each of them, have failed and refused, and continue to fail and refuse, to comply with Plaintiff's lawful demands for possession of the collateral.

FIRST CAUSE OF ACTION

BREACH OF CONTRACT

AGAINST WESTOVER; AND DOES 1 through 25, inclusive

14. Plaintiff refers to and incorporates herein by reference, as though fully set forth below, the allegations contained in Paragraphs 1-13, above, inclusive.

15. Defendants WESTOVER; and DOES 1 through 25, inclusive, are in material and continuing breach of the terms of the Secured Loan Agreement (Exhibit "1," hereto).

16. Plaintiff, First Heritage Bank, N.A., and FDIC have performed all conditions, covenants and promises required by them on their part to be performed in accordance with the terms and conditions of the Secured Loan Agreement.

17. As a direct and proximate result of the material and continuing breaches of Defendants WESTOVER; and DOES 1 through 25, inclusive, and the facts alleged herein, Plaintiff as Assignee of the Secured Loan Agreement, as evidenced by Exhibit "5," hereto, has suffered damages in the remaining principal amount of \$859,409.50, plus attorneys' fees and costs as provided for under the Secured Loan Agreement, and interest thereon.

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SECOND CAUSE OF ACTION

BREACH OF CONTRACT

**AGAINST WESTOVER; AND DOES 1 through 25, inclusive; and
JONES; AND DOES 26 through 50, inclusive**

18. Plaintiff refers to and incorporates herein by reference, as though fully set forth below, the allegations contained in Paragraphs 1-13, above, inclusive, and Paragraphs 15-17, above, inclusive.

19. Defendants WESTOVER; and DOES 1 through 25, inclusive, and JONES; and DOES 26 through 50, inclusive, are in material and continuing breach of the terms of the Custodian Agreement (Exhibit "2," hereto).

20. Plaintiff, First Heritage Bank, N.A., and FDIC have performed all conditions, covenants and promises required by them on their part to be performed in accordance with the terms and conditions of the Custodian Agreement.

21. As a direct and proximate result of the material and continuing breaches of Defendants WESTOVER; and DOES 1 through 25, inclusive, and JONES; and DOES 26 through 50, inclusive, and the facts alleged herein, Plaintiff as Assignee of the Custodian Agreement, as evidenced by Exhibit "5," hereto, has suffered damages in the remaining principal amount of \$859,409.50, plus attorneys' fees and costs as provided for under the Custodian Agreement, and interest thereon.

THIRD CAUSE OF ACTION

BREACH OF GUARANTY

AGAINST JONES; AND DOES 26 through 50, inclusive

22. Plaintiff refers to and incorporates herein by reference, as though fully set forth below, the allegations contained in Paragraphs 1-21, above, inclusive.

23. The purpose of the JONES Guaranty was to induce Plaintiff to extend credit to WESTOVER. Plaintiff acted in reliance upon the JONES Guaranty and WESTOVER is now indebted to Plaintiff in the principal sum of \$859,409.50, together interest thereon, and attorneys' fees and costs.

1 24. Plaintiff, First Heritage Bank, N.A., and FDIC have fully performed all conditions,
2 covenants, and obligations under the terms of the JONES Guaranty, except for those conditions,
3 covenants, and obligations of which performance has been excused by Defendant JONES'
4 antecedent material breach of his obligations under the JONES Guaranty and other related
5 wrongful acts.

6 25. JONES has not paid any of the sums due under the provisions of the JONES
7 Guaranty. There is now due, owing and unpaid from JONES; and DOES 26 through 50,
8 inclusive, to Plaintiff, by reason of the JONES Guaranty, the principal amount of \$859,409.50,
9 plus attorneys' fees and costs as provided for under the Guaranty and Secured Loan Agreement,
10 and interest thereon.

11 26. Under the terms of the JONES Guaranty, Plaintiff is entitled to recover all costs
12 and expenses, including attorneys fees, which are incurred in the enforcement of the JONES
13 Guaranty by Plaintiff. As a result of JONES's failure to pay the amounts due under the JONES
14 Guaranty, Plaintiff has been forced to commence this action and to enforce the JONES Guaranty.

15 **FOURTH CAUSE OF ACTION**

16 **BREACH OF GUARANTY**

17 **AGAINST WOODLEY; AND DOES 51 through 75, inclusive,**

18 27. Plaintiff refers to and incorporates herein by reference, as though fully set forth
19 below, the allegations contained in Paragraphs 1-21, above, inclusive.

20 28. The purpose of the WOODLEY Guaranty was to induce Plaintiff to extend credit
21 to WESTOVER. Plaintiff acted in reliance upon the WOODLEY Guaranty and WESTOVER is
22 now indebted to Plaintiff in the principal sum of \$859,409.50, together interest thereon, and
23 attorneys' fees and costs.

24 29. Plaintiff, First Heritage Bank, N.A., and FDIC have fully performed all conditions,
25 covenants, and obligations under the terms of the WOODLEY Guaranty, except for those
26 conditions, covenants, and obligations of which performance has been excused by Defendant
27 WOODLEY's antecedent material breach of his obligations under the WOODLEY Guaranty and

1 other related wrongful acts.

2 30. WOODLEY has not paid any of the sums due under the provisions of the
3 WOODLEY Guaranty. There is now due, owing and unpaid from WOODLEY; and DOES 51
4 through 75, inclusive, to Plaintiff, by reason of the WOODLEY Guaranty, the principal amount of
5 \$859,409.50, plus attorneys' fees and costs as provided for under the Guaranty and Secured Loan
6 Agreement, and interest thereon.

7 31. Under the terms of the WOODLEY Guaranty, Plaintiff is entitled to recover all
8 costs and expenses, including attorneys fees, which are incurred in the enforcement of the
9 WOODLEY Guaranty by Plaintiff. As a result of WOODLEY's failure to pay the amounts due
10 under the WOODLEY Guaranty, Plaintiff has been forced to commence this action and to
11 enforce the WOODLEY Guaranty.

12 **FIFTH CAUSE OF ACTION**

13 **CLAIM AND DELIVERY**

14 **AGAINST ALL DEFENDANTS; AND DOES 1 through 100, inclusive**

15 32. Plaintiff refers to and incorporates herein by reference, as though fully set forth
16 below, the allegations contained in Paragraphs 1-21, above, inclusive.

17 33. Despite Plaintiff's numerous written and oral demands for possession, Defendants;
18 and DOES 1 through 100, inclusive, and each of them, have remained in possession of the
19 Collateral. Plaintiff is entitled to take possession of the Collateral. Plaintiff has demanded that
20 Defendants; and DOES 1 through 100, inclusive, and each of them, surrender possession of the
21 Collateral to Plaintiff. Defendants; and DOES 1 through 100, inclusive, and each of them, have
22 refused to surrender possession of the Collateral after Plaintiff's demands and continue to
23 withhold possession of the Collateral in violation of Plaintiff's right to immediate possession of
24 the Collateral.

25 34. During and as a proximate result of Defendants'; and DOES 1 through 100,
26 inclusive's, wrongful possession and detention of the Collateral, Plaintiff has suffered the loss of
27 use of the Collateral. The value of the Collateral is currently unknown and Plaintiff will amend

1 this Complaint when that value is determined or upon proof at trial.

2 35. As a further proximate result of Defendants'; and DOES 1 through 100, inclusive's,
3 wrongful possession and detention of the Collateral, Plaintiff has been forced to retain legal
4 counsel to initiate and prosecute this action, all to Plaintiff's further damage and expense,
5 according to proof at trial.

6 **SIXTH CAUSE OF ACTION**

7 **CONVERSION**

8 **AGAINST ALL DEFENDANTS; AND DOES 1 through 100, inclusive**

9 36. Plaintiff refers to and incorporates herein by reference, as though fully set forth
10 below, the allegations contained in Paragraphs 1-21, above, inclusive, and Paragraphs 33-35,
11 above, inclusive.

12 37. As a direct and proximate result of Defendants'; and DOES 1 through 100,
13 inclusive's, conversion of the Collateral, Plaintiff has suffered damages in a sum of not less than
14 \$859,409.50. Additionally, Plaintiff has incurred fees and costs. The full amount of said damages
15 is not yet known to Plaintiff, and Plaintiff will amend this Complaint to state such amount when
16 the same becomes known to it, or upon proof thereof at trial.

17 38. The aforementioned acts of Defendants; and DOES 1 through 100, inclusive, and
18 each of them, were wilful, wanton, malicious and oppressive, were taken with the intention to
19 defraud Plaintiff, and justify the awarding of exemplary and punitive damages.

20 **SEVENTH CAUSE OF ACTION**

21 **INJUNCTIVE RELIEF**

22 **AGAINST ALL DEFENDANTS; AND DOES 1 through 100, inclusive**

23 39. Plaintiff refers to and incorporates herein by reference, as though fully set forth
24 below, the allegations contained in Paragraphs 1-38, above, inclusive.

25 40. The wrongful conduct of Defendants; and DOES 1 through 100, inclusive, and
26 each of them, as herein above alleged, unless and until enjoined and restrained by order of this
27 Court, will cause great and irreparable injury to Plaintiff in that Plaintiff has been denied the use

1 and possession of its Collateral and, further, Defendants; and DOES 1 through 100, inclusive, and
2 each of them, have wrongfully benefitted from the use of the Collateral in the operation of
3 WESTOVER's business.

4 41. Plaintiff has no adequate remedy at law for the injuries currently being suffered in
5 that Defendants; and DOES 1 through 100, inclusive, and each of them, will continue to convert
6 and misappropriate the Collateral and Plaintiff will be required to maintain a multiplicity of
7 judicial proceedings to protect its interests.

8 **WHEREFORE**, Plaintiff prays judgment against Defendants WESTOVER, and DOES 1
9 through 25, inclusive; JONES, and DOES 26 through 50, inclusive; WOODLEY; and DOES 51
10 through 75, inclusive; and each of them and DOES 76 through 100, inclusive, as follows:

11 1. For damages in the principal an amount of not less than \$859,409.50, according to
12 proof at trial;

13 2. For exemplary and punitive damages, according to proof at trial;

14 3. For possession of the Collateral described herein or, if the Collateral cannot be
15 delivered, for its value according to proof at trial;

16 4. For an order requiring Defendants; and DOES 1 through 100, inclusive, and each
17 of them, to show cause, if any they have, why they should not be enjoined as hereinafter set forth,
18 during the pendency of this action;

19 5. For a temporary restraining order, preliminary injunction, and a permanent
20 injunction, all requiring Defendants; and DOES 1 through 100, inclusive, and each of them, and
21 their agents, servants, and employees, and all persons acting under, in concert with, or for them:

22 A. To refrain from continuing the misappropriation of Plaintiff's Collateral; and

23 B. To return all of the Collateral to Plaintiff;

24 6. For interest;

25 7. For attorneys fees pursuant to the Secured Loan Agreement, Custodian Agreement,
26 and Guaranties;

27 8. For costs of suit herein incurred; and

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9. For such other and further relief as the court deems appropriate.

DATED: May 7, 2009

LANAK & HANNA, P.C.

By: 
JENNIFER M. SCHILDBACH
Attorneys for Plaintiff,
Brown Bark III, L.P.

EXHIBIT

1

CREDIT AGREEMENT

Between

FIRST HERITAGE BANK, N.A.

as Lender

and

WESTOVER FINANCIAL, INC.,
a California corporation

as Borrower

Dated as of April 13, 2007

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EXHIBIT A BORROWING REQUEST/BORROWING BASE CERTIFICATE
EXHIBIT B FORM OF LEASE AGREEMENT

CREDIT AGREEMENT

THIS CREDIT AGREEMENT (this "Agreement") dated as of April 13, 2007, is made by and between WESTOVER FINANCIAL, INC., a California corporation ("Borrower"), and FIRST HERITAGE BANK, N. A. ("Lender").

RECITALS

Borrower has requested that Lender make loan advances to it from time to time. Subject to the terms and conditions of this Agreement and of the other Loan Documents (as defined below) Lender is willing to extend certain credit facilities to Borrower as provided in this Agreement. Accordingly, the parties agree as follows:

AGREEMENT

NOW, THEREFORE, in consideration of the covenants, representations, warranties and agreements contained herein and for other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby covenant and agree as follows:

ARTICLE I

DEFINITIONS AND ACCOUNTING TERMS

Section 1.1 Certain Defined Terms. As used in this Agreement, the following terms shall have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the terms defined):

"Account Debtor" means any Person who is or who may become obligated to Borrower under, with respect to, or on account of any Accounts, Contract Rights, General Intangibles or any other Collateral.

"Accounts" means any "account," as such term is defined in the UCC, now owned or hereafter acquired by Borrower, the proceeds and products thereof, and, in any event shall include without limitation, each of the following, whether now owned or hereafter acquired by Borrower: (a) all Consumer Loans and all notes, retail installment contracts, drafts, acceptances, instruments, and chattel paper evidencing or arising therefrom, (b) all accounts receivable of Borrower, (c) all rights of Borrower to payment for goods sold or leased or services rendered or the license of Intellectual Property, whether or not earned by performance, (d) all rights of Borrower to receive any payment of money or other form of consideration, (e) all security pledged, assigned, or granted to or held by Borrower to secure any of the foregoing, and (f) all guaranties of, or indemnifications with respect to any of the foregoing.

"Advance" means an advance or disbursement of proceeds by Lender to Borrower pursuant to this Agreement.

"Affiliate" means any Person directly or indirectly controlling, controlled by, or under direct or indirect common control with, Borrower. A Person shall be deemed to control a corporation or other entity if such Person possesses, directly or indirectly, the power to direct or cause the direction of the management and policies of such corporation or other entity, whether through the ownership of voting securities, by contract or otherwise.

"Approved Dealer" means a licensed motor vehicle dealer approved by Borrower in the ordinary course of Borrower's business from whom Borrower may, from time to time, purchase Accounts.

"Assignment" means an assignment of the promissory note and the other documents relating to an Eligible Loan in such form as Lender may require.

"Authorized Officer" means the following officers or other representatives of Borrower, and such other officer or other individual as Borrower may designate as an Authorized Officer by means satisfactory to Lender:

**Joseph G. Woodley
Steven R. Jones**

**Chairman/ CEO
President/Chief Financial Officer**

"Borrower" has the meaning specified in the preamble to this Agreement.

"Borrowing" means a borrowing consisting of the making of an Advance.

"Borrowing Base" means, at any time, an amount equal to eighty percent (90%) of the aggregate net amount outstanding under the Eligible Loans (excluding all unearned finance charges, insurance commissions and dealer reserves).

"Borrowing Request/Borrowing Base Certificate" means a request and certificate in substantially the form of Exhibit A attached hereto prepared and certified by an Authorized Officer of Borrower, executed and certified by Custodian and submitted by Borrower to Lender in support of a request for an Advance.

"Business Day" means a day, which is not a Saturday, Sunday, or other day on which banks are required or authorized to close in Newport Beach/Los Angeles, California.

"Charge Off Report" means a report generated by the Borrower in substantially the form attached hereto as Exhibit D setting forth accurate information as of the date such report is generated including a detailed listing of each Account on which Borrower has charged off any delinquent obligations payable to Borrower.

"Collateral" means the Accounts, Equipment, Inventory, General Intangibles, Contract Rights, documents of title, chattel paper and instruments, including but not limited to any

evidencing, arising out of or relating to any obligation of Borrower for goods sold or leased or services rendered, all items of personal property in which Lender holds a Lien to secure the credit facilities provided for in this Agreement, the Security and Pledge Agreement or any other Loan Document at any time now or hereafter in effect between Lender and Borrower, and any other collateral described in this facility.

"Commitment" has the meaning specified in Section 2.1.

"Consumer Loan" means any loan made by an Approved Dealer to a Dealer Customer secured by a Vehicle Title and evidenced by Consumer Loan Documents applicable to such Dealer Customer, whether such loan is now or hereafter owned or acquired by Borrower from the Approved Developer.

"Consumer Loan Documents" means all chattel paper, retail installment contracts, purchase money security agreements, security agreements, promissory notes, or similar instruments evidencing or securing a Consumer Loan which have been executed by a Dealer Customer and are originally payable to or in favor of the Approved Dealer, such instruments, agreements and documents being substantially in the form attached hereto as Exhibit B, all such documents, instruments and agreements being sold and assigned by the Approved Dealer to Borrower.

"Contract Rights" means any right of Borrower to a payment under a contract.

"Control" has the meaning set forth under Chapter 8 and Chapter 9 of the UCC.

"Custodian" means Steven R. Jones whose business address is 400 N. Tustin Avenue, Suite 140, Santa Ana, CA 92705.

"Custodian Agreement" means that certain Custodian Agreement dated as of this Agreement executed by Borrower, Lender and Custodian with respect to the custody of the Collateral as such Custodial Agreement may be amended, supplemented, modified or restated from time to time.

"Dealer Customer" means an Account Debtor who is the borrower under any Eligible Loan or other loan, which constitutes a part of the Collateral, as applicable.

"Default" has the meaning specified in the definition of "Event of Default."

"Default Rate" has the meaning specified in Section 2.4(b).

"Delinquency Report" means a report generated by the Borrower in substantially the form attached hereto as Exhibit C setting forth accurate information as of the date such report is generated including a detailed listing of each Account greater than thirty (30) days past due.

"Dollars", "dollars" or the symbol "\$" means lawful money of the United States of America denominated in United States dollars.

"Effective Date" means the first Business Day on which all conditions to the making of Advances set forth in Article III have been satisfied or waived in writing by Lender.

"Eligible Loan" means an Account made by an Approved Dealer and purchased by Borrower which meets all of the following requirements and continues to do so until collected in full:

(i) Lender has a first and prior security interest in the Account which is superior to any other Lien upon the Account;

(ii) The promissory note or other purchase money agreement evidencing such Eligible Loan has been duly endorsed in blank, or with such other form of endorsement as Lender may require, and containing a legend (by way of a stamp or other method satisfactory to Lender) clearly and permanently setting forth, on the face of such promissory note or other purchase money agreement evidencing such Eligible Loan, with the following language: **"THIS DOCUMENT HAS BEEN PLEDGED AS COLLATERAL TO AND IS SUBJECT TO A SECURITY INTEREST IN FAVOR OF FIRST HERITAGE BANK, N.A.;**

(iii) The original Consumer Loan Documents evidencing such Account have been delivered to the Lender or to Custodian in accordance with Section 2.3(c) of this Agreement with no exceptions having been noted by the Custodian;

(iv) The Account has been purchased by Borrower in the ordinary course of Borrower's business and such purchase complies with Borrower's standard requirements and guidelines;

(v) The Account is not an open account or revolving account;

(vi) The Account is in full force and effect and under which no default or event of default exists or would exist but for a waiver thereof by Borrower

(vii) The Account represents the present and unimpaired right to payment of money from the Dealer Customer thereunder;

(viii) The Consumer Loan Documents evidencing such Account bear interest and the Dealer Customer has executed such Consumer Loan Documents agreeing to the accrual and payment of such interest;

(ix) The Account is evidenced by Consumer Loan Documents having regularly scheduled payments of principal and interest that are required in intervals of at most thirty-one (31) days and would fully amortize all principal, interest and fees owed under the Account if paid as contractually agreed over the state term set forth in such Consumer Loan Documents;

(x) The contract term of the Account is not more than sixty (60) months;

(xi) The Account has been originated by an Approved Dealer;

(xii) The Account is evidenced and secured by Consumer Loan Documents in compliance with the documentation guidelines reviewed and accepted by Lender;

(xiii) Repayment of the Account is secured by a first-lien security interest on a motor vehicle purchased and used for non-commercial use which such motor vehicle is free and clear of any other liens or claims of other Persons (including, without limitation, any mechanic's lien or claim for work, labor or material affecting such vehicle); provided, however, Borrower will have a period of 120 days from that origination date of the Account to perfect the security interest in the underlying motor vehicle;

(xiv) The Account is not secured by a repossessed or an inoperable motor vehicle;

(xv) The Account represents a valid and binding obligation, enforceable in accordance with its terms for the amount outstanding thereof without any right of offset, any counterclaim or any other defense;

(xvi) The Account is not encumbered in any way, except by Liens in favor of Lender;

(xvii) The Dealer Customer or any guarantor on such Account is not an officer, employee, agent or Affiliate of the Borrower, the Approved Dealer or any Person related to the Borrower, the Approved Dealer or their shareholders, officers, or directors;

(xviii) The Account does not contain terms by reason of which the payments due thereunder may be conditional;

(xix) The Dealer Customer on the Account (a) has not been adjudicated as bankrupt or insolvent; (b) has not filed a voluntary petition seeking reorganization or an arrangement with creditors to take advantage of or seek any relief under any bankruptcy, moratorium, rearrangement, insolvency, reorganization or similar debtor relief laws affecting the rights of creditors generally; (c) has not filed an answer admitting material allegations of or consenting to, or default in, a petition filed against such account debtor in any bankruptcy, liquidation, conservatorship, moratorium, insolvency, or reorganization, or other Insolvency Proceeding;

(xx) Neither the Account, the related Dealer Customer nor any guarantor thereof is affected, in any way, by any bankruptcy, receivership or other Insolvency Proceeding;

(xxi) The Borrower does not have knowledge that the Dealer Customer on the Account or any guarantor thereof has become insolvent or fails generally to pay such Dealer Customer's or such guarantor's debts as such debts become due;

(xxii) The Account is not owned by any Dealer Customer who is not a legal resident of the United States, unless otherwise expressly consented to in writing by Lender;

(xxiii) The Account is not evidenced by a judgment or has not been reduced to judgment;

(xxiv) The Account has not been extended, modified, or renewed from its original term unless otherwise expressly consented to in writing by Lender;

(xxv) The Account has a maximum remaining gross balance (including all unearned finance charges, fees and any purchase discounts) of not greater than Twenty Thousand Dollars (\$20,000);

(xxvi) The Account has been made, documented, closed and serviced in accordance with all applicable state and federal laws, rules and regulations (including but not limited to all truth-in-lending laws, usury laws, consumer protection laws and the Federal Truth in Lending Act;

(xxvii) All amounts and all information appearing thereon or furnished to Borrower or Lender in connection therewith are true and correct and are undisputed by the Dealer Customer on such Account and any guarantor thereof;

(xxviii) To the best of Borrower's knowledge, no condition exists that materially or adversely affects the value of the Account or jeopardizes the Dealer Customer thereon or any guarantor thereof;

(xxix) Borrower and the Dealer Customer are not engaged in any litigation regarding the Account or nonpayment thereof;

(xxx) Borrower has not granted any participation interests in the Account in favor of any Person;

(xxxi) The Account is not contractually past due more than sixty (60) days with respect to any scheduled payment; and

(xxxii) All dealer reserve obligations of Borrower are subordinate to the interest of Lender in a form acceptable to Lender.

"Environmental Laws" means any and all federal, state and local laws, regulations, judicial decisions, orders, decrees, plans, rules, permits, licenses, and other governmental restrictions and requirements pertaining to health, safety or the environment, including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. Section 9601, et seq., the Resource Conservation and Recovery Act of 1976, 42 U.S.C. Section 6901, et seq., the Occupational Safety and Health Act, 29 U.S.C. Section 651, et seq., the Clean Air Act, 42 U.S.C. Section 7401, et seq., the Clean Water Act, 33 U.S.C. Section 1251, et seq., and the Toxic Substances Control Act, 15 U.S.C. Section 2601, et seq., as the same may be amended, supplemented or replaced from time to time.

"Environmental Liabilities" means, as to any Person, all liabilities, obligations, responsibilities, Remedial Actions, losses, damages, punitive damages, consequential damages, treble damages, costs and expenses (including, without limitation, all reasonable fees, disbursements and expenses of counsel, expert and consulting fees and costs of investigation and feasibility studies), fines, penalties, sanctions, and interest incurred as a result of any claim or demand, by an

Person, whether based in contract, tort, implied or express warranty, strict liability, criminal or civil statute, including any Environmental Law, permit, order or agreement with any Governmental Authority or other Person, arising from environmental, health or safety conditions or the release or threatened release of a Hazardous Material into the environment, resulting from the past, present or future operations of such Person or its Affiliates.

"Equipment" means any "equipment" as such term is defined in Chapter 9 of the UCC, now owned or hereafter acquired by Borrower and, in any event, shall include, without limitation, all machinery, equipment, furnishings, fixtures and vehicles now owned or hereafter acquired by Borrower and any and all additions, substitutions, and replacements of any of the foregoing, wherever located, together with all attachments, components, parts, equipment and accessories installed thereon or affixed thereto.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

"Event of Default" means any of the events specified in Section 7.1, provided that there has been satisfied any requirement in connection with such event for the giving of notice, or the lapse of time, or the happening of any further condition, event or act, and "Default" shall mean any of such events, whether or not any such requirement has been satisfied.

"Floating Rate" means a floating rate (redetermined monthly on a date selected by Lender) per annum, equal to the Wall Street Journal plus 1.00%.

"GAAP" means generally accepted accounting principles applicable in the United States, consistently applied.

"General Intangibles" means all of Borrower's "General Intangibles" as such term is defined in the UCC.

"Governmental Authority" means the United States of America, any applicable state, county, city or other political subdivision, agency, department, commission, district, board, bureau or instrumentality of any of the foregoing, which now or hereafter has jurisdiction over the Borrower or all or any portion of the Collateral.

"Guaranties" means the Guaranties dated as of the date of this Agreement made by Guarantors in favor of Lender and jointly and severally guaranteeing the obligations of Borrower under this Agreement and the other Loan Documents as the same may be amended, supplemented, extended or replaced from time to time.

"Guarantors" means Steven R. Jones and Joseph G. Woodley.

"Hazardous Material" means any toxic substance, hazardous substance, hazardous material, hazardous chemical or hazardous waste defined or qualifying as such in (or for the purposes of) any Environmental Law, or any pollutant or contaminant, and shall include, but not be limited to, petroleum, including crude oil or any fraction thereof which is liquid at standard conditions of temperature or pressure, any radioactive material, including, but not limited to, any source, special

nuclear or by-product material as defined in 42 U.S.C. section 2011 et seq., as amended or hereafter amended, polychlorinated biphenyls, and asbestos in any form or condition.

"Indebtedness" means, with respect to any Person: (i) all items of indebtedness or liability which would be included in determining total liabilities as shown on the liability side of a balance sheet as of the date of determination; (ii) indebtedness secured by any Lien on property carried on the asset side of the balance sheet of such Person whether or not such indebtedness shall have been assumed; (iii) any other indebtedness or liability for borrowed money or for the deferred purchase price of property or services for which such Person is directly or contingently liable as obligor, guarantor, or otherwise, or in respect of which such Person otherwise assures a creditor against loss; and (iv) any other obligations of such Person under leases which shall have been or, pursuant to GAAP, should be recorded as capital leases.

"Insolvency Proceeding" means any proceeding commenced by or against any Person under any provision of the United States Bankruptcy Code, as amended, or under any other bankruptcy or insolvency law, any assignment for the benefit of creditors, or any other proceeding seeking reorganization, arrangement or other relief from Indebtedness.

"Interest Bearing Debt" means indebtedness or liability for borrowed money or for the deferred purchase price of property or services for which such Person is directly liable as obligor, and any other obligations of such Person under leases which shall have been or, pursuant to GAAP, should be recorded as capital leases.

"Inventory" means any and all of Borrower's "inventory" as such term is defined under the UCC including, without limitation any goods (including, without limitation, goods in transit) wheresoever located which are or may at any time be leased by Borrower to a lessee, held for sale or lease, furnished under any contract of service, or held as raw materials, work in process, or supplies or materials used or consumed in Borrower's business, or which are held for use in connection with the manufacture, packing, shipping, advertising, selling or finishing of such goods, and all goods the sale or other disposition of which has given rise to an Account, Contract Right, General Intangible, instrument or chattel paper which are returned to and/or repossessed and/or stopped in transit by Borrowers or Lender or any agent or bailee of either of them, and all documents of title or other documents representing the same.

"Landlord's Lien Subordination Agreement" means a Landlord's Lien Subordination Agreement in form and substance satisfactory to Lender.

"Leases" means those certain lease agreements between the owners of the real property on which any part of Borrower's business is operated, as landlord, and Borrower, as tenant, pertaining to the lease of such real property.

"Liabilities" means, at any particular time, all amounts which, in conformity with GAAP would be included as liabilities on a balance sheet of a Person.

"Lien" means any pledge, security interest, encumbrance, lien or charge of any kind (including any agreement to give any of the foregoing, any conditional sale or other title retention

agreement, any lease in the nature thereof, and the filing of or agreement to give any financing statement under the Uniform Commercial Code of any jurisdiction).

"Loan Documents" means this Agreement, the Note, the Guaranties, the Security Documents, any Subordination Agreements, any Landlord Lien Subordination Agreements, Collateral Assignment of Dealer Agreement, and any and all other documents, instruments and agreements related thereto as the same may be amended, supplemented, extended or replaced from time to time.

"Material Adverse Effect" means any condition or set of circumstances or events which could reasonably be expected to cause an Event of Default or any material adverse effect on: (a) the business, assets, operations, capitalization, property, condition (financial or otherwise) or prospects of Borrower; (b) the value of the Collateral or the validity, perfection or priority of the liens of Lender on the Collateral; (c) the ability of Borrower to pay and perform its obligations as they become due, including all obligations under the Loan Documents.

"Maturity Date" initially means July 31, 2007.

"Maximum Advance Amount" has the meaning specified in Section 2.3(e).

"Maximum Amount Outstanding" means an amount equal to the lesser of (i) the amount of the Borrowing Base and (ii) the Commitment.

"Note" means the Revolving Line of Credit Promissory Note, in the stated principal amount of \$1,000,000, payable to the order of Lender dated as of the date of this Agreement evidencing the aggregate Indebtedness of Borrower to Lender under this Agreement.

"Organizational Documents" means (a) in the case of a corporation, its articles of incorporation and bylaws, (b) in the case of a general partnership, its partnership agreement, (c) in the case of a limited partnership, its certificate of limited partnership and limited partnership agreement, (d) in the case of a limited liability company, its articles of organization and operating agreements or regulations, and (e) in the case of any other entity, its organizational and governance documents and agreements.

"Outstanding" means, as of any date of determination, the aggregate principal amount of Advances remaining unpaid and owing by Borrower.

"Permitted Liens" means (a) Liens securing Indebtedness owed by Borrower to Lender (b) Liens for taxes, assessments or similar charges not yet delinquent, (c) Liens of materialmen, mechanics, warehousemen or carriers, or other like Liens arising in the ordinary course of business and securing obligations which are not yet delinquent, (d) Liens which have been disclosed to and approved by Lender in writing, and (e) Liens on equipment leased under capital leases in favor of the lessor thereof disclosed to and approved by Lender in writing.

"Person" means an individual, partnership, corporation (including a business trust), joint stock company, limited liability company, trust, unincorporated association, joint venture or other entity, or any governmental authority or entity.

"Proceeds" means any "proceeds," as such term is defined under the UCC and, in any event, shall include, but not be limited to, (a) any and all proceeds of any insurance, indemnity, warranty, or guaranty payable to Borrower from time to time with respect to any of the Collateral, (b) any and all payments (in any form whatsoever) made or due and payable to Borrower from time to time in connection with any requisition, confiscation, condemnation, seizure, or forfeiture of all or any part of the Collateral by any state, federal or other court or governmental department, commission, board, bureau, agency or instrumentality.

"Repossession Report" means a report generated by the Borrower in substantially the form attached hereto as Exhibit E setting forth accurate information as of the date such report is generated including a detailed listing of each Account on which Borrower has repossessed the applicable motor vehicle financed.

"Remedial Action" means all actions required to (a) clean up, remove, treat, or otherwise address Hazardous Materials in the environment, (b) prevent the release or threatened release or minimize the further release of Hazardous Materials so that they do not migrate or endanger or threaten to endanger public health or welfare or the environment, or (c) perform pre-remedial studies and investigations and post-remedial monitoring and care.

"Reserve Adequacy Ratio" means a ratio determined by dividing the amount Borrower has reserved against potential credit losses by Borrower's actual net losses incurred during the applicable period measured.

"Security and Pledge Agreement" means the Security and Pledge Agreement dated the date of this Agreement between Borrower and Lender as the same may be amended, supplemented, extended or replaced from time to time.

"Security Documents" means the Security and Pledge Agreement and all other documents, instruments and agreements (a) under which any Person grants a security interest to Lender for the purpose of securing the obligations of Borrower contained in this Agreement, the Note and the other Loan Documents, or (b) which relate to the perfection of such a security interest as the same may be amended, supplemented, extended or replaced from time to time.

"Subordinated Debt" means all debt of Borrower whether now existing or hereafter incurred which is subordinate in right of payment to the indebtedness evidenced by the Note and this Agreement, pursuant to a written subordination agreement in form and content satisfactory to Lender.

"Subordinated Owner Indebtedness" means Indebtedness of Borrower to its shareholders, members, partners or other equity owners which Indebtedness has been subordinated pursuant to a Subordination Agreement.

"Subordination Agreement" means, with respect to any Indebtedness of Borrower, an agreement in form and substance satisfactory to Lender, pursuant to which such Indebtedness is subordinated in right of payment and otherwise to the Indebtedness and other obligations of Borrower to Lender under this Agreement as the same may be amended, supplemented, extended or replaced from time to time.

"Subsidiary" means any corporation, limited liability company, partnership or other entity in which a majority of (i) the total combined voting power of all classes of stock or other equity interests of which or (ii) the outstanding equity interests of which shall, at the time as of which any determination is made, be owned by Borrower either directly or through Subsidiaries.

"Tangible Net Worth" means the excess of total assets over total liabilities of Borrower and its Subsidiaries computed on a consolidated basis; provided, however, that Subordinated Owner Indebtedness shall be excluded in the determination of total liabilities and, provided further, that the following shall be excluded from the determination of total assets: (i) all assets which should be classified as intangible assets (such as goodwill, patents, trademarks, copyrights, franchises, and deferred charges including unamortized debt discount and research and development costs), (ii) treasury stock, (iii) cash held in a sinking or other similar fund established for the purpose of redemption or other retirement of capital stock, (iv) to the extent not already deducted from total assets, reserves for depreciation, depletion, obsolescence or amortization of properties and other reserves or appropriations of retained earnings which have been or should be established in connection with the business of Borrower, (v) any revaluation or other write-up in book value of assets subsequent to the fiscal year of Borrower last ended at the date of this Agreement, (vi) treasury stock and capital stock, obligations or other securities of or capital contributions to or investments in any Subsidiary, and (vii) Indebtedness owing to Borrower by any officer, director, shareholder or Affiliate of Borrower.

"Total Liability" means all of Borrower's liabilities and debts, excluding Subordinated Owner Indebtedness.

"UCC" means the Uniform Commercial Code as enacted in the state of California.

"Unused Commitment" means, as of any date of determination, an amount equal to the Commitment minus the sum of (i) the aggregate principal amount of all Advances Outstanding and (ii) the aggregate principal amount of all Advances for which a borrowing request has been made pursuant to Section 2.3 but which have not been disbursed as of the date of determination.

"Vehicle Title" means the certificate of title issued by the department of transportation or other corresponding instrumentality or agency of any state that relates to a motor vehicle or other vehicle which is collateral for a Consumer Loan.

Section 1.2 Computation of Time Periods. In this Agreement, in the computation of periods of time from a specified date to a later specified date: (a) the word "from" means "from and including," (b) the words "to" and "until" each means "to but excluding"; and (c) the word "through" means "through and including."

Section 1.3 Accounting Terms. All accounting terms not specifically defined in this Agreement shall be construed, and all accounting procedures shall be performed, in accordance with GAAP.

Section 1.4 UCC Terms. Terms (whether or not capitalized) defined in the UCC which are not otherwise defined in this Agreement shall have the meanings as defined in the UCC as in effect on the date of this Agreement..

ARTICLE II

AMOUNTS AND TERMS OF THE BORROWINGS

Section 2.1 The Commitment. Subject to the terms and conditions of this Agreement, Lender shall make available to Borrower a revolving credit facility in the maximum amount of One Million Dollars (\$1,000,000) (the "Commitment") consisting of Advances.

Section 2.2 The Borrowings

(a) Lender agrees, on the terms and conditions set forth below, during the period from the Effective Date to the Maturity Date, to make Advances to Borrower from time to time on any Business Day in an aggregate amount not to exceed the Maximum Amount Outstanding.

(b) Borrower may prepay or otherwise repay any Amount Outstanding pursuant to Section 2.7 and reborrow pursuant to this Section 2.2.

Section 2.3 Making the Borrowings

(a) Borrowing Requests. Each request for an Advance shall be evidenced by a Borrowing Request/Borrowing Base Certificate executed by an Authorized Officer of Borrower and by Custodian, which Borrowing Request/Borrowing Base Certificate may be delivered by FAX or personal delivery to Lender no later than 4:00 p.m. (Los Angeles, California time) on the Business Day immediately prior to the day the Advance is desired to be funded. Each Borrowing Request/Borrowing Base Certificate shall be accompanied by all documents described in Section 2.3(b) not previously provided to Lender in connection with the relevant Borrowing Request/Borrowing Base Certificate.

(b) Required Submissions. Prior to the making an Advance with respect to the Borrowing Base, Borrower shall submit the following to Lender with respect to the Eligible Loans described in the Borrowing Request/Borrowing Base Certificate for such Advance:

- (i) a current Delinquency Report;
- (ii) a current Charge Off Report; and
- (iii) a current Repossession Report.

(c) Required Certifications. In addition to the required documents outlined in 2.3 (b), Borrower will certify to Lender prior to the making of an Advance with respect to each Eligible Loan, that the following certifications are true and correct;

(i) Each Account under the Borrowing Base is an Eligible Loan and meets the criteria set forth in the definition of Eligible Loan;

(ii) Borrower has duly endorsed in blank, or with such other form of endorsement as Lender may require, the promissory note or other purchase money agreement evidencing such Eligible Loan, and has placed a legend (by way of a stamp or other method satisfactory to Lender) clearly and permanently on the face of such promissory note or other purchase money agreement evidencing such Eligible Loan, with the following language: **"THIS DOCUMENT HAS BEEN PLEDGED AS COLLATERAL TO AND IS SUBJECT TO A SECURITY INTEREST IN FAVOR OF FIRST HERITAGE BANK, N.A."**

(iii) Borrower has delivered the following to Custodian with respect to all Accounts (a) all original Consumer Loan Documents underlying such Account, which shall include a stamp on the face of such Consumer Loan evidencing the pledge to Lender of the Consumer Loan Documents underlying such Account pursuant to subsection (ii) above (b) a copy of each of the credit application, truth-in-lending disclosure, credit report and similar information provided by or related to each Dealer Customer for such Account, and (c) the original Vehicle Title reflecting the Borrower as a lien holder on the motor vehicle securing such Account as soon as such Vehicle Title is available (but in any event, within 120 days of the date of the origination of such Account). In the event Lender terminates the Custodian Agreement pursuant to the terms thereof, Borrower agrees to, thereafter, deliver all such documents to the Lender. All Accounts shall, regardless of their location be deemed to be under Lender's dominion and control (with files so labeled) and deemed to be in Lender's possession.

(d) Availability of Borrowings. Lender shall make Borrowings available to Borrower in immediately available funds to an account of Borrower with Lender, or such other account of Borrower as may be approved by Lender.

Section 2.4 Interest Rates; Late Charges

(a) Calculation and Payment of Interest. Borrower shall pay interest on the unpaid principal amount Outstanding from the date of any Advance until paid in full at the rate per annum equal to the Floating Rate in effect from time to time, which amount shall be payable monthly on the 15th day of each Calendar month following the Advance.

(b) Default Rate. Notwithstanding any contrary provision of this Agreement or any other Loan Document, after the occurrence and during the continuance of an Event of Default, and without notice or demand, all principal, interest and other amounts owing under this Agreement, the Note and the other Loan Documents shall bear interest at a rate (the "Default Rate") per annum equal at all times to the lesser of (a) the Floating Rate plus five percent (5%) and (b) the maximum rate allowed by law. No election by Lender not to charge the

Default Rate with respect to an Event of Default shall in any way limit Lender's right to later charge the Default Rate with respect to the same or any other Event of Default, whether of a similar or a different nature.

(c) Maximum Interest. In no event shall charges constituting interest payable by Borrower to Lender exceed the maximum amount permitted under any applicable law or regulation, and if any payments by Borrower exceed such maximum amount, the excess shall be applied first to reduce the amounts owing to Lender under this Agreement and the other Loan Documents in such order as Lender may elect, next to reduce any other amounts owing by Borrower to Lender in such order as Lender may elect, and any excess shall be refunded to Borrower.

Section 2.5 Repayment of Principal; Maturity.

Outstanding principal shall be repaid as follows:

(a) If, at any time the amount Outstanding exceeds the Maximum Amount Outstanding, Borrower shall immediately pay to Lender an amount sufficient to reduce the amount Outstanding to an amount that is less than or equal to the Maximum Amount Outstanding.

(b) Subject to the other provisions of this Agreement, the principal amount Outstanding, together with all accrued and unpaid interest thereon and all other amounts owing by Borrower to Lender under the Loan Documents, shall be repaid on or before the Maturity Date.

Section 2.6 Prepayments

Borrower may prepay any Outstanding principal under the Note without premium or penalty.

Section 2.7 Payments and Computations

(a) Borrower shall make each payment hereunder and under the Note, without offset or deduction of any kind, not later than 2 P.M. (Mountain Standard time) on the day when due in U.S. Dollars to Lender at 1st National Bank Holding Company, AZ-2001-155, P.O. Box 67088, Phoenix, AZ 85082-7088, or at such other location designated by notice from Lender pursuant to the notice provision of this Agreement, in immediately available funds. Any payment received by Lender after such time shall be deemed to have been received on the next succeeding Business Day.

(b) All computations of interest and all fees pursuant to Section 2.6 shall be made by Lender on the basis of a year of 360 days, in each case for the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest or fees are payable. Each determination by Lender of an interest rate or an increased cost or of

illegality hereunder shall be presumptive evidence thereof and binding for all purposes absent manifest error.

(c) Whenever any payment hereunder or under the Note shall be stated to be due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day, and such extension of time shall in such case be included in the computation of interest or fees, as the case may be.

Section 2.8 Evidence of Debt. The Advances made by Lender to Borrower shall be evidenced by the Note, payable to the order of Lender. Lender may maintain in accordance with its usual practice an account or accounts evidencing the Indebtedness of Borrower resulting from Advances and payments made from time to time under this Agreement. In any legal action or proceeding in respect of this Agreement or the Note, the entries made in such account or accounts shall be presumptive evidence of the existence and amounts of the obligations of Borrower therein recorded absent manifest error.

ARTICLE III

CONDITIONS OF BORROWING

Section 3.1 Conditions Precedent to Initial Borrowing.

The obligation of Lender to make the Advance comprising the initial Borrowing is subject to the following conditions precedent:

(a) Lender shall have received all of the Loan Documents including, without limitation, the following documents in form and substance satisfactory to Lender and, as appropriate, duly executed by the parties thereto:

- (i) The Note;
- (ii) The Security and Pledge Agreement;
- (iii) The Guaranties;
- (iv) The Custodian Agreement;
- ✓ (v) Subordination Agreements;
- (vii) Landlord's Waiver and Consent

(b) Lender shall have received all of the following documents and information in form and substance satisfactory to Lender and, as appropriate, duly executed by the parties thereto:

(i) A copy of the articles of incorporation of Borrower certified by the Secretary of State of the State of California, and a copy of the bylaws of Borrower certified by its secretary.

(ii) Certified copies of the resolutions of the board of directors of Borrower approving the Borrowings contemplated hereby and authorizing the execution and delivery of the Loan Documents by Borrower and performance of Borrower's obligations thereunder, and of all documents evidencing other necessary corporate action and governmental approvals, if any, with respect to the Loan and the Loan Documents.

(iii) A certificate of the secretary of Borrower certifying the names and true signatures of the officers or other representatives of Borrower authorized to sign the Loan Documents and the other documents to be delivered hereunder.

(iv) A certificate of good standing of a recent date for Borrower from the Secretary of State of the State of California.

(v) Evidence of Borrower's insurance as required in Section 5.4 of this Agreement;

(vi) A UCC search evidencing no other liens or security interests in or to or otherwise encumbering the Collateral in any manner; and .

(vii) Such other documents or instruments as Lender may reasonably request.

(c) Completion by Lender of an acceptable Collateral audit.

(d) Evidence satisfactory to Lender that the security interests created by the Security Documents in the Collateral have been duly perfected by the taking of all such acts as may be necessary or advisable to create an attached, fully perfected, first-priority security interest (subject to no liens other than Permitted Liens) to secure all obligations of Borrower to Lender under this Agreement and the other Loan Documents.

(e) Payment by Borrower of any and all fees described in Section 2.6 owed to Lender as of the date of this Agreement.

Section 3.2 Conditions Precedent to Each Borrowing

In addition to the conditions precedent set forth in Section 3.1 above, the obligation of Lender to make Advances shall be subject to the following further conditions precedent that, on the date of a Borrowing pursuant to Section 2.3(a), before and immediately after giving effect thereto, the following statements shall be true and correct, and the making by Borrower of the applicable Borrowing Request/Borrowing Base Certificate shall constitute its representation and

warranty that on and as of the date of such Borrowing, before and immediately after giving effect thereto, the following statements are true and correct:

(i) The representations and warranties contained in Article IV of this Agreement or anywhere else in this Agreement are correct in all material respects as though made on and as of such date;

(ii) After giving effect to a requested Borrowing, the Unused Commitment will not be less than zero;

(iii) No event has occurred and is continuing, or would result from such Borrowing, which constitutes or would constitute an Event of Default or Default;

(iv) The most recent financial statements of Borrower delivered pursuant to Section 5.3(a) present fairly the financial position and results of operations of Borrower as of the date of, and for the periods presented in, such financial statements, and since the date of such financial statements there has not been any material adverse change in the financial condition or operations of Borrower; and

(v) Borrower is in compliance with all covenants contained in Articles V and VI of this Agreement.

(vi) Lender has received a Borrowing Request/Borrowing Base Certificate, as well as such other documents, opinions, certificates, agreements, instruments and evidences as Lender may reasonably request.

(vii) Lender shall have received such additional approvals, opinions or documents as Lender may reasonably request.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES

Borrower represents and warrants as follows:

Section 4.1 Organization. Borrower is a corporation, which is duly organized and validly existing under the laws of the State of California. Borrower has full power and authority to own its properties and to transact the businesses in which it is presently engaged or presently proposes to engage. Borrower is duly qualified to do business and is in good standing in all jurisdictions in which the failure so to qualify could reasonably be expected to have a Material Adverse Effect.

Section 4.2 Authorization; Absence of Breach. The execution, delivery, and performance of this Agreement and all other Loan Documents by Borrower, to the extent to be executed, delivered or performed by Borrower, have been duly authorized by all necessary corporate action

by Borrower; do not require the consent or approval of any other person, regulatory authority or governmental body; and do not conflict with, result in a violation of, or constitute a default under (a) any provision of its articles of incorporation or bylaws, or any agreement or other instrument binding upon Borrower or (b) any law, governmental regulation, court decree, or order applicable to Borrower.

Section 4.3 Financial Information. Each financial statement of Borrower supplied to Lender truly and completely disclosed Borrower's financial condition as of the date of the statement, and there has been no material adverse change in Borrower's financial condition subsequent to the date of the most recent financial statement supplied to Lender. Borrower has no material contingent obligations except as disclosed in such financial statements.

Section 4.4 Legal Effect. This Agreement constitutes, and any instrument or agreement required hereunder to be given by Borrower when delivered will constitute, legal, valid and binding obligations of Borrower enforceable against Borrower in accordance with their respective terms, subject to applicable bankruptcy, insolvency or similar laws affecting creditors' rights generally and to general principles of equity (whether considered in a proceeding at law or in equity).

Section 4.5 Properties; Names. Except for Permitted Liens and real property leases, Borrower owns and has good title to all of Borrower's properties free and clear of all Liens, and has not executed any security documents or financing statements relating to such properties. Borrower has not used, or filed a financing statement under, any name other than its true legal name for at least the last five (5) years. All of Borrower's properties are titled in Borrower's true legal name.

Section 4.6 Compliance With Law. Borrower and its properties and activities are in compliance with all applicable laws, rules, regulations and court and administrative orders (including but not limited to all thereof which relate to Borrower's lending activities), except to the extent that failure to so comply could not reasonably be expected to have a Material Adverse Effect.

Section 4.7 Hazardous Substances. Borrower and its properties comply in all material respects with all applicable laws and regulations relating to the environment, including without limitation, all laws and regulations relating to pollution and environmental control.

Section 4.8 Environmental Matters. Except as fully described to Lender in writing, to the best knowledge of Borrower after due inquiry:

(a) Borrower and all of its properties, assets and operations are in full compliance with all Environmental Laws. Borrower is not aware of nor has Borrower received notice of any past, present, or future conditions, events, activities, practices or incidents which may interfere with or prevent the compliance or continued compliance of Borrower and the Subsidiaries with all Environmental Laws;

(b) Borrower has obtained all permits, licenses, and authorizations that are required under applicable Environmental Laws, and all such permits are in good standing and Borrower is in compliance with all of the terms and conditions of such permits.

(c) No Hazardous Materials (except in nominal amount) exist on, about, or within or have been used, generated, stored, transported, disposed on, or released from any of the properties or assets of Borrower. The use which Borrower makes and intends to make of its properties and assets will not result in the use, generation, storage, transportation, accumulation, disposal, or release of any Hazardous Material on, in or from any of their properties or assets;

(d) Neither Borrower nor any of its currently or previously owned or leased properties or operations is subject to any outstanding or threatened order from or agreement with any Governmental Authority or other Person or subject to any judicial or docketed administrative proceeding with respect to (i) failure to comply with Environmental Laws, (ii) Remedial Action, or (iii) any Environmental Liabilities arising from a release or threatened release;

(e) There are no conditions or circumstances associated with the currently or previously owned or leased properties or operations of Borrower that could reasonably be expected to give rise to any Environmental Liabilities;

(f) Borrower has not filed or failed to file any notice required under applicable Environmental Law reporting a release; and

(g) No Lien arising under any Environmental Law has attached to any property or revenues of Borrower.

Section 4.9 Litigation and Claims. No litigation, claim, investigation, administrative proceeding or similar action (including those for unpaid taxes) against Borrower is pending or threatened, and no other event has occurred which could reasonably be expected to have a Material Adverse Effect.

Section 4.10 Taxes. All tax returns and reports of Borrower that are required to have been filed, have been filed, and all taxes, assessments and other governmental charges which have become due and payable by Borrower have been paid in full, except those presently being or to be contested by Borrower in good faith, by appropriate proceedings and for which adequate reserves have been provided in accordance with GAAP.

Section 4.11 Lien Priority. There is no Lien on or affecting any of the Collateral that would be prior to Lender's Lien on and security interest in such Collateral.

Section 4.12 Employee Benefit Plans. Each employee benefit plan as to which Borrower may have any liability complies in all material respects with all applicable requirements of law and regulations, and (a) no Reportable Event or Prohibited Transaction (each as defined in ERISA) has occurred with respect to any such plan, (b) Borrower has not withdrawn from any such plan

or initiated steps to do so, (c) no steps have been taken to terminate any such plan, and (d) there are no unfunded liabilities in connection with such plan.

Section 4.13 Location of Offices and Records. Borrower's chief executive office, and the office where Borrower maintains its records concerning the Collateral, is located at 400 N. Tustin Avenue, Suite 140, Santa Ana, CA 92705.

Section 4.14 Regulated Entities. None of Borrower, any Person controlling Borrower, or any Subsidiary is an "Investment Company" within the meaning of the Investment Company Act of 1940. Borrower is not subject to regulation under the Public Utility Holding Company Act of 1935, the Federal Power Act, the Interstate Commerce Act, any state public utilities code, or any other federal or state statute or regulation limiting its ability to incur Indebtedness.

Section 4.15 Subsidiaries. Borrower has no Subsidiaries.

Section 4.16 Other Debt. Except as previously disclosed to Lender in writing, Borrower is not directly, indirectly or contingently obligated with respect to any other debt as of the date of this Agreement. To the best of Borrower's knowledge, information and belief, Borrower is not in default in the payment of the principal or interest on any such debt.

Section 4.17 Accounts. With respect to each Eligible Loan, (a) such Account represents the valid and legally binding indebtedness of a bona fide Account Debtor arising under the Consumer Loan Documents, (b) such Account is not subject to contra accounts, setoffs, defenses or counterclaims, (c) the amount shown as to such Account on Borrower's books is the true and undisputed amount owing and unpaid thereon and (d) each of the consumer Loan Documents evidencing such Account has only one original counterpart.

Section 4.18 Information. All information furnished by Borrower to Lender in connection with this Agreement or any transaction contemplated hereby is, and all information hereafter furnished by or on behalf of Borrower to Lender will be, true and accurate in every material respect on the date as of which such information is dated or certified; and none of such information is or will be incomplete by omitting to state any material fact necessary to make such information not misleading.

Section 4.19 Survival of Representations and Warranties. Borrower understands and agrees that Lender, without independent investigation, is relying upon the above representations and warranties in entering into this Agreement and the other Loan Documents. Such representations and warranties shall be continuing in nature and shall remain true and correct until all Borrower's Indebtedness under this Agreement has been paid in full, or until Lender's commitment to make Advances hereunder has been permanently terminated in writing, whichever is the last to occur.

ARTICLE V

AFFIRMATIVE COVENANTS

So long as the Note or any other amount payable by Borrower under the Loan Documents shall remain unpaid or Lender shall have any Commitment hereunder, Borrower covenants and agrees that it will:

Section 5.1 Changes in Financial Condition; Litigation. Promptly inform Lender in writing of (i) all material adverse changes in Borrower's financial condition, and (ii) all existing and all threatened litigation, claims, investigations, administrative proceedings or similar actions affecting Borrower which could reasonably be expected to have a Material Adverse Effect.

Section 5.2 Financial Records. Maintain its books and records in accordance with GAAP, applied on a consistent basis, and permit Lender to examine and audit Borrower's books and records at all reasonable times upon reasonable prior notice from Lender to Borrower.

Section 5.3 Reporting Requirements

(a) Financial Statements.

(i) Borrower Financial Statements. Deliver to Lender (x) as soon as available, but in no event later than thirty (30) days after the end of each calendar quarter of the fiscal year of Borrower, company prepared, consolidated balance sheet and consolidated statement of income and retained earnings of Borrower and its Subsidiaries for the quarter then ended certified as correct by Borrower's chief financial officer or other officer or person acceptable to Lender. (y) Deliver to Lender as soon as available, but in no event later than thirty (30) days after the filing thereof, the federal income tax return, together with all supporting schedules of Borrower.

(ii) Guarantors Financial Statements and Tax Returns. Deliver (or cause to be delivered) to Lender as soon as available, but in no event later than thirty (30) days after the filing thereof, the federal income tax return of each Guarantor, together with all supporting schedules and, as soon as available, but in no event later than one hundred twenty (120) days after the end of each fiscal year of Borrower, such forms of financial statements of each Guarantor as Lender may require. Guarantors shall certify all of the foregoing as being true and correct.

(b) Reports. Deliver to Lender within twenty (20) days after the end of each month:

(i) a Borrowing Request/Borrowing Base Certificate setting forth the information therein as of the applicable month;

(ii) a Charge Off Report setting forth the information therein as of the end of the applicable month;

(iii) a Delinquency Report setting forth the information therein as of the end of the applicable month; and

(iv) a Repossession Report setting forth the information therein as of the end of the applicable month.

(c) Additional Information. Deliver to Lender such additional information and statements, lists of assets and liabilities, agings of receivables and payables, budgets, forecasts, tax returns, and other reports with respect to Borrower's financial condition and business operations as Lender may reasonably request from time to time.

Section 5.4 Insurance. Maintain fire and other risk insurance, public liability insurance, and such other insurance as is customary for established and responsible entities of comparable size engaged in business similar to Borrower's businesses and such further insurance as Lender may require with respect to Borrower's properties and operations, all in form, amounts, coverages and with insurance companies reasonably acceptable to Lender. Borrower, upon request of Lender, will deliver to Lender from time to time the policies or certificates of insurance together with a loss payee endorsement in form and substance acceptable to Lender.

Section 5.5 Other Agreements. Comply with all terms and conditions of all other agreements, whether now or hereafter existing, between Borrower and any other party and notify Lender immediately in writing of any default in connection with any other such agreements that could reasonably be expected to have a Material Adverse Effect.

Section 5.6 Indebtedness, Taxes, Charges and Liens. Pay and discharge when due all of its Indebtedness and obligations, including without limitation all assessments, taxes, governmental charges, levies and Liens, of every kind and nature, imposed upon Borrower or its properties, income, or profits, prior to the date on which penalties, would attach, and all lawful claims that, if unpaid, might become a Lien or charge upon any of Borrower's properties, income, or profits; provided however, Borrower will not be required to pay and discharge any such assessment, tax, charge, levy, Lien or claim so long as (i) the legality of the same shall be contested in good faith by appropriate proceedings, and (ii) Borrower shall have established on its books adequate reserves with respect to such contested assessment, tax, charge, levy, Lien, or claim in accordance with GAAP. Borrower, upon demand of Lender, will furnish to Lender evidence of payment of such assessments, taxes, charges, levies, Liens and claims and will authorize the appropriate governmental official to deliver to Lender at any time a written statement of any assessments, taxes, charges, levies, Liens and claims against Borrower's properties, income, or profits.

Section 5.7 Executive Personnel. Maintain executive and management personnel with substantially the same qualifications and experience as its present executive and management personnel.

Section 5.8 Compliance With Law. Conduct its business affairs in a reasonable and prudent manner and in compliance with all applicable laws, ordinances, rules, regulations and court and administrative orders (including but not limited to all thereof which relate to Borrower's lending activities), except to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect.

Section 5.9 Inspection. Permit employees or agents of Lender at any reasonable time to inspect any and all Collateral and Borrower's other properties and to examine or audit Borrower's books, accounts, and records and to make copies and memoranda of Borrower's books, accounts, and records. If Borrower now or at any time hereafter maintains any records (including without limitation computer-generated records and computer software programs for the generation of such records) in the possession of a third party, Borrower, upon request of Lender, shall notify such party to permit Lender free access to such records at all reasonable times and to provide Lender with copies of any records it may request, all at Borrower's expense.

Section 5.10 Existence. Preserve and keep in full force and effect its corporate, limited liability company or partnership existence, as the case may be, and qualify to do business in each jurisdiction where the failure so to qualify could reasonably be expected to have a Material Adverse Effect.

Section 5.11 Licenses, Intellectual Property. Protect and maintain in full force and effect, all licenses, franchises, intellectual property rights, permits, licenses, authorizations and other rights used in its business, except to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect.

Section 5.12 Use of Proceeds. Use the proceeds of the Borrowings only for the purpose of purchasing Eligible Loans made or purchased by Borrower and not use any thereof, directly or indirectly, for any personal, family or household purposes. No part of the proceeds of Borrowings will be used, directly or indirectly, to purchase or carry any margin stock (within the meaning of Regulation U of the Board of Governors of the Federal Reserve System) or to extend credit to others for the purpose of purchasing or carrying any margin stock. No part of the proceeds of Borrowings will be used for any purpose that violates, or is inconsistent with, the provisions of Regulations U, T or X of the Board of Governors of the Federal Reserve System.

Section 5.13 Additional Assurances. Make, execute and deliver to Lender such promissory notes, security agreements, financing statements, instruments, documents and other agreements as Lender or its attorneys may reasonably request to evidence and secure the Borrowings and to perfect all Lender's Liens on and security interests in the Collateral.

Section 5.14 Policies and Procedures Maintain and comply with policies and procedures regarding lending, credit evaluation and loan documentation, closing and servicing which are reasonably satisfactory to Lender, and not change such policies or procedures or its standard loan document forms without at least thirty (30) days advance written notice thereof to Lender.

Section 5.15 Notice of Certain Matters Regarding Eligible Loans. Give Lender prompt written notice of (a) any default or event of default on any Eligible Loan as to which Lender has made

any Advances which remain Outstanding in whole or in part, and (b) any facts which result in any such Eligible Loan ceasing to be an Eligible Loan or ceasing to be a Eligible Loan.

Section 5.16 Defense of Title. Borrower will take any and all actions necessary to defend title to the Collateral against all persons and to defend the security interest of Lender in the Collateral and the priority there against any Lien not expressly permitted hereunder.

Section 5.17 Accounts.

(a) Collection of Accounts. Except as otherwise provided in this Agreement Borrower will collect and enforce, at Borrower's sole expense, all amounts due or hereafter due to Borrower under the Accounts.

(b) Verification of Accounts. Lender shall have the right, at any time or times hereafter, in its name or in the name of a nominee of Lender, to verify the validity, amount or any other matter relating to any Accounts, by mail, telephone telegraph or otherwise.

(c) Appointment of Lender as Attorney-in-Fact. Borrower hereby irrevocably designates, makes, constitutes and appoints Lender (and all persons designated by Lender), exercisable after the occurrence of an Event of Default, as its true and lawful attorney-in-fact, and authorizes Lender, in Borrower's or Lender's name, to: (i) demand payment of Accounts; (ii) enforce payment of Accounts by legal proceedings or otherwise, (iii) exercise all of Borrower's rights and remedies with respect to proceedings brought to collect an Account; (iv) sell or assign any Account upon such terms, for such amount and at such time or times as Lender deems advisable; (v) settle, adjust, compromise, extend or renew an Account; (vi) discharge and release any Account; (vii) take control in any manner of any item of payment or proceeds thereof; (viii) prepare, file and sign Borrower's name on any proof of claim in bankruptcy or other similar document against an Account Debtor; (ix) endorse Borrower's name upon any items of payment or proceeds thereof and deposit the same in Lender's account on account of the indebtedness; (x) notify the post office authorities to change the address for delivery of Borrower's mail to an address designated by Lender, have access to any lock box or postal box into which any of Borrower's mail is deposited, and open and dispose of all mail addressed to Borrower, and (xi) do all acts and things which are necessary in Lender's sole discretion, to fulfill Borrower's obligations under this Agreement. The preceding establishes a power of attorney coupled with an Interest.

(d) Notice to Account Debtors. Lender may, in its sole discretion, at any time or times after an Event of Default has occurred and is continuing, and without prior notice to Borrower, notify any or all Account Debtors that the Accounts have been assigned to Lender and that Lender has a security interest therein. After an Event of Default has occurred and is continuing, Lender may direct any or all Account Debtors to make all payments upon the Accounts directly to Lender. Lender will use its best efforts to furnish Borrower with a copy of such notice, but failure to do so will not have an adverse effect on Lender's rights under this Agreement.

Section 5.18 Equipment. Borrower will do all things necessary to maintain, preserve, protect and keep the Inventory and the Equipment in good repair and working and saleable condition. Borrower has the risk of loss with regard to the Inventory and Equipment.

Section 5.19 Compliance with Agreements. Borrower shall comply in all material respects with all mortgages, deeds of trust, instruments, and other agreements binding on it or affecting its properties or business.

Section 5.20 Performance by Lender. If Borrower fails to perform any agreement or obligation provided herein, Lender may itself perform, or cause performance of, such agreement or obligation, and the expenses of Lender incurred in connection therewith shall be a part of the indebtedness, secured by the Collateral and payable by Borrower on demand.

Section 5.21 Consumer Loans. Borrower shall (a) cause each Consumer Loan Document which constitutes chattel paper or an instrument to have only one (1) original counterpart, and (b) make Consumer Loans which are evidenced by Consumer Loan Documents that are solely on forms that are in compliance with applicable state and federal laws and are substantially similar to those set forth in Exhibit D attached hereto.

Section 5.22 Landlord Subordinations. Borrower shall use its best efforts to cause each landlord of real property lease by Borrower to execute and deliver instruments satisfactory in form and substance to Lender by which such landlord subordinates its rights, if any, in the Collateral.

Section 5.23 Deposit Accounts. Borrower will notify each financial institution (other than Lender) in which it maintains a Deposit Account that constitutes Collateral of Lender's Lien, and cause each such financial Institution to acknowledge such Lien in a form reasonably acceptable to Lender.

ARTICLE VI

NEGATIVE COVENANTS

So long as the Note or any other amount payable by Borrower under the Loan Documents shall remain unpaid or Lender shall have any Commitment hereunder, Borrower covenants and agrees that it will not:

Section 6.1 Indebtedness and Liens(a) Create, incur or assume Indebtedness, except for (i) trade debt incurred in the normal course of business, (ii) Indebtedness to Lender under this Agreement, (iii) capital leases and (iv) Subordinated Owner Indebtedness; (b) grant or permit to exist any Lien on any of Borrower's assets, except for Permitted Liens; or (c) sell any of Borrower's accounts or chattel paper (each as defined in the UCC).

Section 6.2 Business Activities. Engage in any business activities substantially different from those in which Borrower is presently engaged.

Section 6.3 Loans, Investments and Guaranties. (a) Lend, invest in or advance money or assets to any other enterprise or entity, except (i) loans made or purchased in the ordinary course of Borrower's business, (ii) commercial bank demand deposits and time deposits maturing within one year, (iii) marketable general obligations of the United States or a state or marketable obligations fully guaranteed by the United States, (iv) short-term commercial paper with the highest rating of a generally recognized rating service, (v) loans and advances to employees in the ordinary course of business related to expenses incurred in the ordinary course of employment, and (vi) other investments reasonably acceptable to Lender; or (b) incur any obligation as surety or Guarantors other than in the ordinary course of business.

Section 6.4 Liquidation, Merger, Sale of Assets. Liquidate, cease operations, dissolve or enter into any merger, consolidation or other combination nor sell, lease, or dispose of all or substantially all of its business or assets nor transfer or sell Collateral or other assets except (a) transfers, sales or dispositions of Collateral or other assets that are obsolete or worn out property disposed of in the ordinary course of business or (b) sales of assets in the ordinary course of business.

Section 6.5 Sale and Lease-Back. Enter into any arrangement providing for the leasing by Borrower of real or personal property which has been or is to be sold or transferred by Borrower to the lessor or to any person or entity to whom funds have been or are to be advanced by the lessor on the security of such property or rental obligations of Borrower.

Section 6.6 Transactions with Affiliates. Directly or indirectly engage in any transaction (including, without limitation, the purchase, sale or exchange of assets or the rendering of any service) with any Affiliate of Borrower except in the ordinary course, and pursuant to the reasonable requirements, of Borrower's business and upon fair and reasonable terms that are no less favorable to Borrower than those which might be obtained in an arm's-length transaction at the time from parties which are not Affiliates of Borrower.

Section 6.7 Subsidiaries. Own any Subsidiary other than any that have been approved in writing by Lender, or permit any Subsidiary to engage in any business other than those in which it is engaged on the date of such approval by Lender.

Section 6.8 No Multiple Notes. Permit there to be executed more than one original promissory note evidencing any Eligible Loan.

Section 6.9 Participations. Grant any participation interest in any Eligible Loan as to which any Advance made by Lender remains Outstanding.

Section 6.10 Limitation on Issuance of Equity. Borrower will not at any time issue, sell, assign or otherwise dispose of (a) any of its equity interests, (b) any securities exchangeable for or convertible into or carrying any rights to acquire any of its equity interests, or (c) any option, warrant, or other right to acquire any of its equity interests.

Section 6.11 Environmental Protection. Borrower will not (a) use (or permit any tenant to use) any of its respective properties or assets for the handling, process, storage, transportation, or disposal of any Hazardous Material (b) generate any Hazardous Material, (c) conduct any activity that is likely to cause a Release or threatened Release of any Hazardous Material, or (d) otherwise conduct any activity or use any of its respective properties or assets in any manner that is likely to violate any Environmental Law or create any Environmental Liabilities for which Borrower would be responsible.

Section 6.12 No Negative Pledge. Borrower will not enter into or permit to exist any arrangement or agreement, other than pursuant to this Agreement or any Loan Document, which directly or indirectly prohibits Borrower from creating or incurring a Lien on any of its assets.

Section 6.13 Judgments. Borrower will not allow any judgment for the payment of money in excess of \$5,000 rendered against it to remain undischarged or unsuperseded for a period of thirty (30) days during which execution shall not be effectively stayed.

Section 6.14 Change in Location, Jurisdiction of Organization or Name. Borrower will not (i) have any Inventory, Equipment or proceeds or products thereof at a location other than a location specified in this Agreement, (ii) maintain a place of business at a location other than a location specified in this Agreement, (iii) change its name or taxpayer identification number, (iv) change its mailing address, or (v) change its jurisdiction of organization, unless Borrower shall have given Lender not less than thirty (30) days' prior written notice thereof, and Lender shall have determined that such change will not adversely affect the validity, perfection or priority of Lender's Security Interest in the Collateral.

Section 6.15 Financial Covenants. Permit any of the following, as of the end of each fiscal quarter of Borrower:

(a) Tangible Net Worth. Permit its Tangible Net Worth to be less than \$235,000 as of the first day of the fourth calendar quarter of 2006 and for each calendar quarter thereafter. ✓

(b) Total Liability to Tangible Net Worth. Permit the ratio of Total Liability to Tangible Net Worth to exceed 4.00 to 1:00. This ratio shall be tested quarterly based on the financial information provided by Borrower to Lender following each calendar quarter. ✓

(c) Reserve Adequacy Ratio. Borrower must maintain a Reserve Adequacy Ratio of no less than 1:05 to 1:00. The Reserve Adequacy Ratio shall be tested quarterly and will be measured on a rolling four quarter basis. ✓

(d) Net Losses. Incur a net loss, determined in accordance with GAAP, in any two (2) consecutive fiscal quarters ending on or after the date of this Agreement. ✓

(e) Subordinated Shareholder Debt. Commencing as of the date of this Agreement and continuing throughout the term of the loan facility evidenced by the Note, Borrower must have and must maintain an aggregate of at least \$250,000 in promissory notes or ✓

other obligations payable to any combination of Ed Mueller and Michael Fry the "Subordinate Parties"). Additionally such promissory notes or other obligations shall be and remain at all times subordinated to all obligations under the Note and the Loan Documents. Borrower may not prepay or otherwise pay on an accelerated basis any obligation owed under the subordinated promissory notes which would result in the outstanding principal balance of the subordinated debt owed by Borrower to Subordinate Parties to be less than \$250,000.

ARTICLE VII

DEFAULT AND REMEDIES

Section 7.1 Events of Default. Each of the following events shall constitute an event of default ("Event of Default") under this Agreement:

(a) Default on Indebtedness to Lender. Failure of Borrower (i) to pay when due any principal of or interest on the Advances, or (ii) to pay when due any other amount due under this Agreement or under any of the other Loan Documents and, in the case of a failure described in the foregoing clause (ii), the continuance thereof for a period of five (5) days.

(b) Covenant Default.

(i) Violation by Borrower of any of the covenants contained in Article VI of this Agreement, or

(ii) Failure by Borrower to perform, keep, or observe any other material term, provision, condition, covenant, or agreement contained in this Agreement, in any of the other Loan Documents, or in any other present or future agreement between Borrower and Lender and as to any Default under such other term, provision, condition, covenant or agreement that can be cured and does not pose an imminent risk of loss to Lender, has failed to cure such Default within ten (10) days after Borrower receives written notice thereof from Lender or any officer, member, manager or partner of Borrower becomes aware thereof; provided, however, that if the Default cannot by its nature be cured within the ten (10) day period or cannot after diligent attempts by Borrower be cured within such ten (10) day period, and such Default is likely to be cured within a reasonable time, then Borrower shall have an additional reasonable period (which shall not in any case exceed an additional thirty (30) days) to attempt to cure such Default, and within such reasonable time period the failure to have cured such Default shall not be deemed an Event of Default (provided that no Advances will be required to be made during such cure period).

(c) Material Adverse Change. If there occurs a material adverse change in the business or financial condition of Borrower or any Guarantor, or if there is a material impairment of the prospect of repayment of any portion of the *Indebtedness owing by Borrower* under this Agreement and the other Loan Documents, or a material impairment of the value or priority of Lender's security interests in the Collateral.

(d) Certain Legal Matters. If (i) any material portion of the assets of Borrower or any Guarantor is attached, seized, subjected to a writ or distress warrant, or is levied upon, or comes into the possession of any trustee, receiver or person acting in a similar capacity for Borrower or any Guarantor or the assets of either, and such attachment, seizure, writ or distress warrant or levy has not been removed, discharged or rescinded within ten (10) days, or (ii) Borrower or any Guarantor is enjoined, restrained, or in any way prevented by court order from continuing to conduct all or any material part of its business affairs, or (iii) a judgment or other claim becomes a Lien upon any material portion of the assets of Borrower or any Guarantor, or if a notice of lien, levy, or assessment is filed of record with respect to any of the assets of Borrower or any Guarantor by the United States Government, or any department, agency, or instrumentality thereof, or by any state, county, municipal, or governmental agency, and the same is not paid within ten (10) days after Borrower or such Guarantor receives notice thereof; provided, however, that none of the foregoing shall constitute an Event of Default where such action or event is stayed or an adequate bond has been posted pending a good faith contest by Borrower or such Guarantor (provided further that no Advances will be required to be made during such cure period).

(e) Insolvency. If (i) Borrower or any Guarantor becomes insolvent, (ii) an Insolvency Proceeding is commenced by Borrower or any Guarantor, or (iii) an Insolvency Proceeding is commenced against Borrower or any Guarantor and is not dismissed or stayed within sixty (60) days (provided that no Advances will be made prior to the dismissal of such Insolvency Proceeding).

(f) Other Agreements. If there is a default under any agreement to which Borrower or any Guarantor is a party with a third party resulting in a right by such third party, whether or not exercised, to accelerate the maturity of any Indebtedness in an amount in excess of One Hundred Thousand Dollars (\$100,000) or that could have a Material Adverse Effect.

(g) Attachment. The failure to have discharged within a period of thirty days after the commencement thereof any attachment, sequestration, or similar proceedings against any of the material assets of Borrower or Guarantor.

(h) Dissolution or Death. The dissolution of Borrower or Guarantor for any reason whatsoever or the death of an individual Guarantor.

(i) Change in Management. Steven R. Jones shall cease to be involved in the day-to-day executive management of Borrower.

(j) Change in Ownership. Joseph G. Woodley shall own less than one hundred percent (60%) of the ownership interests of Borrower.

(k) Other Agreements with Lender. A default or event of default shall occur and be continuing after the expiration of any applicable grace, notice, and cure periods

under any other written agreement (which is not a Loan Document) between Lender and Borrower.

(l) Action by Other Lienholder. The holder of any lien or security interest on any of the assets of Borrower, including without limitation, the Collateral (without hereby implying the consent of Lender to the existence or creation of any such lien or security interest on the Collateral), declares a default thereunder or Institutes foreclosure or other proceedings for the enforcement of its remedies thereunder.

(m) Liquidation and Related Events. If Borrower or any Obligated Party is an entity, the voluntary or involuntary liquidation, dissolution, merger or consolidation of any such entity.

(n) Subordinated Debt. If Borrower makes any payment on account of any Indebtedness subordinated under the terms of a Subordination Agreement which payment is not permitted under the terms of such Subordination Agreement.

(o) Judgments. If a judgment or judgments for the payment of money in an amount, individually or in the aggregate, of Fifty Thousand Dollars (\$50,000) or more shall be rendered against Borrower or any Guarantor and shall remain unsatisfied and unstayed for a period of ten (10) days.

(p) Misrepresentations. If any material misrepresentation or material misstatement exists now or hereafter in any representation or warranty set forth herein or in any certificate, Borrowing Base Certificate or Borrowing Request/Borrowing Base Certificate submitted to Lender in connection with the Loan.

(q) Full Force and Effect, Defective Collateralization, Etc. If this Agreement or any of the other Loan Documents ceases to be in full force and effect (including failure of the Security Documents to create a valid and perfected Lien on the Collateral), at any time and for any reason, or Borrower or any Guarantor repudiates any Loan Document or asserts that any Loan Document is not in full force and effect.

Section 7.2 Remedies. At any time after the occurrence and during the continuance of an Event of Default, Lender may, by notice to Borrower, (a) declare the obligation of Lender to make Advances to be terminated, whereupon the same shall forthwith terminate, and (b) declare (i) the Note and all interest thereon and (ii) all other amounts payable under this Agreement and the other Loan Documents to be immediately due and payable, whereupon the Note, all such interest, and all such other amounts shall become and be immediately due and payable, without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by Borrower; provided, however, that if an Insolvency Proceeding by or against Borrower shall be commenced, (A) the obligation of Lender to make Advances shall automatically be terminated and (B) the Note, all interest thereon, and all other amounts payable under this Agreement and the other Loan Documents shall automatically become and be immediately due and payable, without presentment, demand, protest or any notice of any kind, all of which are hereby expressly waived by Borrower.

Section 7.3 Right of Offset. After the occurrence and during the continuance of an Event of Default, Lender is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other Indebtedness at any time owing by Lender to or for the credit or the account of Borrower against any and all of the obligations of Borrower now or hereafter existing under this Agreement and the other Loan Documents irrespective of whether or not Lender shall have made any demand. The rights of Lender under this Section are in addition to other rights and remedies (including, without limitation, other rights of offset) which Lender may have.

Section 7.4 Cumulative Remedies. After the occurrence and during the continuance of an Event of Default, Lender may proceed to enforce the Loan Documents by exercising such remedies as are available thereunder or in respect thereof under applicable law, whether for specific performance of any covenant or other agreement contained in the Loan Documents or in aid of the exercise of any power granted in the Loan Documents. No remedy conferred in this Agreement or the other Loan Documents is intended to be exclusive of any other remedy, and each and every such remedy shall be cumulative and shall be in addition to every other remedy conferred herein or therein or now or hereafter existing at law, in equity, by statute or otherwise.

Section 7.5 Application of Payments. After the occurrence and during the continuance of an Event of Default, Lender shall apply all funds received in respect of amounts owing under this Agreement and the other Loan Documents in such order as Lender may determine in its sole discretion notwithstanding any instruction from Borrower.

Section 7.6 Deficiency. In the event that the proceeds of any sale of, collection from, or other realization upon, all or any part of the Collateral by Lender are insufficient to pay all amounts to which Lender is legally entitled, Borrower and any Obligated Party shall be liable for the deficiency, together with interest thereon as provided in the Loan Documents.

Section 7.7 Non-Judicial Remedies. In granting to Lender the power to enforce its rights hereunder without prior judicial process or judicial hearing, Borrower expressly waives, renounces and knowingly relinquishes any legal right which might otherwise require Lender to enforce its rights by judicial process. Borrower recognizes and concedes that non-judicial remedies are consistent with the usage of trade are responsive to commercial necessity and are the result of a bargain at arm's length. Nothing herein is intended to prevent Lender or Borrower from resorting to judicial process at either party's option.

Section 7.8 Other Recourse. Borrower waives any right to require Lender to proceed against any third party, exhaust any Collateral or other security for the Indebtedness or any of the Loan Documents, or pursue any other remedy available to Lender. Borrower further waives any defense arising by reason of any disability or other defense of any third party. Until all of the indebtedness shall have been paid in full, Borrower shall have no right of subrogation and Borrower waives the right to enforce any remedy which Lender has or may hereafter have against any third party, and waives any benefit of and any right to participate in any other security whatsoever now or hereafter held by Lender. Borrower authorizes Lender, and without

notice or demand and without any reservation of rights against Borrower and without affecting Borrower's liability hereunder or on the indebtedness to (a) take or hold any other property of any type from any third party as security for the Indebtedness, and exchange, enforce, waive and release any or all of such other property, (b) apply such other property and direct the order or manner of sale thereof as Lender may in its discretion determine, (c) renew, extend, accelerate, modify, compromise, settle or release any of the indebtedness or other security or the indebtedness, (d) waive, enforce or modify any of the provisions of any of the Loan Documents executed by any third party, and (e) release or substitute any third party.

Section 7.9 Disclaimer of Warranties and Sales on Credit. In connection with any foreclosure sale of the Collateral, Lender may specifically disclaim any warranties of title or the like. This procedure will not be considered to adversely affect the commercial reasonableness of any sale of the Collateral. If Lender sells any of the Collateral upon credit, Borrower will be credited only with payments actually made by the purchaser, received by Lender and applied to the indebtedness of the purchaser. In the event the purchaser fails to pay for the Collateral, Lender may resell the Collateral, and Borrower shall be credited with the proceeds of the sale.

Section 7.10 License. Lender is hereby granted a license or other right to use, following the occurrence and during the continuance of an Event of Default, without charge, Borrower's labels, patents, copyrights, rights of use of any name, trade secrets, trade names, trademarks, service marks, customer lists and advertising matter, or any property of a similar nature, as it pertains to the Collateral, in completing production of, advertising for sale, and selling any Collateral, and following the occurrence and during the continuance of any Event of Default, Borrower's rights under all licenses and all franchise agreement shall inure to Lender's benefit.

Section 7.11 Diminution in Collateral Value. Lender does not assume, and shall never have, any liability or responsibility for any loss or diminution in the value of all or any part of the Collateral.

Section 7.12 Lender Not in Control. None of the covenants or other provisions contained in this Agreement shall, or shall be deemed to, give Lender the Right to exercise control over the affairs and/or management of Borrower, the power of Lender being limited the Right to exercise the remedies provided in the other Sections of this Article; provided that, if Lender becomes the owner of any ownership interest of any Person, whether through foreclosure or otherwise, Lender shall be entitled to exercise such legal Rights as it may have by virtue of being an owner of such Person.

Section 7.13 Waivers. The acceptance of Lender at any time and from time to time of part payment on the indebtedness shall not be deemed to be a waiver of any Event of Default then existing. No waiver by Lender of any Default shall be deemed to be a waiver of any other then-existing or subsequent Event of Default. No waiver by Lender of any of its Rights hereunder, in the other Loan Documents, or otherwise shall be considered a waiver of any other or subsequent Right of Lender. No delay or omission by Lender in exercising any Right under the Loan Documents shall impair such Right or be construed as a waiver thereof or any acquiescence therein, no shall any single or partial exercise of any such Right preclude other or further exercise thereof, or the exercise of any other Right under the Loan Documents or otherwise.

Section 7.14 Cumulative Rights. All Rights available to Lender under the Loan Documents shall be cumulative of and in addition to all other Rights granted to Lender at Law or in equity, whether or not the Indebtedness be due and payable and whether or not Lender shall have instituted any suit for collection, foreclosure, or other action under or in connection with the Loan Documents.

Section 7.15 INDEMNIFICATION OF LENDER. BORROWER SHALL INDEMNIFY LENDER AND EACH AFFILIATE THEREOF AND THEIR RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES, ATTORNEYS, AND AGENTS FROM, AND HOLD EACH OF THEM HARMLESS AGAINST, ANY AND ALL LOSSES, LIABILITIES, CLAIMS, DAMAGES, PENALTIES, JUDGMENTS, DISBURSEMENTS, COSTS, AND EXPENSES (INCLUDING ATTORNEYS' FEES) TO WHICH ANY OF THEM MAY BECOME SUBJECT WHICH DIRECTLY OR INDIRECTLY ARISE FROM OR RELATE TO (A) THE NEGOTIATION, EXECUTION, DELIVERY, PERFORMANCE, ADMINISTRATION, OR ENFORCEMENT OF ANY OF THE LOAN DOCUMENTS, (B) ANY OF THE TRANSACTIONS CONTEMPLATED BY THE LOAN DOCUMENTS, (C) ANY BREACH BY BORROWER OF ANY REPRESENTATION, WARRANTY, COVENANT, OR OTHER AGREEMENT CONTAINED IN ANY OF THE LOAN DOCUMENTS, (D) THE PRESENCE, RELEASE THREATENED RELEASE, DISPOSAL, REMOVAL, OR CLEANUP OF ANY HAZARDOUS MATERIAL LOCATED ON, ABOUT, WITHIN OR AFFECTING ANY OF THE PROPERTIES OR ASSETS OF THE BORROWER OR ANY SUBSIDIARY, (E) THE USE OR PROPOSED USE OF ANY LETTER OF CREDIT, (F) ANY AND ALL TAXES, LEVIES, DEDUCTIONS, AND CHARGES IMPOSED ON LENDER OR ANY OF LENDER'S CORRESPONDENTS IN RESPECT OF ANY LETTER OF CREDIT, OR (G) ANY INVESTIGATION, LITIGATION, OR OTHER PROCEEDING, INCLUDING, WITHOUT LIMITATION, ANY THREATENED INVESTIGATION, LITIGATION, OR OTHER PROCEEDING, RELATING TO ANY OF THE FOREGOING. WITHOUT LIMITING ANY PROVISION OF THIS AGREEMENT OR OF ANY OTHER LOAN DOCUMENT, IT IS THE EXPRESS INTENTION OF THE PARTIES HERETO THAT EACH PERSON TO BE INDEMNIFIED UNDER THIS SECTION SHALL BE INDEMNIFIED FROM AND HELD HARMLESS AGAINST ANY AND ALL LOSSES, LIABILITIES, CLAIMS, DAMAGES, PENALTIES, JUDGMENTS, DISBURSEMENTS, COSTS AND EXPENSES (INCLUDING ATTORNEYS' FEES) ARISING OUT OF OR RESULTING FROM THE SOLE CONTRIBUTORY OR ORDINARY NEGLIGENCE OF SUCH PERSON.

Section 7.16 Limitation of Liability. Neither Lender nor any Affiliate, officer, director, employee, attorney, or agent of Lender shall have any liability with respect to, and Borrower hereby waives, releases, and agrees not to sue any of them upon, any claim for any special, indirect, incidental, or consequential damages suffered or incurred by the Borrower in connection with, arising out of, or in any way related to, this Agreement or any of the other Loan Documents, or any of the transactions contemplated by this Agreement or any of the other Loan Documents. Borrower hereby waives, releases, and agrees not to sue Lender or any of Lender's Affiliates, officers, directors, employees, attorneys, or agents for punitive damages in respect of any claim in connection with, arising out of, or in any way related to, this Agreement or any of

the other Loan Documents, or any of the transactions contemplated by this Agreement or any of the other Loan Documents.

Section 7.17 Actions by Lender. The Lien and other rights of Lender hereunder shall not be impaired by (a) any renewal, extension, increase or modification with respect to the Indebtedness, (b) any surrender, compromise, release, renewal, extension, exchange or substitution which Lender may grant with respect to the Collateral, or (c) any release or indulgence granted to any endorser, guarantor or surety of the Indebtedness. The taking of additional security by Lender shall not release or impair the Lien or other rights of Lender hereunder or affect the obligations of Borrower hereunder.

Section 7.18 Termination. It is contemplated by the parties hereto that from time to time there may be no outstanding Indebtedness, but notwithstanding such occurrences, this Agreement and the security interests granted hereunder shall remain valid and shall be in full force and effect as to subsequent outstanding indebtedness. Upon (a) the satisfaction in full of the Indebtedness, (b) the termination or expiration of any commitment of Lender to extend credit to Borrower, (c) written request for the termination hereof delivered by Borrower to Lender, and (d) written release or termination delivered by Lender to Borrower, this Agreement and the security interests created hereunder shall terminate. Upon termination of this Agreement and Borrower's written request, Lender will, at Borrower's sole cost and expense, return and/or release to Borrower such of the Collateral as shall not have been sold or otherwise disposed of or applied pursuant to the terms hereof and exclude and deliver to Borrower such documents as Borrower shall reasonably request to evidence such termination.

Section 7.19 Cumulative Rights. All rights and remedies of Lender hereunder are cumulative of each other and of every other right or remedy which Lender may otherwise have at law or in equity or under any of the other Loan Documents, and the exercise of one or more of such rights or remedies.

Section 7.20 Default Rate. Upon the occurrence and during the continuation of an Event of Default, Borrower shall pay Lender interest on all amounts outstanding under the Revolving Note at a rate equal to the Default Rate.

ARTICLE VIII

MISCELLANEOUS

Section 8.1 Amendments. An amendment or waiver of any provision of this Agreement or the other Loan Documents, or a consent to any departure by Borrower therefrom, shall be effective against Lender if, but only if, it shall be in writing and signed by Lender, and then such a waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

Section 8.2 Notices. Except as otherwise specifically provided in this Agreement, all notices and other communications provided for hereunder shall be in writing and shall be delivered by FAX, by mail or otherwise transmitted or delivered to Borrower at:

WESTOVER FINANCIAL, INC.

400 N. Tustin Avenue
Suite 140
Santa Ana, CA 92705
Attention: Steven R. Jones
Phone: (714) 834-0127
Facsimile: (714) 834-0327

FIRST HERITAGE BANK, N. A.

4675 MacArthur Court, Suite 1480
Newport Beach, CA 92660
Attention: David Ekins
Phone: 949-222-7122
Fax: 949-863-1463

FIRST HERITAGE BANK, N. A.

17600 N. Perimeter Drive
Scottsdale, AZ 85255
Attention: General Counsel
Facsimile: 602-636-7078

Notices to Lender shall be delivered to its address as set forth under its name on the signature page of this Agreement; or, as to any party, at such other address as shall be designated by such party in a written notice to the other party or parties. All such notices and communications shall, (a) if mailed, be effective three (3) Business Days following deposit in the United States mail, postage prepaid; (b) if delivered by recognized overnight delivery service (such as Federal Express) be effective upon delivery and (c) if telecopied, be effective when telecopied and electronic confirmation of transmission is received, except that notices and communications to Lender pursuant to Article II shall not be effective until received by Lender. A notice received by Lender by telephone pursuant to a provision of this Agreement providing for telephone notice shall be effective if Lender believes in good faith that it was given by an Authorized Officer of Borrower and acts pursuant thereto, notwithstanding the absence of written confirmation.

Section 8.3 No Waiver; Remedies. No failure on the part of Lender to exercise, and no delay in exercising, any right hereunder or under any other Loan Document shall operate as a waiver thereof; nor shall any single or partial exercise of any right hereunder or under any other Loan Document preclude any other or further exercise thereof or the exercise of any other right. The remedies provided herein and in the other Loan Documents are cumulative and not exclusive of any remedies provided by law.

Section 8.4 Costs and Expenses; Indemnification

(a) Costs of Preparation and Administration of Loan Documents.
Whether or not the transactions provided for in this Agreement are consummated, Borrower shall

pay on demand: (i) the reasonable fees and out-of-pocket expenses of counsel for Lender in connection with the preparation, execution and delivery of this Agreement and the other Loan Documents and any amendments or modifications thereof or waivers or consents with respect thereto; (ii) any and all stamp and other taxes, recording fees, escrow fees, title insurance premiums, fees for searches of public records, and all other out-of-pocket costs and expenses payable in connection with the execution and delivery of this Agreement and the other Loan Documents and the administration thereof, and shall save Lender harmless from and against any and all liabilities with respect to or resulting from any delay in paying or omission to pay any amounts Borrower is required to pay pursuant to this Section 8.4.

(b) Costs of Enforcement. In the event of any Default or Event of Default under this Agreement, or in the event that any dispute arises (whether or not such dispute is with Borrower) relating to the interpretation, enforcement or performance of this Agreement or any of the other Loan Documents, Lender shall be entitled to collect from Borrower on demand all reasonable fees and expenses incurred in connection therewith, including but not limited to fees of attorneys, accountants, appraisers, environmental inspectors, consultants, expert witnesses, arbitrators, mediators and court reporters, subject, in circumstances other than a bankruptcy or insolvency proceeding, to applicable law providing that the prevailing party is entitled to be awarded its reasonable costs and attorneys' fees. Without limiting the generality of the foregoing, Borrower shall pay all such costs and expenses incurred in connection with: (i) arbitration or other alternative dispute resolution proceedings, trial court actions and appeals; (ii) bankruptcy or other insolvency proceedings of Borrower, any Guarantor or other party liable for any of the obligations under this Agreement or any of the other Loan Documents, or any party having any interest in any security for any of those obligations; (iii) judicial or nonjudicial foreclosure on, or appointment of a receiver for, any property securing the obligations of Borrower; (iv) post-judgment collection proceedings; (v) all claims, counterclaims, cross-claims and defenses asserted in any of the foregoing whether or not they arise out of or are related to this Agreement or any other Loan Document; (vi) all preparation for any of the foregoing; and (vii) all settlement negotiations with respect to any of the foregoing.

(c) Survival. The provisions of this Section 8.4 shall survive the termination of the commitment to lend under this Agreement and the repayment of the Loan and all other amounts payable under the Loan Documents.

Section 8.5 Binding Effect; Assignments and Participations. This Agreement shall become effective when it shall have been executed by Borrower and Lender and thereafter shall be binding upon and inure to the benefit of Borrower and Lender and their respective successors and assigns, except that Borrower shall not have the right to assign its rights hereunder or any interest herein without the prior written consent of Lender. Lender may assign or grant participations to one or more banks or other entities in or to all or any part of its rights and obligations under this Agreement and the other Loan Documents.

Section 8.6 Execution in Counterparts. This Agreement may be executed in any number of counterparts and by different parties hereto on separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

Section 8.7 Governing Law. All of the Loan Documents shall be governed by and construed in accordance with the laws of the state of California as applicable to contracts entered into in the state of California between residents of such state and which are to be wholly performed in such state.

Section 8.8 Severability. Any provision of the Loan Documents that is prohibited or unenforceable in any jurisdiction shall be ineffective to the extent of such prohibition or unenforceability in such jurisdiction without invalidating the remaining provisions hereof or affecting the validity or enforceability of such provision in any other jurisdiction. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of any other Loan Documents prohibited or unenforceable in any respect.

Section 8.9 Entire Agreement. This Agreement and the other Loan Documents constitute the final and complete expression of the parties with respect to the transactions contemplated by this Agreement and replace and supersede all prior discussions, negotiations and understandings with respect thereto. Neither this Agreement nor any term hereof nor of the other Loan Documents may be changed, waived, discharged or terminated except as provided herein.

Section 8.10 Descriptive Headings. The descriptive headings of the various provisions of this Agreement are for convenience of reference only, do not constitute a part hereof, and shall not affect the meaning or construction of any provision hereof.

Section 8.11 Gender and Number. Whenever appropriate to the meaning of this Agreement or the other Loan Documents, use of the singular shall be deemed to refer to the plural, the use of the plural to the singular, and pronouns of certain gender to either or both the other genders.

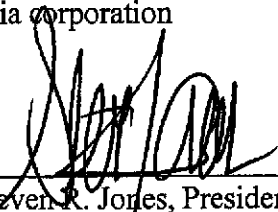
Section 8.12 No Fiduciary Duty. Borrower acknowledges that Lender has no fiduciary relationship with, or fiduciary duty to, Borrower or any Guarantor arising out of or in connection with this Agreement or any of the other Loan Documents. The relationship between Lender on the one hand, and Borrower and the Guarantors, on the other, is solely that of creditor and debtor. None of this Agreement or the Loan Documents creates a joint venture among the parties.

Section 8.13 Waiver of Jury Trial. BORROWER WAIVES, AND, BY ACCEPTING THIS AGREEMENT THE LENDER SHALL BE DEEMED TO WAIVE, ANY RIGHT TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING TO ENFORCE OR DEFEND ANY RIGHTS (A) UNDER THIS AGREEMENT OR UNDER ANY AMENDMENT, INSTRUMENT, DOCUMENT OR AGREEMENT DELIVERED OR WHICH MAY IN THE FUTURE BE DELIVERED IN CONNECTION HERewith OR (B) ARISING FROM ANY BANKING RELATIONSHIP EXISTING IN CONNECTION WITH THIS AGREEMENT, AND BORROWER AGREES, AND BY ACCEPTING THIS AGREEMENT, THE LENDER SHALL BE DEEMED TO AGREE, THAT ANY SUCH ACTION OR PROCEEDING SHALL BE TRIED BEFORE A COURT AND NOT BEFORE A JURY.

BORROWER:

WESTOVER FINANCIAL, INC.,
a California corporation

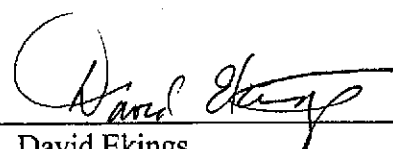
By


Steven R. Jones, President

LENDER:

FIRST HERITAGE BANK, N.A.

By


David Ekins

Address for Notices:

First Heritage Bank, N.A.
4675 MacArthur Court
Suite 1480
Newport Beach, CA 92660
Attn: David Ekins
Phone: 949-222-7122
Facsimile: 949-863-1463

With a copy to:

First Heritage Bank, N.A.
17600 N. Perimeter Drive
Scottsdale Road, AZ 85255
Attn: General Counsel
Facsimile: 602-636-7078

FIRST AMENDMENT TO CREDIT AGREEMENT

THIS FIRST AMENDMENT TO CREDIT AGREEMENT (the "Amendment") is made and entered into effective as of July 24, 2007 by and between, WESTOVER FINANCIAL, INC., a California corporation whose address is 400 N. Tustin Avenue, Ste. 140, Santa Ana, CA 92705 (the "Borrower"), and First Heritage Bank, N.A. whose address is 4675 MacArthur Court, Suite 1480, Newport Beach, CA 92660 ("Lender").

RECITALS

- A. Borrower and Lender entered into that certain Credit Agreement dated April 13, 2007 (the "Credit Agreement") which such Loan Agreement establishes the terms and conditions of a loan evidenced by that certain Promissory Note dated April 13, 2007 in the original stated principal amount of \$1,000,000.00 (the "Note"), with respect to Account and Loan Number 3700018-002.
- B. Borrower has requested and Lender hereby agrees to extend the maturity date of the loan to September 30, 2007.
- C. Initially capitalized terms set forth in this Amendment have the meanings ascribed to them in the Note unless otherwise expressly defined in this Amendment.

NOW, THEREFORE, in consideration of the mutual covenants, representations, warranties and agreements herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree to modify the Loan Agreement as follows:

- 1. **TERM.** The section of the Loan Agreement entitled "TERM" is hereby modified to read as follows: "This Agreement shall be effective as of July 24, 2007, and shall continue in full force and effect until such time as all of the Borrower's Loans in favor of Lender have been paid in full, including principal, interest, costs, expenses, attorney's fees, and other fees and charges, or until September 30, 2007.
- 2. **NO OTHER MODIFICATIONS OR AMENDMENTS.** Except as expressly set forth in this Amendment, all other terms, conditions and covenants under the Loan Agreement remain unmodified and are in full force and effect. Any further modifications or amendments must be in writing and must be signed by the party against whom such provision is enforced.
- 3. **INCORPORATION OF RECITALS.** The Recitals set forth above are incorporated into this Amendment by this reference.
- 4. **PERMANENTLY AFFIXED TO NOTE.** This Amendment shall be deemed to be permanently affixed to the Note. The Note together with this Amendment will be defined collectively for purposes of the Loan Documents as the "Note."

IN WITNESS WHEREOF, the Borrower and the Lender have caused this Amendment to be duly executed as of the date first above written.

BORROWER:

WESTOVER FINANCIAL, INC., A CALIFORNIA CORPORATION

BY: 

Steven R. Jones

TITLE: President of WESTOVER FINANCIAL, INC., a California corporation

LENDER:

FIRST HERITAGE BANK, N.A.

BY: DAVID EKINGS 

AUTHORIZED SIGNER

TITLE: VP

ACKNOWLEDGEMENT AND CONSENT OF GUARANTORS:

The following Guarantors hereby (i) acknowledge the terms and conditions set forth in this Amendment, (ii) consent to Borrower's execution of this Amendment and (iii) confirm that their guaranty of the Loan, as modified, remains in full force and effect.

GUARANTORS:

BY: _____

Steven R. Jones

BY: _____

Joseph G. Woodley

SECOND AMENDMENT TO CREDIT AGREEMENT

THIS SECOND AMENDMENT TO CREDIT AGREEMENT (the "Amendment") is made and entered into effective as of October 8, 2007 by and between, WESTOVER FINANCIAL, INC., a California corporation whose address is 400 N. Tustin Avenue, Ste. 140, Santa Ana, CA 92705 (the "Borrower"), and FIRST HERITAGE BANK, N.A. whose address is 4675 MacArthur Court, Suite 1480, Newport Beach, CA 92660 ("Lender").

RECITALS

- A. Borrower and Lender entered into that certain Credit Agreement dated April 13, 2007 modified on July 24, 2007 (the "Loan Agreement") which such Loan Agreement establishes the terms and conditions of a loan evidenced by that certain Promissory Note dated April 13, 2007 in the original stated principal amount of \$1,000,000.00 modified on July 24, 2007 (the "Note"), with respect to Account and Loan Number 3700018002.
- B. Borrower has requested and Lender hereby agrees to (a) extend the maturity date of the loan to October 31, 2008 (b) amend the covenants set forth in the Loan Agreement to clarify financial reporting requirements.
- C. Initially capitalized terms set forth in this Amendment have the meanings ascribed to them in the Note unless otherwise expressly defined in this Amendment.

NOW, THEREFORE, in consideration of the mutual covenants, representations, warranties and agreements herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree to modify the Loan Agreement as follows:

1. **TERM.** The section of the Loan Agreement entitled "TERM" is hereby modified to read as follows: "This Agreement shall be effective as of October 8, 2007, and shall continue in full force and effect until such time as all of the Borrower's Loans in favor of Lender have been paid in full, including principal, interest, costs, expenses, attorney's fees, and other fees and charges, or until October 31, 2008.

2. **AFFIRMATIVE COVENANTS; FINANCIAL STATEMENTS.** The Sub-Section of the Loan Agreement entitled "Financial Statements" within that section of the Loan Agreement entitled "AFFIRMATIVE COVENANTS" is hereby modified as follows:

(ii) Guarantors Financial Statements and Tax Returns. Deliver (or cause to be delivered) to Lender as soon as available, but in no event later than thirty (30) days after the filing thereof, the federal income tax return of each Guarantor, together with all supporting schedules and, as soon as available, but in no event later than sixty (60) days after the end of each fiscal year of Borrower, such forms of financial statements of each Guarantor as Lender may require. Guarantors shall certify all of the foregoing as being true and correct.

3. **NO OTHER MODIFICATIONS OR AMENDMENTS.** Except as expressly set forth in this Amendment, all other terms, conditions and covenants under the Loan Agreement remain unmodified and are in full force and effect. Any further modifications or amendments must be in writing and must be signed by the party against whom such provision is enforced.

4. **INCORPORATION OF RECITALS.** The Recitals set forth above are incorporated into this Amendment by this reference.

5. **PERMANENTLY AFFIXED TO NOTE.** This Amendment shall be deemed to be permanently affixed to the Note. The Note together with this Amendment will be defined collectively for purposes of the Loan Documents as the "Note."

IN WITNESS WHEREOF, the Borrower and the Lender have caused this Amendment to be duly executed as of the date first above written.

BORROWER:

WESTOVER FINANCIAL, INC., a California corporation

BY: _____


Steven R. Jones, President

LENDER:

FIRST HERITAGE BANK, N.A.

BY: _____


AUTHORIZED SIGNER

TITLE: _____

VICE PRESIDENT

ACKNOWLEDGEMENT AND CONSENT OF GUARANTORS:

The following Guarantors hereby (i) acknowledge the terms and conditions set forth in this Amendment, (ii) consent to Borrower's execution of this Amendment and (iii) confirm that their guaranty of the Loan, as modified, remains in full force and effect.

GUARANTORS:

BY: _____


Steven R. Jones

BY: _____

Joseph G. Woodley

REVOLVING LINE OF CREDIT PROMISSORY NOTE

\$1,000,000

**Newport Beach, California
as of April 13, 2007**

NOTE TO BORROWER: THIS NOTE CONTAINS PROVISIONS FOR A VARIABLE INTEREST RATE AND FOR VARIABLE PAYMENT AMOUNTS.

FOR VALUE RECEIVED, WESTOVER FINANCIAL, INC., a California corporation, (the "Borrower") promises to pay to the order of FIRST HERITAGE BANK, N.A. (the "Lender") at its office located at 4675 MacArthur Court, Suite 1480, Newport Beach, California 92660, or at any other location if notified in writing, the principal sum of **One Million Dollars (\$1,000,000)** (the "Maximum Commitment"), or, if less, the aggregate unpaid principal amount of all advances (each an "Advance" and collectively, the "Advances") made by the Lender to the Borrower from time to time, plus interest, fees and charges described below.

1. Loan Documents. This Note is the Note referred to in that certain Credit Agreement dated as of even date herewith (the "Credit Agreement") between the Borrower and the Lender, and the Lender is entitled to all of the benefits of the Credit Agreement.
2. Payments. The Borrower shall pay to the Lender interest commencing on the 8th day of the next succeeding month following an Advance and continuing on the same day of each month thereafter until maturity, computed on each unpaid Advance as set forth herein. Such interest shall be payable monthly in arrears on the 8th day of the following month, and may be debited from Borrower's designated checking account with the Lender, at the Lender's option. All payments hereunder shall be payable in immediately available funds in lawful money of the United States. The Borrower authorizes the Lender to charge any of the Borrower's accounts for payments of principal and interest.
3. Interest. Each Advance shall bear interest on the unpaid principal amount thereof at a variable rate of interest equal to **Wall Street Journal Prime plus one percentage points (1.00%)** as such rate may be adjusted, computed on the basis of a 360 day year and the actual number of days elapsed, but in no event in excess of the maximum rate permitted by applicable law (the "**Interest Rate**"). Interest on the Loan shall accrue from and including the date of disbursement of Advances on the Loan to but excluding the date of any repayment thereof.
4. Default Rate. Any amount of principal or interest which is not paid when due, shall bear interest at the Interest Rate in place at the time of default, plus five percentage points (5%), but in no event in excess of the maximum rate permitted by applicable law.
5. Maturity. All accrued and unpaid interest and the outstanding principal balance of this Note will be due and payable on July 31, 2007 (**the "Maturity Date"**).
6. Maximum Commitment. If the amount of principal outstanding on the last day of any month is in excess of the Maximum Commitment, the Borrower will immediately reduce the amount of principal outstanding so as not to exceed the Maximum Commitment, and such

payment may be debited from Borrower's designated checking account with the Lender, at the Lender's option.

7. Line of Credit/Advances. This Note evidences a revolving line of credit. Subject to the terms and conditions hereof and the terms and conditions set forth in any agreement in writing between the Lender and the Borrower, the Borrower may borrow, repay in whole or in part, and reborrow on a revolving basis, up to the Maximum Commitment.

8. Prepayment. This Note may be prepaid at any time, in whole or in part, on any Business Day.

9. Event of Default. Event of Default. Upon the occurrence of any of the following specified events of default (each an "Event of Default"): (1) default by the Borrower in making any payment of principal, interest, or any other amount payable under this Note within ten days of the date such payment or amount is due; (2) any Event of Default exists under the Credit Agreement or any other document or instrument evidencing, securing or relating to the loan evidenced by this Note; then, in any such event, and at any time thereafter, if any Event of Default shall then be continuing, the principal and the accrued interest in respect of each Advance under this Note shall become, immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are expressly waived by the Borrower. All of the terms, conditions and agreements contained in the Credit Agreement are hereby made part of this Note to the same extent and effect as if fully set forth herein.

10. Late Payment Fee. Borrower hereby acknowledges and agrees that the Lender will incur additional costs in connection with the processing of any payment that is not paid when due which additional costs are difficult to ascertain. Borrower further agrees that a reasonable estimate of such costs and expenses is five percent (5%) of the amount of the delinquent payment which fee shall become due and payable on the tenth (10th) day after the date such payment is due, provided, however, this provision shall not apply to the final payment of principal and interest upon the maturity date of this Loan.

11. Cumulative Remedies. The rights, remedies, and benefits herein expressly specified are cumulative and not exclusive of any rights, remedies or benefits which the Lender may otherwise have.

12. No Waiver. No modification or waiver of any provision of this Note and no consent by the Lender to any departure therefrom by the Borrower shall be effective unless such modification or waiver shall be in writing and signed by two duly authorized officers of the Lender, and the same shall then be effective only for the period and on the conditions and for the specific instances specified in such writing. No failure or delay by the Lender in exercising any right, power or privilege hereunder shall operate as a waiver thereof; nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any rights, power or privilege.

13. Application of Payment. At the Lender's discretion, all payments shall be applied first to the payment of any outstanding costs, and thereafter to accrued interest then due, and thereafter to the reduction of the unpaid principal balance of the Loan.

14. Attorneys' Fees. Should the indebtedness represented by this Note or any part thereof be collected at law or in equity or through any bankruptcy (including, without limitation, any action for relief from the automatic stay of any bankruptcy proceeding), receivership, probate or other court proceedings, or if this Note is placed in the hands of attorneys for collection after default, Borrower agrees to pay, in addition to the principal and interest due and payable hereon, reasonable attorneys, fees and collection costs and expenses.

15. Illegality Or Invalidity. Subject to Sections 20 and 21 below, in the event any one or more of the provisions of this Note shall for any reason be held to be invalid, illegal or unenforceable, the same shall not affect any other provision of this Note and the remaining provisions of this Note shall remain in full force and effect.

16. Entire Agreement. This Note, together with the Credit Agreement and the Guaranties, and all other documents pertaining to the Loan executed contemporaneously herewith (collectively the "Loan Documents") constitute the parties' entire agreement with respect to the subject matter hereof and supersede all agreements, representations, warranties, statements, promises, and understandings, whether oral or written, with respect to the subject matter herewith. None of the Loan Documents may be amended, altered, or modified except by a writing signed by two duly authorized officers of the Lender, or its assigns, and then only to the extent therein specially set forth.

17. Advice of Counsel. The Borrower has been advised to seek independent legal counsel in entering into this Agreement and the transactions described herein. In the event the Borrower chooses not to seek independent legal counsel, that party does so freely and knowingly and waives any such rights to counsel.

18. Maximum Charges. If a law which applies to this Note and which sets maximum loan charges is finally interpreted so that the interest or other loan charges collected or to be collected in connection with this loan exceed the permitted limit, then any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit.

19. Legislation Affecting The Lender's Rights. If enactment or expiration of any applicable laws or regulations has the effect of rendering any provision of the Note or the Deed of Trust relating to payment of interest or principal, defaults, or transfer of the Property unenforceable according to its terms, the Lender, or its assigns, at its option, may require immediate payment in full of all sums owing hereunder and may invoke any remedies permitted herein.

In the event that any change in applicable law or regulation, or in the interpretation thereof by any governmental authority charged with the administration thereof, shall impose on or deem applicable to the Lender any reserve requirements against this Note or the Line or impose upon the Lender any other costs or assessments, the undersigned shall pay to the Lender on demand an amount sufficient to compensate the Lender for the additional cost resulting from the maintenance or imposition of such reserves, costs or assessments.

20. Joint Participation. The Borrower has materially participated in the preparation of the Loan Documents, which are a product of the joint effort and cooperation of the parties. In the event of any ambiguity or question relating to any provision of the Loan Documents, said

ambiguity shall not be construed against any party.

21. Benefit Of Agreement. Subject to Section 27 below, the parties agree that the rights and obligations arising out of the Loan Documents shall inure to the benefit of and be binding upon the heirs, personal representatives, successors and assignees of the Borrower and the Lender.

22. Waivers. Borrower, and any and all endorsers, guarantors and sureties of this Note, and all other persons liable or to become liable on this Note, severally waive presentment for payment, demand, notice of demand and of, dishonor and nonpayment of this Note, notice of intention to accelerate the maturity of this Note, protest and notice of protest, diligence in collecting, and the bringing of suit against any other party, and agree to all renewals, extensions, modifications, partial payments, or releases of security, in whole or in part, with or without notice, before or after maturity. The pleading of any statute of limitations as a defense to any demand against the Borrower, endorsers, guarantors and sureties hereof is expressly waived by each and all such parties to the extent permitted by law.

23. WAIVER OF RIGHT TO JURY TRIAL. BORROWER IRREVOCABLY WAIVES ALL RIGHTS TO A JURY TRIAL IN ANY ACTION, SUIT, PROCEEDING OR COUNTERCLAIM OF ANY KIND DIRECTLY OR INDIRECTLY ARISING OUT OF OR IN ANY WAY RELATING TO THE LOAN, THE NOTE, THE DEED OF TRUST SECURING THIS NOTE, OR ANY OF THE OTHER LOAN DOCUMENTS EXECUTED BY BORROWER IN CONNECTION WITH THE LOAN, ANY OR ALL OF THE REAL AND PERSONAL PROPERTY COLLATERAL SECURING THE LOAN, OR ANY OF THE TRANSACTIONS WHICH ARE CONTEMPLATED BY THE LOAN DOCUMENTS. THE JURY TRIAL WAIVER CONTAINED IN THIS SECTION IS INTENDED TO APPLY, TO THE FULLEST EXTENT PERMITTED BY LAW, TO ANY AND ALL DISPUTES AND CONTROVERSIES THAT ARISE OUT OF OR IN ANY WAY RELATED TO ANY OR ALL OF THE MATTERS DESCRIBED IN THE PRECEDING SENTENCE, INCLUDING WITHOUT LIMITATION CONTRACT CLAIMS, TORT CLAIMS, AND ALL OTHER COMMON LAW AND STATUTORY CLAIMS OF ANY KIND. BORROWER ACKNOWLEDGES AND AGREES THAT (1) BORROWER HAS CAREFULLY READ AND UNDERSTANDS ALL OF THE TERMS OF THE LOAN DOCUMENTS; (2) BORROWER HAS EXECUTED THE LOAN DOCUMENTS FREELY AND VOLUNTARILY, AFTER HAVING CONSULTED WITH BORROWER'S INDEPENDENT LEGAL COUNSEL AND AFTER HAVING HAD ALL OF THE TERMS OF THE LOAN DOCUMENTS EXPLAINED TO IT BY ITS INDEPENDENT LEGAL COUNSEL OR AFTER HAVING HAD A FULL AND ADEQUATE OPPORTUNITY TO CONSULT WITH BORROWER'S INDEPENDENT LEGAL COUNSEL; (3) THE WAIVERS CONTAINED IN THE LOAN DOCUMENTS ARE REASONABLE, NOT CONTRARY TO PUBLIC POLICY OR LAW, AND HAVE BEEN INTENTIONALLY, INTELLIGENTLY, KNOWINGLY, AND VOLUNTARILY AGREED TO BY BORROWER; (4) THE WAIVERS CONTAINED IN THE LOAN DOCUMENTS HAVE BEEN AGREED TO BY BORROWER WITH FULL KNOWLEDGE OF THEIR SIGNIFICANCE AND CONSEQUENCES, INCLUDING FULL KNOWLEDGE OF THE SPECIFIC NATURE OF ANY RIGHTS OR DEFENSES WHICH BORROWER HAS AGREED TO WAIVE PURSUANT TO THE LOAN

DOCUMENTS; (5) BORROWER HAS HAD A FULL AND ADEQUATE OPPORTUNITY TO NEGOTIATE THE TERMS CONTAINED IN THE LOAN DOCUMENTS; (6) BORROWER IS EXPERIENCED IN AND FAMILIAR WITH LOAN TRANSACTIONS OF THE TYPE EVIDENCED BY THE LOAN DOCUMENTS; AND (7) THE WAIVERS CONTAINED IN THE LOAN DOCUMENTS ARE MATERIAL INDUCEMENTS TO THE LENDER'S EXTENSION OF CREDIT TO BORROWER, AND THE LENDER HAS RELIED ON SUCH WAIVERS IN MAKING THE LOAN TO BORROWER AND WILL CONTINUE TO RELY ON SUCH WAIVERS IN ANY RELATED FUTURE DEALINGS WITH BORROWER. THE WAIVERS CONTAINED IN THE LOAN DOCUMENTS SHALL APPLY TO ALL SUBSEQUENT EXTENSIONS, RENEWALS, MODIFICATIONS, AND REPLACEMENTS OF THE LOAN DOCUMENTS. THIS NOTE MAY BE FILED WITH ANY COURT OF COMPETENT JURISDICTION AS BORROWER'S WRITTEN CONSENT TO BORROWER'S WAIVER OF A JURY TRIAL. BORROWER HAS INITIALED THIS SECTION BELOW TO INDICATE ITS AGREEMENT WITH THE JURY TRIAL WAIVER AND OTHER TERMS CONTAINED IN THIS SECTION.


(Borrower's Initials)

24. Authority/Consent.

(a) Authority to Execute. With the intent to be legally bound, each of the signatories of the Borrower hereby covenants and acknowledges that he: (i) has read each of the terms set forth herein; and (ii) that the Borrower has the authority to execute the Loan Documents, including but not limited to this Note, on behalf of the Borrower.

(b) Consent to Terms. Each of the signatories of the Borrower expressly consent and agree that the Borrower shall be bound by all terms and conditions contained herein.

25. No Assumption. This Note is non-assumable. The Borrower understands that the Lender may transfer or assign this Note.

26. Extension Of Terms. The terms, waivers, covenants and restrictions contained within this Note and supporting Loan Documents apply to all future advances, subsequent extensions, or renewals made pursuant to this Loan unless modified by both the Lender and Borrower.

27. No Offsets. No indebtedness evidenced by this Note shall be offset by all or part of any claim, cause of action, or cross-claim of any kind, whether liquidated or unliquidated, which Borrower now has or may hereafter acquire or allege to have acquired against the Lender. To the fullest extent permitted by law and, except in the case of unreasonable claims, Borrower waives the benefits of any applicable law, regulation, or procedure which provides, in substance, that where cross demands for money exist between parties at any point in time when neither demand is barred by the applicable statute of limitations, and an action is thereafter commenced by one such party, the other party may assert the defense of payment in that the two demands are compensated so far as they equal each other, notwithstanding that an independent action asserting the claim would at the time of filing the response be barred by the applicable statute of

limitations.

28. Time Of Essence. Time is of the essence in the performance of each provision of this Note by Borrower.

29. Governing Law. THIS NOTE SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA. Borrower consents to the personal jurisdiction of the appropriate state or federal court located in Orange County, California. The parties hereto acknowledge that such courts have the jurisdiction to interpret and enforce the provisions of this Note, and the parties waive any and all objections that they may have. In the event any such action is commenced in any such court, service of process may be made on the Borrower by mailing a copy thereof to it at the address then reflected in the Lender's records.

30. Headings. The headings of each paragraph are for convenience only and shall be disregarded in construing this Promissory Note.

[THE REMAINDER OF THIS PAGE HAS BEEN LEFT BLANK INTENTIONALLY;
SIGNATURES BEGIN ON THE FOLLOWING PAGE]

"BORROWER"

WESTOVER FINANCIAL, INC.

a California corporation

By: _____


Steven R. Jones
President

Address for Notices:

400 N. Tustin Avenue
Suite 1400
Santa Ana, CA 92705
Telephone: (714) 834-0127
Facsimile No. (714) 834-0327

FIRST AMENDMENT TO PROMISSORY NOTE

THIS FIRST AMENDMENT TO PROMISSORY NOTE (the "Amendment") is made and entered into effective as of July 24, 2007 by and between, WESTOVER FINANCIAL, INC., a California corporation whose address is 400 N. Tustin Avenue, Ste. 140, Santa Ana, CA 92705 (the "Borrower"), and First Heritage Bank, N.A. whose address is 4675 MacArthur Court, Suite 1480, Newport Beach, CA 92660 ("Lender").

RECITALS

- A. Borrower and Lender entered into that certain Credit Agreement dated April 13, 2007 (the "Credit Agreement") which such Loan Agreement establishes the terms and conditions of a loan evidenced by that certain Promissory Note dated April 13, 2007 in the original stated principal amount of \$1,000,000.00 (the "Note"), with respect to Account and Loan Number 3700018-002.
- B. Borrower has requested and Lender hereby agrees to extend the maturity date of the loan to September 30, 2007, upon receipt of \$2,931.72 which represents Accrued Interest through July 24, 2007.
- C. Initially capitalized terms set forth in this Amendment have the meanings ascribed to them in the Note unless otherwise expressly defined in this Amendment.

NOW, THEREFORE, in consideration of the mutual covenants, representations, warranties and agreements herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree to modify the Note as follows:

- 1. **MATURITY DATE.** The maturity date of the Note is hereby extended to September 30, 2007.
- 2. **NO OTHER MODIFICATIONS OR AMENDMENTS.** Except as expressly set forth in this Amendment, all other terms, conditions and covenants under the Loan Agreement remain unmodified and are in full force and effect. Any further modifications or amendments must be in writing and must be signed by the party against whom such provision is enforced.
- 3. **INCORPORATION OF RECITALS.** The Recitals set forth above are incorporated into this Amendment by this reference.
- 4. **PERMANENTLY AFFIXED TO NOTE.** This Amendment shall be deemed to be permanently affixed to the Note. The Note together with this Amendment will be defined collectively for purposes of the Loan Documents as the "Note."

IN WITNESS WHEREOF, the Borrower and the Lender have caused this Amendment to be duly executed as of the date first above written.

BORROWER:

WESTOVER FINANCIAL, INC., A CALIFORNIA CORPORATION

BY: _____


Steven R. Jones

TITLE: President of WESTOVER FINANCIAL,
INC., a California corporation

LENDER:

FIRST HERITAGE BANK, N.A

BY: _____

DAVID EKINGS / David Ekings
AUTHORIZED SIGNER

TITLE: _____

VP

SECOND AMENDMENT TO PROMISSORY NOTE

THIS SECOND AMENDMENT TO PROMISSORY NOTE (the "Amendment") is made and entered into effective as of October 8, 2007 by and between, WESTOVER FINANCIAL, INC., a California corporation whose address is 400 N. Tustin Aveune, Ste. 140, Santa Ana, CA 92705 (the "Borrower"), and FIRST HERITAGE BANK, N.A. whose address is 4675 MacArthur Court, Sutie 1480, Newport Beach, CA 92660 ("Lender").

RECITALS

- A. Borrower and Lender entered into that certain Credit Agreement dated April 13, 2007 modified on July 24, 2007 (the "Loan Agreement") which such Loan Agreement establishes the terms and conditions of a loan evidenced by that certain Promissory Note dated April 13, 2007 in the original stated principal amount of \$1,000,000.00 modified on July 24, 2007 (the "Note"), with respect to Account and Loan Number 3700018002.
- B. Borrower has requested and Lender hereby agrees to extend the maturity date of the loan to October 31, 2008, upon receipt of \$17,662.08 which represents \$12,662.08 accrued interest to October 8, 2007 and \$5,000.00 a loan origination fee.
- C. Initially capitalized terms set forth in this Amendment have the meanings ascribed to them in the Note unless otherwise expressly defined in this Amendment.

NOW, THEREFORE, in consideration of the mutual covenants, representations, warranties and agreements herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree to modify the Note as follows:

- 1. **MATURITY DATE.** The maturity date of the Note is hereby extended to October 31, 2008.
- 2. **NO OTHER MODIFICATIONS OR AMENDMENTS.** Except as expressly set forth in this Amendment, all other terms, conditions and covenants under the Loan Agreement remain unmodified and are in full force and effect. Any further modifications or amendments must be in writing and must be signed by the party against whom such provision is enforced.
- 3. **INCORPORATION OF RECITALS.** The Recitals set forth above are incorporated into this Amendment by this reference.
- 4. **PERMANENTLY AFFIXED TO NOTE.** This Amendment shall be deemed to be permanently affixed to the Note. The Note together with this Amendment will be defined collectively for purposes of the Loan Documents as the "Note."

IN WITNESS WHEREOF, the Borrower and the Lender have caused this Amendment to be duly executed as of the date first above written.

BORROWER:

WESTOVER FINANCIAL INC., a California corporation

BY: 

Steven R. Jones, President

LENDER:

FIRST HERITAGE BANK, N.A.

BY: 

AUTHORIZED SIGNER

TITLE: VICE PRESIDENT

SECURITY AND PLEDGE AGREEMENT

made by

WESTOVER FINANCIAL, INC.,
a California corporation

as Debtor

in favor of

FIRST HERITAGE BANK, N.A.

as Secured Party

Dated as of April 13, 2007

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EXHIBIT A – Description of Collateral

SECURITY AND PLEDGE AGREEMENT

This Agreement is entered into as of the 13th day of April, 2007, by WESTOVER FINANCIAL, INC., a California corporation ("Debtor"), in favor of FIRST HERITAGE BANK, N.A., a national association ("Secured Party").

Secured Party is the lender and Debtor is the borrower under a Loan Agreement (as it may be amended, extended, modified or supplemented from time to time, the "Loan Agreement") dated as of the date of this Agreement. Pursuant to the Loan Agreement, Secured Party has agreed to make certain loans and other financial accommodations to Debtor (collectively the "Loan"). The execution and delivery of this Agreement is a condition precedent to the making of the Loan.

In consideration of extensions of credit, advances, loans, or other financial accommodations, now existing or hereafter made, Debtor represents and warrants to, and agrees with Secured Party, as follows:

SECTION 1. Definitions.

As used in this Agreement:

"Borrower Customer" means any person or entity having any debt, liability or obligation to Debtor under any Note, Deed of Trust or guaranty of either thereof.

"Collateral" means all items of the types described in Exhibit A attached to this Agreement.

"Collateral Enforcement" means any exercise of Borrower's rights or remedies in respect of a default on any Collateral Loan and includes, but is not limited to acceptance of a conveyance in lieu of the exercise of such rights or remedies.

"Collateral Loan" means any loan made by Borrower in which Secured Party holds a security interest to secure the Secured Obligations.

"Enforcement Proceeds" means any funds, property or other assets.

"Event of Default" means any Event of Default, as defined in the Loan Agreement.

"Note" has the meaning specified in Exhibit A attached to this Agreement.

"Secured Obligations" means any and all present and future indebtedness, liabilities and obligations of Debtor to Secured Party of any kind under the Loan Agreement and the other Loan Documents including but not limited to the Promissory Note dated February 19,

2007, in the face amount of \$1,000,000 from Debtor as maker to Secured Party as payee, and all renewals, extensions, amendments and modifications thereof.

"UCC" means the Uniform Commercial Code as enacted in the state whose law governs this Agreement (and amended from time to time).

Capitalized terms used in this Agreement and not otherwise defined shall have the meanings given to them in the Loan Agreement.

SECTION 2. Grant of Security Interest.

As collateral security for the prompt and unconditional payment and performance of the Secured Obligations, Debtor hereby grants to Secured Party a security interest in and lien upon all of Debtor's right, title and interest in and to all of the Collateral.

SECTION 3. Representations and Warranties.

Debtor represents and warrants to Secured Party as follows:

3.1 Absence of Liens and Interests. Debtor is the sole owner of the Collateral, free of any liens, security interests, participation interests, claims or other encumbrances of any kind except for those granted to Secured Party in this Agreement.

3.2 Prior Names. Debtor has not, during the past five years, changed its name.

3.3 State of Organization. Debtor is a corporation organized under the laws of the state of California.

3.4 Chief Executive Office; Location of Records. Debtor's chief executive office is located at 400 N. Tustin Avenue, Suite 140, Santa Ana, CA 92705. All Debtor's records relating to the Collateral are kept at that location.

SECTION 4. Covenants.

4.1 Performance. Debtor shall pay and perform all the Secured Obligations according to their terms.

4.2 Liens. Debtor shall, at its own expense keep the Collateral free of all liens, security interests, participation interests, claims and other encumbrances except those granted to Secured Party in this Agreement.

4.3 Collateral Account. After the occurrence and during the continuance of an Event of Default, Debtor will, forthwith upon receipt by Debtor of all checks, drafts, cash and other remittances in payment or as proceeds of, or on account of, any Collateral, deposit the same in a special bank account (the "Collateral Account") with such bank or financial institution as Secured Party shall consent, over which Secured Party alone has power of withdrawal, and

will, to the extent required by Secured Party, designate with each such deposit the particular Collateral Loan upon which the remittance was made. All deposits into the Collateral Account shall be applied to the outstanding balance of the Secured Obligations at the time such amounts are actually and finally collected as determined by Secured Party. Such proceeds shall be deposited in precisely the form received except for Debtor's indorsement where necessary to permit collection of items, which indorsement Debtor agrees to make. Pending such deposit, Debtor agrees not to commingle any such checks, drafts, cash or other remittances with any of its funds or property, but will hold them separate and apart therefrom and upon an express trust for Secured Party until deposited in the Collateral Account. Upon indefeasible payment in full in cash of all outstanding Secured Obligations, Secured Party will pay over to Debtor any excess amounts received by Secured Party as payment or proceeds of Collateral, whether received by Secured Party as a deposit in the Collateral Account or otherwise received by Secured Party.

4.4 Expenditures by Secured Party. Debtor will reimburse Secured Party upon demand for any expenditures by Secured Party for the maintenance, protection and preservation of the Collateral or Secured Party's security interest in the Collateral, including taxes, levies, insurance and repairs, and for the collection, repossession, holding, preparation and sale or other disposition of or realization upon the Collateral. In no event shall Secured Party have any obligation to make such expenditures nor any liability for failing to make them.

4.5 Protection of Collateral; Enforcement of Rights Under Collateral. Debtor shall comply with all laws and regulations affecting the ownership or use of the Collateral and shall not permit the waste, injury or destruction of any of the Collateral. Debtor shall perform all its obligations with respect to the Collateral, whether such obligations arise pursuant to the express terms of the Collateral or pursuant to applicable law. If Debtor fails to perform any obligation with respect to the Collateral, then Secured Party may do so, and Debtor shall immediately upon demand reimburse Secured Party for any cost and expense, including reasonable attorneys' fees, incurred by Secured Party in connection with such performance. To the extent that, pursuant to the terms of the Collateral, Debtor's consent is required as to any matter, Debtor shall not grant such consent without Secured Party's consent, which consent by Secured Party shall be subject to the same reasonableness requirements and restrictions (if any) that apply to Debtor pursuant to the Collateral. Debtor shall not consent or agree to any subordination of the Collateral to any other estate or interest (other than routine utility easements) without Secured Party's prior written consent, which may be withheld in Secured Party's sole discretion. Debtor shall defend the Collateral against all claims and demands of all persons at any time claiming the same or any interest therein. The Collateral shall not be modified or amended in any respect without the prior written consent of Secured Party, nor shall any rights or remedies of Debtor, or obligations of Borrower Customer or any other Person, under any Collateral be waived without the prior written consent of Secured Party, which consent Secured Party may withhold in its sole discretion.

4.6 Governmental Charges. Debtor shall pay before delinquency all taxes, assessments and other governmental charges which are or may become a lien on any of the Collateral.

4.7 Access and Review. Debtor shall maintain full and accurate books of account, ledgers and other written records relating to the Collateral and Debtor's operations. Secured Party shall at all times have the right to inspect any of Debtor's records relating to the Collateral or Debtor's operations and the right to obtain copies of those records. Secured Party shall at all times have the right to visit Debtor's premises at reasonable times to inspect the Collateral.

4.8 Information Regarding Borrower Customers. Debtor shall from time to time, upon request by Secured Party, provide Secured Party with a list of all Borrower Customers together with their current addresses, telephone numbers, contact persons and balances owed to the Debtor, together with copies of all invoices and other documents relating thereto. Debtor hereby authorizes Secured Party to contact Borrower Customers to verify information relating to Collateral Loans.

4.9 Certain Changes. Debtor will not change its name, the location of its chief executive office, or its form of organization or state of organization without the prior written consent of Secured Party.

4.10 Perfection. Debtor shall take all steps necessary or appropriate to ensure that the security interests granted to Secured Party in this Agreement are at all times perfected and of first-lien priority. Without limiting the generality of the foregoing:

(a) Financing Statements, Etc. Debtor authorized Secured Party to secure file and agrees to sign any financing statements, fixture filings, amendments, assignments, registrations or filings with governmental offices or agencies, and other documents relating to the Collateral that Secured Party may request in order to perfect any security interest granted herein. Debtor authorizes Secured Party to file such documents without Debtor's signature. Debtor hereby grants to Secured Party a power of attorney to execute any such documents as Debtor's attorney-in-fact. Such power of attorney is coupled with an interest and shall be irrevocable until the Secured Obligations have been indefeasibly paid in full. Debtor will reimburse Secured Party upon demand for all expenses incurred for the perfection and continuation of perfection of Secured Party's security interest in the Collateral. Pursuant to UCC Section 9-402, a carbon, photographic or other reproduction of this security agreement or a financing statement is sufficient as a financing statement.

(b) Delivery of Documents, Instruments, Etc. Debtor shall deliver to Secured Party all the Notes and all other items of the Collateral security interests in which can be perfected, or first-priority security interests in which can be assured, only by possession. If Secured Party delivers any such Note or other Collateral to Debtor for purposes of presentation, collection or renewal, Debtor shall redeliver the same to Secured Party within twenty-one (21) calendar days.

4.11 Collateral Enforcement By Debtor.

(a) Secured Party's Joinder. Debtor may not engage in any Collateral Enforcement unless such Collateral Enforcement is consented to by Secured Party. As between

Debtor and Secured Party, and so long as no Event of Default shall have occurred and be continuing, Secured Party agrees to consent to any reasonable Collateral Enforcement if Debtor has provided such assurances as Secured Party shall require to the effect that all Enforcement Proceeds (as defined below) shall be applied as required by this Agreement. Any Collateral Enforcement, and all Enforcement Proceeds, shall be subject to the rights, and subject to the security interests, of Secured Party hereunder.

(b) **Enforcement Proceeds.** Without limiting the generality of the foregoing, if, pursuant to any Collateral Enforcement, Debtor receives any Enforcement Proceeds, then such Enforcement Proceeds shall be delivered, immediately and directly, to Secured Party to be applied as if they were proceeds from the sale of the Collateral.

(c) **Release of Enforcement Proceeds.** Notwithstanding the foregoing, so long as no Event of Default has occurred and is continuing, Secured Party agrees that any real property that constitutes Enforcement Proceeds may be delivered to, and shall become the property of Debtor, if and only if simultaneously with receipt thereof, Debtor executes and delivers to and in favor of Secured Party a deed of trust encumbering such real property, which deed of trust shall be in form and substance satisfactory to Secured Party and shall secure the Obligations. In any such event, Debtor shall at Debtor's sole cost and expense provide Secured Party with an extended coverage policy of title insurance insuring the lien of such deed of trust, which policy shall be in form and substance satisfactory to Secured Party.

SECTION 5. Events of Default.

Any Event of Default under the Loan Agreement shall be an Event of Default under this Agreement.

SECTION 6. Remedies of Secured Party.

6.1 **General.** In addition to the rights and remedies granted to Secured Party in this Agreement, Secured Party shall at all times have the rights and remedies of a secured party under the UCC and under all other applicable laws.

6.2 **Remedies.** After the occurrence, and during the continuance, of an Event of Default, Secured Party may take any one or more of the following actions in its sole discretion:

(a) Declare all or any part of the Secured Obligations due and payable, without presentment, demand, protest or other notice of any kind, all of which are expressly waived.

(b) Enter the premises of Debtor and take custody of, sell or remove the Collateral, without notice or demand and without judicial process, liability for trespass or the responsibility to post a bond or other financial undertaking.

(c) Require Debtor to assemble the Collateral, and make it available to Secured Party at Debtor's premises or at any other location selected by Secured Party, where it will remain at Debtor's expense pending sale or other disposition. Debtor acknowledges and agrees that any failure by it to assemble the Collateral and make it available to Secured Party will constitute a threat of imminent and irreparable harm to Secured Party which will entitle Secured Party to a court order or injunction: (i) appointing a receiver to take possession of the Collateral and sell or otherwise realize upon the Collateral and apply the proceeds to the Secured Obligations; and/or (ii) directing Debtor to assemble the Collateral and make it available to Secured Party as required by this Security Agreement. Debtor agrees that Secured Party shall be entitled to such relief after the occurrence and during the continuance of any Event of Default regardless of whether Debtor is solvent or insolvent, and regardless of whether Secured Party is oversecured or undersecured, and regardless of any other fact or event other than the existence of an Event of Default. Debtor expressly waives any right to require either Secured Party or the receiver to post a bond or other security or financial undertaking as a condition to obtaining any such order or injunction. All fees of the receiver shall become a part of the Secured Obligations payable upon demand by Secured Party.

(d) Sell, collect or otherwise dispose of the Collateral. If notice of sale or disposition of Collateral is required, ten (10) calendar days notice of any intended sale or other disposition of the Collateral shall be deemed to be reasonable. Under no circumstances shall Secured Party be required to expedite or delay sale of all or any part of the Collateral due to prevailing or expected conditions in the market for such Collateral. Each purchaser at any such sale shall hold the property sold absolutely free from any claim or right on the part of Debtor, and Debtor hereby waives (to the extent permitted by applicable law) all rights of redemption, stay and/or appraisal which it now has or may at any time in the future have under any rule of law or statute now existing or hereafter enacted. Secured Party shall not be obligated to make any sale of Collateral regardless of notice of sale having been given. Secured Party may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned. Secured Party may specifically disclaim any and all warranties of any kind with respect to sales of Collateral.

(e) Indorse any note, draft, check or other instrument or document with respect to the Collateral, as the attorney-in-fact for Debtor with full power of substitution.

(f) Accept and receive payment of, receipt for or defend, settle, compromise or adjust any claim, suit, action or proceeding with respect to the Collateral. In doing so, any determination made by Secured Party as to the risks of litigation and collectibility shall be deemed to be commercially reasonable unless made in bad faith.

6.3 Proceeds. The proceeds of sales, collections or other dispositions of the Collateral shall not be credited to the Secured Obligations unless and until actually received in cash by Secured Party. Secured Party may credit such proceeds against the Secured Obligations in such order as it elects in its sole discretion.

6.4 Deficiency. Debtor shall pay any deficiency remaining after application of the net proceeds of the Collateral to the Secured Obligations.

6.5 Retention. Under no circumstances shall Secured Party be deemed to have elected to retain possession of all or any part of the Collateral in satisfaction of the Secured Obligations unless Secured Party has given Debtor written notice of a proposal to do so pursuant to provisions of the UCC expressly specifying the procedure for retention of collateral in satisfaction of the obligations it secures, regardless of the length of time the Collateral remains in Secured Party's possession after a Default or Event of Default and regardless of the recording or filing of any Assignment of any Note or Security Agreement, the indorsement or delivery of any Note to Secured Party, or the filing of any assignment of any financing statement to Lender. Under no circumstances shall Secured Party have any liability as a result of a decline in the market value of the Collateral while Secured Party holds it.

6.6 Notification of Borrower Customers. Secured Party may at any time after the occurrence and during the continuance of an Event of Default, notify any or all Borrower Customers that they shall, after receipt of such notice, be required to pay all amounts owed to Debtor to Secured Party for application to the Secured Obligations.

6.7 Delivery of Books and Records. If Secured Party holds a foreclosure or other sale with respect to any Collateral, or otherwise exercises any rights or remedies under the Loan Documents or applicable law pursuant to which Debtor is divested of title to any Collateral, then Debtor shall within ten days thereafter deliver to the transferee of such Collateral any and all correspondence, books, records and documentation in Debtor's possession, or in the possession of any person or entity under the direct or indirect control of Debtor, relating to such Collateral

6.8 Other Obligors. Debtor waives any right Debtor may have or claim to require Secured Party to seek to recover payment of the Secured Obligations, or any portion thereof from any person or entity obligated therefor other than Debtor.

SECTION 7. Power of Attorney.

Debtor hereby irrevocably constitutes and appoints Secured Party and any officer or agent thereof, with full power of substitution, as its true and lawful attorney-in-fact with full irrevocable power and authority in the place and stead of Debtor and in the name of Debtor or in its own name, from time to time in Secured Party's discretion, for the purpose of carrying out the terms of this Agreement, to take any and all appropriate action, and to execute any and all documents and instruments that may be necessary or desirable to accomplish the purposes of this Agreement; and without limiting the generality of the foregoing, Debtor hereby gives Secured Party the power and right, on behalf of Debtor, without consent or notice to Debtor, to do the following:

(a) to transfer to Secured Party or to any other person all or any of the Collateral, to indorse any instruments pledged to Secured Party, and to fill in blanks in any transfers of Collateral, powers of attorney, or other documents delivered to Secured Party;

(b) to pay or discharge taxes and liens levied or placed on or threatened against the Collateral, to effect any repairs or any insurance called for by the terms of this Agreement or the other Loan Documents, and to pay all or any part of the premiums therefor and the costs thereof;

(c) upon the occurrence and during the continuation of any Event of Default (i) to take possession of, indorse, and collect any checks, drafts, notes, acceptances, or other instruments for the payment of moneys due under any account, instrument or general intangible or with respect to any other Collateral and (ii) to file any claim or to take any other action or proceeding in any court of law or equity or otherwise deemed appropriate by Secured Party for the purpose of collecting all such moneys due under any account, financial asset, instrument, investment property, or general intangible or with respect to any other Collateral whenever payable; and

(d) upon the occurrence and during the continuation of any Event of Default (i) to direct any party liable for any payment under any of the Collateral to make payment of all moneys due or to become due thereunder directly to Secured Party or as Secured Party shall direct; (ii) to ask for, demand, collect, and receive payment of and receipt for, any and all moneys, claims and other amounts due or to become due at any time in respect of or arising out of any Collateral; (iii) to sign and indorse any invoices, freight or express bills, bills of lading, storage or warehouse receipts, drafts, assignments, verifications, notices, and other documents in connection with any of the Collateral; (iv) to commence and prosecute any suits, actions, or proceedings at law or in equity in any court of competent jurisdiction to collect the Collateral or any thereof and to enforce any other right in respect of any Collateral; (v) to defend any suit, action, or proceeding brought against Debtor with respect to any Collateral; (vi) to settle, compromise, or adjust any suit, action, or proceeding described in clause (v) above and, in connection therewith, to give such discharge or releases as Secured Party may deem appropriate; and (vii) generally to sell, transfer, pledge, and make any agreement with respect to or otherwise deal with any of the Collateral as fully and completely as though Secured Party were the absolute owner thereof for all purposes; and to do, at Secured Party's option and Debtor's expense, at any time or from time to time, all acts and things that Secured Party deems necessary to protect, preserve or realize upon the Collateral and Secured Party's liens thereon and to effect the intent of this Agreement, all as fully and effectively as Debtor might do.

7.2 Debtor hereby ratifies all that said attorneys shall lawfully do or cause to be done by virtue hereof. This power of attorney is a power coupled with an interest and shall be irrevocable.

7.3 Debtor also authorizes Secured Party, at any time and from time to time, to execute, in connection with the sales provided for in this Agreement, any indorsements, assignments or other instruments of conveyance or transfer with respect to the Collateral.

7.4 The powers conferred on Secured Party hereunder are solely to protect Secured Party's interests in the Collateral and shall not impose any duty upon Secured Party to exercise any such powers. Secured Party shall be accountable only for amounts that it actually

receives as a result of the exercise of such powers, and neither it nor any of its officers, directors, employees or agents shall be responsible to Debtor for any act or failure to act hereunder.

SECTION 8. Revival of Security Interest.

To the extent Debtor makes a payment to Secured Party or Secured Party receives any payment of proceeds of Collateral, which is later invalidated, declared to be a fraudulent transfer or preference, set aside or required to be repaid under any bankruptcy law, other law or equitable principle, Secured Party's interest in the Collateral shall be revived and continue as if the payment or proceeds had never been received by Secured Party.

SECTION 9. Miscellaneous.

9.1 Amendment. This Agreement and the other Loan Documents contain the complete and final expression of the entire agreement of the parties. No provision of this Agreement may be amended, modified, waived or supplemented, except by a writing signed by the party sought to be charged with the amendment, modification, waiver or supplementation. No waiver by Secured Party of any Default or Event of Default shall be a waiver of any other Default or Event of Default.

9.2 Remedies Cumulative. All rights and remedies of Secured Party shall be cumulative and may be exercised at such times and in such order as Secured Party determines, and no delay or omission in exercising any right or remedy shall be a waiver of it.

9.3 Effectiveness. This Agreement is irrevocable by Debtor and shall remain in full force and effect until (i) all of the Secured Obligations shall have been indefeasibly paid in full in cash; (ii) Secured Party shall have no further obligation to advance funds, or provide other financial accommodations, to or for the benefit of Debtor; and (iii) this Agreement shall have been terminated in writing by Secured Party. This is a continuing security agreement and will continue in effect even though Debtor may, for a period of time, pay the Secured Obligations in full and not be indebted to Secured Party.

9.4 Disclaimer. Neither Secured Party nor any of its directors, officers or agents shall be liable for any claims, demands, losses or damages made, claimed or suffered by Debtor, except any which may be caused by their own gross negligence or willful misconduct.

9.5 Legal Expenses. In the event of any default under this Agreement, any of the Secured Obligations or any guaranty of any of the Secured Obligations, or in the event that any dispute arises relating to the interpretation, enforcement or performance of any of the foregoing, Secured Party shall be entitled to collect from Debtor on demand all fees and expenses incurred in connection therewith, including but not limited to fees of attorneys, accountants, appraisers, environmental inspectors, consultants, expert witnesses, arbitrators, mediators and court reporters. Without limiting the generality of the foregoing, Debtor shall pay all such costs and expenses incurred in connection with: (a) arbitration or other alternative dispute resolution proceedings, trial court actions and appeals; (b) bankruptcy or other insolvency proceedings of Debtor, any guarantor or other party liable for any of the Secured

Obligations or any party having any interest in any security for any of the Secured Obligations; (c) judicial or nonjudicial foreclosure on any security for any of the Secured Obligations; (d) post-judgment collection proceedings; (e) all claims, counterclaims, cross-claims and defenses asserted in any of the foregoing whether or not they arise out of or are related to this Agreement; (f) all preparation for any of the foregoing; and (g) all settlement negotiations with respect to any of the foregoing.

9.6 Interest on Expenditures. All expenditures, fees, costs and other amounts for which Debtor is required to reimburse Secured Party under this Agreement shall be payable upon demand and shall bear interest after demand at a floating rate of interest equal to the rate of interest borne from time to time by Advances outstanding under the Loan Agreement.

9.7 Notices. Any notice under this Agreement shall be in writing and shall be given as provided in the Loan Agreement.

9.8 Governing Law. This Security Agreement shall be governed by, and construed in accordance with the laws of the state of California as applicable to contracts entered into in the state of California between residents of such state and to be wholly performed in such state.

9.9 Counterparts. This Agreement may be executed in any number of counterparts and by each party on a separate counterpart, each of which when so executed and delivered shall be deemed an original and all of which taken together shall constitute but one and the same instrument.

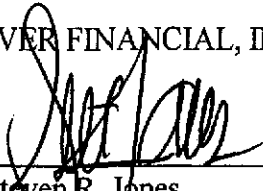
9.10 Assignment; Binding Effect. Secured Party may assign the benefits of this Agreement, together with any or all of the Secured Obligations, and, upon such assignment, the assignee or assignees shall be entitled to all the benefits of this Agreement and Debtor shall be obligated to the assignee or assignees for performance of Debtor's Secured Obligations under this Agreement. After such an assignment, Secured Party shall have no liability for any actions or omissions of the assignee or assignees. Debtor may not assign this Agreement, or delegate its duties hereunder, without the prior written consent of Secured Party. Subject to the foregoing, this Agreement shall inure to the benefit of and be binding upon the heirs, successors and assigns of Debtor and Secured Party and shall bind any person or entity which becomes bound as a debtor under this Agreement.

9.11 Waiver of Jury Trial. BORROWER WAIVES, AND, BY ACCEPTING THIS AGREEMENT THE LENDER SHALL BE DEEMED TO WAIVE, ANY RIGHT TO A TRIAL BY JURY IN ANY ACTION OR PRECEEDING TO ENFORCE OR DEFEND ANY RIGHT TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING TO ENFORCE OR DEFEND ANY RIGHTS (A) UNDER THIS AGREEMENT OR UNDER ANY AMENDMENT, INSTRUMENT, DOCUMENT OR AGREEMENT DELIVERED OR WHICH MAY IN THE FUTURE BYA DELIVERED IN CONNECTION HEREWITH OR (B) ARISING FROM ANY BANKING RELATIONSHIP EXISTING IN CONNECTION WITH THIS AGREEMENT, THE LENDER SHALL BE DEEMED TO AGREE, THAT ANY SUCH ACTION OR PROCEEDING SHALL BE TRIED BEFORE A COURT AND NOT BEFORE A JURY.

DATED as of the date first written above.

DEBTOR: WESTOVER FINANCIAL, INC.

By



Steven R. Jones
President

EXHIBIT A

Description of Collateral

DEBTOR: WESTOVER FINANCIAL, INC.
SECURED PARTY: FIRST HERITAGE BANK, N. A.

All right, title and interest of Debtor in all the following types of property, wherever located, now owned or hereafter acquired:

(a) All Accounts, Equipment, Inventory, General Intangibles, Contract Rights, documents of title, chattel paper and instruments, including but not limited to any evidencing, arising out of or relating to any obligation of Debtor for goods sold or leased or services rendered, and

(b) All promissory notes in favor of Debtor which have been delivered to Secured Party or which have been indorsed in favor of Secured Party (collectively the "Notes") together with all sums due and payable, or to become due and payable, thereunder;

(c) All loan agreements, Loan Agreements, assignments of rents, security agreements, financing statements, escrow deposits, reserve accounts, letters of credit, guaranties, indemnity agreements, estoppel certificates, certificates, affidavits, subordination agreements, attornment agreements, nondisturbance agreements, title insurance policies, other insurance policies and other documents, instruments and agreements otherwise securing, evidencing or relating to the Notes or the Security Agreements, or any of them, together with all sums due and payable, or to become due and payable, thereunder;

(d) All claims, rights and remedies of Debtor with respect to the foregoing;

(e) All proceeds and products of the foregoing, including but not limited to agreements to purchase any of the foregoing, insurance proceeds and condemnation awards; and

(f) All books, records, files, credit applications, credit reports, appraisals, inspection reports and other recorded information, whether in the form of a writing, photograph, microfilm, microfiche, electronic medium, or otherwise, relating to any of the foregoing.

(g) All claims, rights and remedies of Debtor with respect to the foregoing;

(h) All books, records, files, credit applications, credit reports, appraisals, inspection reports and other recorded information, whether in the form of a writing, photograph, microfilm, microfiche, electronic medium, or otherwise, relating to any of the foregoing; and

EXHIBIT A

(i) All proceeds and products of the foregoing, including but not limited to agreements to purchase any of the foregoing, insurance proceeds and condemnation awards.

All initially capitalized terms not specifically defined herein shall have the meaning set forth under the UCC in effect as of the date of this Agreement in the State of California

EXHIBIT A

EXHIBIT

2

CUSTODIAN AGREEMENT

This CUSTODIAN AGREEMENT ("Agreement") dated April 13, 2007 is entered into and made by and among FIRST HERITAGE BANK, N. A., a national banking association ("Lender"); WESTOVER FINANCIAL, INC., a California corporation ("Borrower") and Steven R. Jones, an individual, residing at 1088 South Taylor Court, Anaheim Hills, CA 92808 ("Custodian").

BACKGROUND

WHEREAS, Borrower and Lender have entered into a certain Credit Agreement dated of even date herewith (as amended or modified from time to time, "Credit Agreement"). All capitalized terms used but not otherwise defined herein shall have the respective meaning ascribed to such terms in the Credit Agreement.

WHEREAS, Pursuant to the Credit Agreement, each Borrower has agreed to secure its indebtedness to Lender by granting to Lender a security interest in, and will from time to time assign, transfer and deliver in pledge to Lender, for the benefit of Lender, certain accounts, notes, instruments, mortgages, security agreements, contracts, chattel paper or other form of receivables and such other Collateral as described in the Credit Agreement, hereinafter the foregoing property is collectively referred to as "Collateral"; and

WHEREAS, Borrower and Lender have agreed that the parties hereto shall enter into this Agreement and permit Custodian to act as custodian, agent and bailee for the benefit of Lender for the purpose of receiving certain of such Collateral and holding it in trust for Lender, and with respect to certain other Collateral, holding the same until such Collateral is delivered to Lender pursuant to and in accordance with the Credit Agreement;

NOW, THEREFORE, for good and valuable consideration and intending to be legally bound, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Appointment of Custodian. Lender hereby appoints Custodian as its custodian, agent and bailee with respect to the Collateral to be held at 400 N. Tustin Avenue, Suite 140, Santa Ana, CA 92705 ("Premises"), as required pursuant to the Credit Agreement; and Custodian hereby accepts such appointment and the duties and responsibilities inherent therein, all under the following terms and conditions set forth below.

2. Control. Custodian hereby represents and warrants that, with respect to the Collateral, Custodian, in his or her capacity as custodian hereunder, is not under the control of, acting for or under the influence of Borrower; and is acting as a fiduciary for Lender.

3. Delivery of Collateral. Borrower will, upon its execution of this Agreement, collect, obtain and deliver to Custodian, all Collateral owned by Borrower as of the date hereof, together with a listing and assignment of said Collateral. Custodian will reconcile the listing of the Collateral and will verify that the account number and/or name or maker and balance of each account are correctly reflected; that the assignments are properly executed by a duly authorized officer of Borrower and that all the instruments of Collateral are properly endorsed as required pursuant to the Credit Agreement. Custodian will forward said listings, certified as verified, to Lender.

4. Custodian's Duties. The Custodian shall perform the following duties:

a. Listing and Assignment of Collateral. Custodian will, on the face of the instruments of assignment certify by his/her signature to the correctness of the listings and assignments and that said Collateral was delivered to him/her and is in his/her possession and under his/her exclusive control, and Custodian will forward said certified listings and assignments of the Collateral to Lender.

b. Compliance with Credit Agreement. Custodian has read and reviewed the terms of the Credit Agreement and understands the duties and obligations Custodian is expected to perform thereunder. Pursuant to the Credit Agreement, Borrower will prepare and deliver to Lender an executed Borrowing Request/Borrowing Base Certificate which will reflect among other information the balance of the Collateral on deposit with the Custodian, on behalf of Lender. Custodian will certify that all the Collateral supporting said Borrowing Base is in his/her possession and is under his/her exclusive control and will forward said Borrowing Request/Borrowing Base Certificate to Lender.

c. Delivery and Handling of Document Collateral. Borrower will, in the normal course of its business transactions, request the return of certain Collateral covering paid-out or refinanced balances. Custodian, upon said requests may return and release this Collateral to Borrower, but will maintain a record of all such Collateral released. Custodian may also temporarily deliver out of his/her possession, but not release certain Collateral for the purpose of recordings, collection, cancellation or similar normal course-of- business activities.

d. Notification to Lender. Custodian will inform Lender of any unusual requests by Borrower covering a return of Collateral and Custodian will obtain Lender's prior approval before releasing same. A request would be considered "unusual" if it covered the withdrawal of an unusually large number of active accounts or a lesser number of accounts with relatively large balances, without the assignment of new Collateral or pay-down of the indebtedness owed to Lender under the Credit Agreement in the proportionate amount.

e. Storage of Collateral. Custodian will store the Collateral in an orderly manner in secure and fireproof facilities at the Premises and each Borrower hereby agrees to furnish such space and facilities, at no cost to Custodian as may be necessary in

the performance of his/her duties and responsibilities under the terms of this Agreement and the requirements of his/her position.

f. Lender. Lender will be given free access to all collateral for the purposes of inspection or examination as Lender may see fit.

g. Custodian's Ability to Perform. In the event that the Custodian is unable to perform his/her duties under the terms hereof, for any reason whatsoever, Borrower will promptly notify Lender to this effect, and Borrower will at the same time offer to Lender the name of an individual as its nominee for the position of a replacement or substitute Custodian as the case may be.

5. Deliveries. As soon as practicable after the date hereof, but in any event not later than the 15th day of each month for the previous month, Custodian shall deliver, in one or more transmittals, to Lender:

6. Communication with Obligors. Notwithstanding possession of the Collateral by the Custodian at any time, Lender shall have the right, pursuant to the terms of the Credit Agreement, to inform the obligor on any such Collateral to make payments due on account of or under such Collateral directly to such account as Lender may, from time to time, designate.

7. Termination of Agreement. It is understood that this Agreement shall terminate without notice on the date on which the Obligations have been satisfied in full and the Commitment has been terminated; provided, however, that Lender shall have the option, at its sole discretion, to extend the term of this Agreement, with notice to Custodian. Upon such termination Custodian will immediately deliver over to Lender all Collateral accepted by Custodian for the account of Lender during the term of this Agreement.

8. Limitation on Authority. The authority of Custodian to act on behalf of Lender hereunder shall be limited solely to the specific authority granted to Custodian hereunder. Custodian shall not have any duty or obligation to take any action in respect of any Collateral except as specifically provided herein.

9. Guaranty by Borrower. Borrower hereby guarantees the performance and fiduciary responsibilities of the Custodian hereunder and agrees to indemnify and hold Lender harmless from and against any and all liabilities, fees (including reasonable attorneys' fees), costs and expenses arising from or in any way relating to this Agreement or the Custodian's performance hereunder or any failure thereof.

10. Notices. All communications required hereunder shall be delivered personally, via certified mail, postage prepaid and return receipt requested, or via telecopy to the following:

If to Lender. First Heritage Bank, N.A.
4675 MacArthur Court
Suite 1480
Newport Beach, CA 92660
Attn: David Ekings
Phone: 949-222-7122
Facsimile: 949-863-1463

With a copy to: First Heritage Bank, N.A.
17600 N. Perimeter Drive
Scottsdale, Arizona 85255
Attn: General Counsel
Facsimile: 602-636-7078

If to Custodian: Steven R. Jones
1088 South Taylor Court
Anaheim Hills, CA 280-1312

If to Borrowers: WESTOVER FINANCIAL, INC., a California corporation
400 North Tustin Avenue
Suite 140
Santa Ana CA 92706
Phone: (714) 834-0127
Facsimile: (714) 834-0327

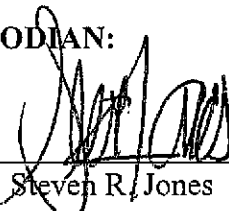
11. Governing Law. This Agreement shall be governed by, construed and enforced in accordance with the laws of the State of California, excluding its conflict of laws rules.

12. Counterparts. This Agreement may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original, and such counterparts together shall constitute one and the same respective agreement. Signature by facsimile shall also bind the parties hereto.

13. Waiver of Jury Trial BORROWER WAIVES, AND, BY ACCEPTING THIS AGREEMENT THE LENDER SHALL BE DEEMED TO WAIVE, ANY RIGHT TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING TO ENFORCE OR DEFEND ANY RIGHTS (A) UNDER THIS AGREEMENT OR UNDER ANY AMENDMENT, INSTRUMENT, DOCUMENT OR AGREEMENT DELIVERED OR WHICH MAY IN THE FUTURE BE DELIVERED IN CONNECTION HERewith OR (B) ARISING FROM ANY BANKING RELATIONSHIP EXISTING IN CONNECTION WITH THIS AGREEMENT, AND BORROWER AGREES, AND BY ACCEPTING THIS AGREEMENT, THE LENDER SHALL BE DEEMED TO AGREE, THAT ANY SUCH ACTION OR PROCEEDING SHALL BE TRIED BEFORE A COURT AND NOT BEFORE A JURY.

IN WITNESS WHEREOF, the undersigned have executed this Custodian Agreement effective as of the date and year first above written.

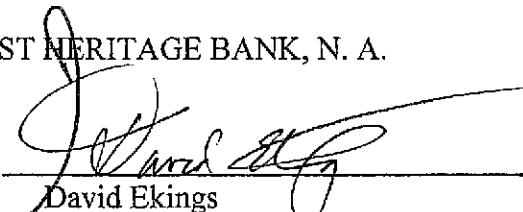
CUSTODIAN:


_____(SEAL)
Steven R. Jones

BANK:

FIRST HERITAGE BANK, N. A.

BY:




David Ekings

The undersigned Borrower, does hereby acknowledge, accept and agree to, as applicable, all of the terms and conditions of this Custodian Agreement, including, without limitation, the guaranty and indemnity set forth in Section 9 hereof.

WESTOVER FINANCIAL, INC., a California corporation

BY:

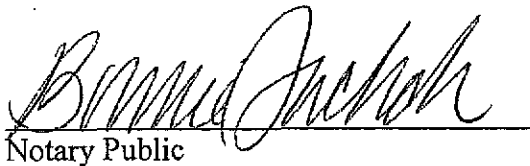


Steven R. Jones
President

COUNTY OF Orange

On April 25, 2007, before me, the undersigned, a Notary Public in and for the County and State, personally appeared Steven R. Jones, ~~personally known~~ (known to me on the basis of satisfactory evidence) to be the person(s) whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity(ies), and that by his signature(s) on the instrument the person(s), or the entity upon behalf of which he acted, executed the within instrument.

WITNESS my hand and official seal.



COUNTY OF Orange

On April 25, 2007, before me, the undersigned, a Notary Public in and for said County and State, personally appeared David E. King of First Heritage Bank, N.A., personally known to me (or ~~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 within instrument.

WITNESS my hand and official seal.



STATE OF CALIFORNIA)
) ss.
COUNTY OF Orange)

On May 14, 2007, before me, the undersigned, a Notary Public in and for said County and State, personally appeared Steven R. Jones, as President of WESTOVER FINANCIAL, INC., a California corporation, ~~personally known to me~~ (or 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 within instrument.

WITNESS my hand and official seal.



Bonnie Sachdeva
Notary Public

EXHIBIT

B

GUARANTY

In consideration of FIRST HERITAGE BANK, N.A. ("Lender"), lending up to One Million Dollars (\$1,000,000) (the "Loan") to WESTOVER FINANICAL, INC., a California corporation ("Borrower"), the undersigned, STEVEN R. JONES, ("Guarantor"), jointly and severally with all other parties executing guaranties of the Loan, if any, hereby unconditionally and irrevocably guarantee to Lender prompt payment of the Loan when due, whether by acceleration or otherwise, together with all interest thereon, any other sums that become due and owing to Lender under the Credit Agreement, the Note or any of the other Loan Documents (each as hereinafter defined), including, without limitation, late charges, premiums for prepayment, expenditures by Lender to preserve and protect the collateral securing the Loan, amounts that would become due but for the effect of any bankruptcy proceedings or other insolvency proceedings and all attorneys' fees, costs, and expenses of collection incurred by Lender in enforcing its rights and remedies under the Credit Agreement, the Note and the other Loan Documents, and together with the full and complete discharge and performance of each and every other term, covenant, obligation or warranty contained in the Credit Agreement or any of the other Loan Documents.

The Loan is made pursuant to the terms and conditions of a Credit Agreement (the "Credit Agreement") dated as of the date of this Agreement, and is evidenced by a Revolving Line of Credit Promissory Note (the "Note") from Borrower dated as of the date of this Agreement, in the amount of One Million Dollars (\$1,000,000), bearing interest and payable as set forth therein, repayment of which is secured by the documents identified in the Credit Agreement as the "Security Documents." The Credit Agreement, the Note, the Security Documents and all other documents, instruments and agreements evidencing, securing or otherwise relating to the Loan, as now existing and as they may be amended, supplemented, extended, replaced or otherwise modified, are referred to collectively as the "Loan Documents." Terms that are defined in the Credit Agreement shall have the meaning set forth therein when used in this Guaranty.

GUARANTOR FURTHER AGREES THAT:

1. Guarantor has a direct financial interest in Lender's making the Loan.
2. The obligations of Guarantor hereunder are primary, absolute, and unconditional under any and all circumstances.
3. Without affecting, diminishing, or otherwise impairing the liability of Guarantor hereunder and without notice or consent of Guarantor, Lender may from time to time grant renewals, extensions, indulgences, releases, and discharges to Borrower or any other guarantor, and may take security for payment of the Loan, and may release any or all security for the Loan or refrain from perfecting any interest in any security granted by Borrower or any other guarantor.
4. Lender may amend or modify the Note, the Security Documents, or any other instrument executed to secure payment thereof or otherwise in connection with the Loan, and

otherwise may deal with Borrower or any other guarantor, without notice to or consent of Guarantor, and without affecting, diminishing, or otherwise impairing the liability of Guarantor hereunder.

5. As security for the full payment and performance of all of Guarantor's obligations hereunder, Guarantor hereby assigns to Lender, all claims and other rights which Guarantor may now have or hereafter acquire against Borrower that arises from the existence or performance of Guarantor's obligations under this Guaranty, including, without limitation, all rights of subrogation, reimbursement, contribution, indemnification and all rights, if any, to participate in any claim or remedy of Lender against Borrower or any collateral which Lender now has or may hereafter acquire, whether or not such claim, remedy or right arises in equity or under contract, statute or common law. Until Lender has received indefeasible payment in full of the principal balance of the Note, together with interest thereon and together with all costs, attorney fees, and other expenses incurred by Lender in enforcing the payment of the Note, or in enforcing performance and observation of any other obligation hereby guaranteed, (i) Guarantor shall have no right to exercise any such claim, remedy or right against Borrower, (ii) Guarantor hereby authorizes and directs Borrower to pay to Lender, all payments in respect of each such claim, remedy or right that would otherwise be payable to Guarantor, and (iii) Guarantor shall not be subrogated to Lender in respect of any action taken or permitted by Lender against Borrower or any other guarantor. Any agreement between Guarantor and Borrower that is contrary to the foregoing shall be null, void and of no force or effect.

6. Lender may from time to time consent to any action or nonaction of Borrower or any other guarantor, which, in the absence of such consent, violates or may violate any provisions of the Note, the Credit Agreement, or any other Loan Document, and such consent may be granted by Lender without in any manner affecting, diminishing, or impairing the liability of Guarantor hereunder.

7. This Guaranty shall continue to be effective, or be reinstated, as the case may be, if at any time payment by Borrower or any other guarantor of all or any part of any sum payable pursuant to the Note or any other guaranty, as the case may be, is rescinded or otherwise must be returned by Lender upon the insolvency, bankruptcy, or reorganization of the payor all as though such payment to Lender had not been made.

8. No change in the name, purposes, capitalization, or organization of Borrower shall in any way affect, diminish, or otherwise impair the liability of Guarantor hereunder, and Lender shall not be obligated to inquire into the powers of Borrower notwithstanding such borrowing, renewals, or credits shall be in excess of the powers of Borrower.

9. In consideration of the Loan, the Loan Documents, and the agreements of Lender contained therein, Guarantor hereby waives and relinquishes all rights and remedies accorded by applicable law to sureties or guarantors that Guarantor may have in connection with this Guaranty arising out of the transactions contemplated by the Loan Documents, and agrees not to assert or take advantage of any such rights or remedies, including, without limitation:

(a) any right or claim of right to cause a marshalling of Borrower's assets or to cause Lender to proceed against or collect from any of the security for the Note or for the obligations guaranteed hereby before proceeding against Guarantor;

(b) any right to require Lender to proceed against Borrower or any other person or to proceed against or exhaust any security held by Lender at any time or to pursue any other remedy in Lender's power before proceeding against Guarantor;

(c) the defense of the statute of limitations in any action hereunder or in any action for the collection or performance of any obligations hereby guaranteed;

(d) any defense that may arise by reason of the incapacity, lack of authority, death, or disability of any other person or the failure of Lender to file or enforce a claim against the estate (in administration, bankruptcy, or any other proceeding) of any other person or Lender's release of any other guarantor;

(e) demand, presentment, protest, and notice of any kind, including, without limitation, notice of the existence, creation, or incurring of any new or additional indebtedness or obligation or of any action or nonaction on the part of Borrower, Lender, any endorser or creditor of Borrower or Guarantor, or on the part of any other person under this or any other instrument in connection with any obligation or evidence of indebtedness held by Lender as collateral or in connection with any obligations hereby guaranteed;

(f) any defense based upon an election of remedies by Lender, including, without limitation, an election to proceed by nonjudicial rather than judicial foreclosure, that destroys or otherwise impairs the subrogation rights of Guarantor, the right of Guarantor to proceed against or collect from Borrower for reimbursement, or any other right or remedy of Guarantor against Borrower;

(g) any defense based upon any statute or rule of law that provides that the obligation of a surety must be neither larger in amount nor in other respects more burdensome than that of the principal;

(h) any duty on the part of Lender to disclose to Guarantor any facts Lender may now or hereafter know about Borrower, regardless of whether Lender has reason to believe that any such facts materially increase the risk beyond that which Guarantor intends to assume, or has reason to believe that such facts are unknown to Guarantor, or has a reasonable opportunity to communicate such facts to Guarantor, since Guarantor acknowledges that Guarantor is fully responsible for being and keeping informed of the financial condition of Borrower and of all circumstances bearing on the risk of nonpayment of any obligations hereby guaranteed;

(i) any defense arising because of Lender's election, in any proceeding instituted under the Federal Bankruptcy Code, of the application of Section 1111(b)(2) of the Federal Bankruptcy Code;

(j) any defense based upon any borrowing or grant of a security interest under Section 364 of the Federal Bankruptcy Code;

(k) any defense based upon the price for which security is sold at a foreclosure sale, even if the security is worth more than the sale price.

Without limiting the generality of the foregoing, Guarantor hereby expressly waives any and all benefits that might otherwise be available to Guarantor under California Civil Code Sections 2809, 2810, 2819, 2839, 2845 through 2847, 2849, 2850, 2899, and 3433, and California Code of Civil Procedure Sections 580a, 580b, 580d, and 726, and acknowledges that this is an unconditional waiver of any rights and defenses Guarantor may have because Borrower's debt is secured by any assets located in California. Guarantor understands that (a) Section 580d of the California Code of Civil Procedure generally prohibits a deficiency judgment against a borrower after a nonjudicial foreclosure; (b) Guarantor's subrogation rights may be destroyed by a nonjudicial foreclosure under any deed of trust (because Guarantor may not be able to pursue Borrower for a deficiency judgment by reason of the application of section 580d of the California Code of Civil Procedure); and (c) Under Union Bank v. Gradsky, 265 Cal. App. 2d 40 (1968), a lender may be estopped from pursuing a guarantor for a deficiency judgment after a nonjudicial foreclosure (on the theory that a guarantor should be exonerated if a lender elects a remedy that eliminates the guarantor's subrogation rights) absent an explicit waiver. In consideration of the Loan Documents and the agreements of Lender contained therein, Guarantor waives all rights and defenses arising out of an election of remedies by Lender, even though that election of remedies, such as a nonjudicial foreclosure with respect to security for a guaranteed obligation, has destroyed the Guarantor's rights of subrogation and reimbursement against the principal by the operation of Section 580d of the Code of Civil Procedure or otherwise.

10. Lender shall not be obligated to exhaust its recourse against Borrower, or any other guarantor or person, or any security it may have for repayment of the Loan or the satisfaction of the obligations hereby guaranteed before being entitled to payment from Guarantor of the Loan or performance of each and every one of the obligations hereby guaranteed. Lender may, at its sole discretion, exercise its rights under this Guaranty either prior to, concurrently with, or after the exercise of its remedies for default against Borrower as provided in the Credit Agreement and the other Loan Documents.

11. Guarantor hereby subordinates any indebtedness of Borrower to Guarantor to the obligations hereby guaranteed. Guarantor agrees that Lender shall be entitled to receive payment of all such obligations before Guarantor receives payment of any indebtedness of Borrower to Guarantor. Any payments on such indebtedness of Borrower to Guarantor, if Lender so requests, shall be collected, enforced, and received by Guarantor as trustee for Lender and be paid over to Lender on account of such obligations, but without reducing or affecting in any manner the liability of Guarantor under the other provisions of this Guaranty. Lender is authorized and empowered (but without any obligation to so do), in its discretion, as attorney-in-fact (with such power being coupled with an interest) for Guarantor or otherwise (a) in the name of Guarantor, to collect, enforce, and to submit claims in respect of, indebtedness of Borrower to Guarantor

and to apply any amounts received thereon to the obligations hereby guaranteed and (b) to require Guarantor (i) to collect and enforce, and to submit claims in respect of, indebtedness of Borrower to Guarantor and (ii) to pay any amounts received on such indebtedness to Lender for application to such obligations. Guarantor hereby assigns to Lender all of Guarantor's rights to any payments or distributions to which Guarantor would be entitled under this Guaranty.

12. Notwithstanding the provisions of the laws of any state relating to the rate of interest payable by Borrower, this Guaranty shall remain in full force and effect whatever the rate of interest received or demanded by Lender, and no invalidity, irregularity, or unenforceability (by reason of any bankruptcy or similar law, any other law or any order of any government or agency thereof purporting to reduce, amend, or otherwise affect any indebtedness or liability of Borrower or of any security therefor) and no release or discharge of Borrower in any receivership, bankruptcy, winding-up, or other creditor proceedings shall affect, diminish, or otherwise impair or otherwise be a defense to this Guaranty. Guarantor shall pay any interest on any portion of the Loan or the other obligations guaranteed hereunder which accrues after the commencement of any proceeding referred to in the foregoing sentence (or, if interest on any portion of the Loan or such other obligations ceases to accrue by operation of law by reason of the commencement of said proceeding, such interest as would have accrued if those proceedings had not been commenced) because it is the intention of Guarantor that Guarantor's obligations to Lender should be determined without regard to any rule of law or order that may relieve Borrower of any of Borrower's obligations to Lender.

13. This Guaranty has been delivered free of any conditions and no representations have been made to Guarantor affecting or limiting the liability of Guarantor under this Guaranty except as may be specifically embodied herein. This Guaranty is in addition to and not in substitution for any other guaranties held or that may hereafter be held by Lender, and Guarantor is jointly and severally liable with all such other guarantors for payment of the amounts hereby guaranteed.

14. No action or proceeding brought or instituted under this Guaranty and no recovery in pursuance thereof shall be a bar or defense to any further action or proceeding that may be brought under this Guaranty by reason of any further default or defaults hereunder or in the performance and observance of the terms, covenants, conditions, and provisions in the Credit Agreement and the other Loan Documents.

15. In the event of any default under the Credit Agreement, the other Loan Documents, this Guaranty, or any other guaranty of the Loan or in the event that any dispute arises relating to the interpretation, enforcement, or performance of any of the foregoing, Lender shall be entitled to collect from Guarantor on demand all fees and expenses incurred in connection therewith, including but not limited to fees of attorneys, accountants, appraisers, environmental inspectors, consultants, expert witnesses, arbitrators, mediators, and court reporters. Without limiting the generality of the foregoing, Guarantor shall pay all such costs and expenses incurred in connection with (a) arbitration or other alternative dispute resolution proceedings, trial court actions, and appeals; (b) bankruptcy or other insolvency proceedings of Guarantor, any other guarantor or any other party liable for any of the obligations hereby

guaranteed, or any party having any interest in any security for any of those obligations; (c) judicial or nonjudicial foreclosure on, or appointment of a receiver for, any property securing any such obligations; (d) postjudgment collection proceedings; (e) all claims, counterclaims, cross-claims, and defenses asserted in any of the foregoing whether or not they arise out of or are related to the Loan; (f) all preparation for any of the foregoing; and (g) all settlement negotiations with respect to any of the foregoing. All such costs, expenses, and fees shall be due and payable upon demand and shall bear interest from the date incurred through the date of collection at the highest rate borne by any of Borrower's obligations under the Loan Documents.

16. No waiver, modification, extension, forbearance, or delay on the part of the Lender with respect to the Note, the Security Documents, or any instrument securing repayment thereof or otherwise executed in connection therewith, or any other guaranty, and no act or thing that might, but for this provision of this Guaranty, be deemed a legal or equitable discharge of a surety, shall operate to release the obligations of the Guarantor under this Guaranty, and no delay on the part of the Lender in exercising any of its options, powers, or rights hereunder, or a partial or single exercise thereof, shall constitute a waiver of any other rights hereunder.

17. Guarantor hereby waives presentment, protest, notice, demand, or action on delinquency in respect to the Loan or any obligation hereby guaranteed. Guarantor waives acceptance of this Guaranty.

18. This Guaranty shall survive the realization upon any collateral given as security for the Loan (including the realization on any real property collateral by nonjudicial proceedings) or the exercise of any other remedy contained in any document securing payment of the Credit Agreement and other Loan Documents, and this Guaranty shall terminate only as provided in Paragraph 19 below. Guarantor agrees that the obligations of Guarantor hereunder are separate and distinct from those of Borrower under the Credit Agreement and the other Loan Documents and expressly waives the benefit, if any, of the provisions of California Code of Civil Procedure Section 580d. Guarantor further agrees that no action taken by Lender with respect to any personal property collateral for the Loan shall be deemed to constitute a retention of such collateral in satisfaction of the debt as that term is used in California Uniform Commercial Code Section 9505(2).

19. This Guaranty shall inure to the benefit of Lender, its successors, and assigns (and as used herein, the term "Lender" shall be deemed to refer to the party identified as "Lender" in the first paragraph of this Guaranty or if different, the owner(s) or holder(s) from time to time of the Note), and shall be binding upon Guarantor and Guarantor's heirs, personal representatives, successors, and assigns, as the case may be, provided, however, that this Guaranty shall terminate when the principal and interest of the Loan and all other obligations hereby guaranteed are indefeasibly paid in full.

20. In the event of a conflict between the provisions of this Guaranty and the provisions of the Loan Documents, the provisions of this Guaranty shall control.

21. This Guaranty shall be governed by and construed in accordance with the laws of the state of California.

22. WAIVER OF JURY TRIAL. GUARANTOR WAIVES, AND, BY ACCEPTING THIS AGREEMENT, LENDER SHALL BE DEEMED TO WAIVE ANY RIGHT TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING TO ENFORCE OR DEFEND ANY RIGHTS (A) UNDER THIS AGREEMENT OR UNDER ANY AMENDMENT, INSTRUMENT, DOCUMENT OR AGREEMENT DELIVERED OR WHICH MAY IN THE FUTURE BE DELIVERED IN CONNECTION HERewith OR (B) ARISING FROM ANY BANKING RELATIONSHIP EXISTING IN CONNECTION WITH THIS AGREEMENT AND GUARANTOR AGREES, AND, BY ACCEPTING THIS AGREEMENT, THE LENDER SHALL BE DEEMED TO AGREE, THAT ANY SUCH ACTION OR PROCEEDING SHALL BE TRIED BEFORE A COURT AND NOT BEFORE A JURY.

DATED as of the 13th day of April, 2007.

GUARANTOR:



STEVEN R. JONES

STATE OF CALIFORNIA

COUNTY OF Orange

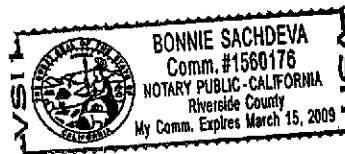
SS.

On April 25, 2007, before me, Bonnie Sachdeva ^{Notary Public} personally appeared Steven Jones personally known to me (or 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.

WITNESS my hand and official seal.

Signature

Bonnie Sachdeva



(Seal)

STATE OF CALIFORNIA

COUNTY OF _____

SS.

On _____, before me, _____, personally appeared _____ personally known to me (or 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.

WITNESS my hand and official seal.

Signature _____

(Seal)

STATE OF CALIFORNIA

COUNTY OF _____

ss.

On _____, before me, _____, personally appeared _____ personally known to me (or 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.

WITNESS my hand and official seal.

Signature _____

(Seal)

EXHIBIT

4

GUARANTY

In consideration of FIRST HERITAGE BANK, N.A. ("Lender"), lending up to One Million Dollars (\$1,000,000) (the "Loan") to WESTOVER FINANCIAL, INC., a California corporation ("Borrower"), the undersigned, JOSEPH G. WOODLEY, ("Guarantor"), jointly and severally with all other parties executing guaranties of the Loan, if any, hereby unconditionally and irrevocably guarantee to Lender prompt payment of the Loan when due, whether by acceleration or otherwise, together with all interest thereon, any other sums that become due and owing to Lender under the Credit Agreement, the Note or any of the other Loan Documents (each as hereinafter defined), including, without limitation, late charges, premiums for prepayment, expenditures by Lender to preserve and protect the collateral securing the Loan, amounts that would become due but for the effect of any bankruptcy proceedings or other insolvency proceedings and all attorneys' fees, costs, and expenses of collection incurred by Lender in enforcing its rights and remedies under the Credit Agreement, the Note and the other Loan Documents, and together with the full and complete discharge and performance of each and every other term, covenant, obligation or warranty contained in the Credit Agreement or any of the other Loan Documents.

The Loan is made pursuant to the terms and conditions of a Credit Agreement (the "Credit Agreement") dated as of the date of this Agreement, and is evidenced by a Revolving Line of Credit Promissory Note (the "Note") from Borrower dated as of the date of this Agreement, in the amount of One Million Dollars (\$1,000,000), bearing interest and payable as set forth therein, repayment of which is secured by the documents identified in the Credit Agreement as the "Security Documents." The Credit Agreement, the Note, the Security Documents and all other documents, instruments and agreements evidencing, securing or otherwise relating to the Loan, as now existing and as they may be amended, supplemented, extended, replaced or otherwise modified, are referred to collectively as the "Loan Documents." Terms that are defined in the Credit Agreement shall have the meaning set forth therein when used in this Guaranty.

GUARANTOR FURTHER AGREES THAT:

1. Guarantor has a direct financial interest in Lender's making the Loan.
2. The obligations of Guarantor hereunder are primary, absolute, and unconditional under any and all circumstances.
3. Without affecting, diminishing, or otherwise impairing the liability of Guarantor hereunder and without notice or consent of Guarantor, Lender may from time to time grant renewals, extensions, indulgences, releases, and discharges to Borrower or any other guarantor, and may take security for payment of the Loan, and may release any or all security for the Loan or refrain from perfecting any interest in any security granted by Borrower or any other guarantor.
4. Lender may amend or modify the Note, the Security Documents, or any other instrument executed to secure payment thereof or otherwise in connection with the Loan, and

otherwise may deal with Borrower or any other guarantor, without notice to or consent of Guarantor, and without affecting, diminishing, or otherwise impairing the liability of Guarantor hereunder.

5. As security for the full payment and performance of all of Guarantor's obligations hereunder, Guarantor hereby assigns to Lender, all claims and other rights which Guarantor may now have or hereafter acquire against Borrower that arises from the existence or performance of Guarantor's obligations under this Guaranty, including, without limitation, all rights of subrogation, reimbursement, contribution, indemnification and all rights, if any, to participate in any claim or remedy of Lender against Borrower or any collateral which Lender now has or may hereafter acquire, whether or not such claim, remedy or right arises in equity or under contract, statute or common law. Until Lender has received indefeasible payment in full of the principal balance of the Note, together with interest thereon and together with all costs, attorney fees, and other expenses incurred by Lender in enforcing the payment of the Note, or in enforcing performance and observation of any other obligation hereby guaranteed, (i) Guarantor shall have no right to exercise any such claim, remedy or right against Borrower, (ii) Guarantor hereby authorizes and directs Borrower to pay to Lender, all payments in respect of each such claim, remedy or right that would otherwise be payable to Guarantor, and (iii) Guarantor shall not be subrogated to Lender in respect of any action taken or permitted by Lender against Borrower or any other guarantor. Any agreement between Guarantor and Borrower that is contrary to the foregoing shall be null, void and of no force or effect.

6. Lender may from time to time consent to any action or nonaction of Borrower or any other guarantor, which, in the absence of such consent, violates or may violate any provisions of the Note, the Credit Agreement, or any other Loan Document, and such consent may be granted by Lender without in any manner affecting, diminishing, or impairing the liability of Guarantor hereunder.

7. This Guaranty shall continue to be effective, or be reinstated, as the case may be, if at any time payment by Borrower or any other guarantor of all or any part of any sum payable pursuant to the Note or any other guaranty, as the case may be, is rescinded or otherwise must be returned by Lender upon the insolvency, bankruptcy, or reorganization of the payor all as though such payment to Lender had not been made.

8. No change in the name, purposes, capitalization, or organization of Borrower shall in any way affect, diminish, or otherwise impair the liability of Guarantor hereunder, and Lender shall not be obligated to inquire into the powers of Borrower notwithstanding such borrowing, renewals, or credits shall be in excess of the powers of Borrower.

9. In consideration of the Loan, the Loan Documents, and the agreements of Lender contained therein, Guarantor hereby waives and relinquishes all rights and remedies accorded by applicable law to sureties or guarantors that Guarantor may have in connection with this Guaranty arising out of the transactions contemplated by the Loan Documents, and agrees not to assert or take advantage of any such rights or remedies, including, without limitation:

(a) any right or claim of right to cause a marshalling of Borrower's assets or to cause Lender to proceed against or collect from any of the security for the Note or for the obligations guaranteed hereby before proceeding against Guarantor;

(b) any right to require Lender to proceed against Borrower or any other person or to proceed against or exhaust any security held by Lender at any time or to pursue any other remedy in Lender's power before proceeding against Guarantor;

(c) the defense of the statute of limitations in any action hereunder or in any action for the collection or performance of any obligations hereby guaranteed;

(d) any defense that may arise by reason of the incapacity, lack of authority, death, or disability of any other person or the failure of Lender to file or enforce a claim against the estate (in administration, bankruptcy, or any other proceeding) of any other person or Lender's release of any other guarantor;

(e) demand, presentment, protest, and notice of any kind, including, without limitation, notice of the existence, creation, or incurring of any new or additional indebtedness or obligation or of any action or nonaction on the part of Borrower, Lender, any endorser or creditor of Borrower or Guarantor, or on the part of any other person under this or any other instrument in connection with any obligation or evidence of indebtedness held by Lender as collateral or in connection with any obligations hereby guaranteed;

(f) any defense based upon an election of remedies by Lender, including, without limitation, an election to proceed by nonjudicial rather than judicial foreclosure, that destroys or otherwise impairs the subrogation rights of Guarantor, the right of Guarantor to proceed against or collect from Borrower for reimbursement, or any other right or remedy of Guarantor against Borrower;

(g) any defense based upon any statute or rule of law that provides that the obligation of a surety must be neither larger in amount nor in other respects more burdensome than that of the principal;

(h) any duty on the part of Lender to disclose to Guarantor any facts Lender may now or hereafter know about Borrower, regardless of whether Lender has reason to believe that any such facts materially increase the risk beyond that which Guarantor intends to assume, or has reason to believe that such facts are unknown to Guarantor, or has a reasonable opportunity to communicate such facts to Guarantor, since Guarantor acknowledges that Guarantor is fully responsible for being and keeping informed of the financial condition of Borrower and of all circumstances bearing on the risk of nonpayment of any obligations hereby guaranteed;

(i) any defense arising because of Lender's election, in any proceeding instituted under the Federal Bankruptcy Code, of the application of Section 1111(b)(2) of the Federal Bankruptcy Code;

(j) any defense based upon any borrowing or grant of a security interest under Section 364 of the Federal Bankruptcy Code;

(k) any defense based upon the price for which security is sold at a foreclosure sale, even if the security is worth more than the sale price.

Without limiting the generality of the foregoing, Guarantor hereby expressly waives any and all benefits that might otherwise be available to Guarantor under California Civil Code Sections 2809, 2810, 2819, 2839, 2845 through 2847, 2849, 2850, 2899, and 3433, and California Code of Civil Procedure Sections 580a, 580b, 580d, and 726, and acknowledges that this is an unconditional waiver of any rights and defenses Guarantor may have because Borrower's debt is secured by any assets located in California. Guarantor understands that (a) Section 580d of the California Code of Civil Procedure generally prohibits a deficiency judgment against a borrower after a nonjudicial foreclosure; (b) Guarantor's subrogation rights may be destroyed by a nonjudicial foreclosure under any deed of trust (because Guarantor may not be able to pursue Borrower for a deficiency judgment by reason of the application of section 580d of the California Code of Civil Procedure); and (c) Under Union Bank v. Gradsky, 265 Cal. App. 2d 40 (1968), a lender may be estopped from pursuing a guarantor for a deficiency judgment after a nonjudicial foreclosure (on the theory that a guarantor should be exonerated if a lender elects a remedy that eliminates the guarantor's subrogation rights) absent an explicit waiver. In consideration of the Loan Documents and the agreements of Lender contained therein, Guarantor waives all rights and defenses arising out of an election of remedies by Lender, even though that election of remedies, such as a nonjudicial foreclosure with respect to security for a guaranteed obligation, has destroyed the Guarantor's rights of subrogation and reimbursement against the principal by the operation of Section 580d of the Code of Civil Procedure or otherwise.

10. Lender shall not be obligated to exhaust its recourse against Borrower, or any other guarantor or person, or any security it may have for repayment of the Loan or the satisfaction of the obligations hereby guaranteed before being entitled to payment from Guarantor of the Loan or performance of each and every one of the obligations hereby guaranteed. Lender may, at its sole discretion, exercise its rights under this Guaranty either prior to, concurrently with, or after the exercise of its remedies for default against Borrower as provided in the Credit Agreement and the other Loan Documents.

11. Guarantor hereby subordinates any indebtedness of Borrower to Guarantor to the obligations hereby guaranteed. Guarantor agrees that Lender shall be entitled to receive payment of all such obligations before Guarantor receives payment of any indebtedness of Borrower to Guarantor. Any payments on such indebtedness of Borrower to Guarantor, if Lender so requests, shall be collected, enforced, and received by Guarantor as trustee for Lender and be paid over to Lender on account of such obligations, but without reducing or affecting in any manner the liability of Guarantor under the other provisions of this Guaranty. Lender is authorized and empowered (but without any obligation to so do), in its discretion, as attorney-in-fact (with such power being coupled with an interest) for Guarantor or otherwise (a) in the name of Guarantor, to collect, enforce, and to submit claims in respect of, indebtedness of Borrower to Guarantor

and to apply any amounts received thereon to the obligations hereby guaranteed and (b) to require Guarantor (i) to collect and enforce, and to submit claims in respect of, indebtedness of Borrower to Guarantor and (ii) to pay any amounts received on such indebtedness to Lender for application to such obligations. Guarantor hereby assigns to Lender all of Guarantor's rights to any payments or distributions to which Guarantor would be entitled under this Guaranty.

12. Notwithstanding the provisions of the laws of any state relating to the rate of interest payable by Borrower, this Guaranty shall remain in full force and effect whatever the rate of interest received or demanded by Lender, and no invalidity, irregularity, or unenforceability (by reason of any bankruptcy or similar law, any other law or any order of any government or agency thereof purporting to reduce, amend, or otherwise affect any indebtedness or liability of Borrower or of any security therefor) and no release or discharge of Borrower in any receivership, bankruptcy, winding-up, or other creditor proceedings shall affect, diminish, or otherwise impair or otherwise be a defense to this Guaranty. Guarantor shall pay any interest on any portion of the Loan or the other obligations guaranteed hereunder which accrues after the commencement of any proceeding referred to in the foregoing sentence (or, if interest on any portion of the Loan or such other obligations ceases to accrue by operation of law by reason of the commencement of said proceeding, such interest as would have accrued if those proceedings had not been commenced) because it is the intention of Guarantor that Guarantor's obligations to Lender should be determined without regard to any rule of law or order that may relieve Borrower of any of Borrower's obligations to Lender.

13. This Guaranty has been delivered free of any conditions and no representations have been made to Guarantor affecting or limiting the liability of Guarantor under this Guaranty except as may be specifically embodied herein. This Guaranty is in addition to and not in substitution for any other guaranties held or that may hereafter be held by Lender, and Guarantor is jointly and severally liable with all such other guarantors for payment of the amounts hereby guaranteed.

14. No action or proceeding brought or instituted under this Guaranty and no recovery in pursuance thereof shall be a bar or defense to any further action or proceeding that may be brought under this Guaranty by reason of any further default or defaults hereunder or in the performance and observance of the terms, covenants, conditions, and provisions in the Credit Agreement and the other Loan Documents.

15. In the event of any default under the Credit Agreement, the other Loan Documents, this Guaranty, or any other guaranty of the Loan or in the event that any dispute arises relating to the interpretation, enforcement, or performance of any of the foregoing, Lender shall be entitled to collect from Guarantor on demand all fees and expenses incurred in connection therewith, including but not limited to fees of attorneys, accountants, appraisers, environmental inspectors, consultants, expert witnesses, arbitrators, mediators, and court reporters. Without limiting the generality of the foregoing, Guarantor shall pay all such costs and expenses incurred in connection with (a) arbitration or other alternative dispute resolution proceedings, trial court actions, and appeals; (b) bankruptcy or other insolvency proceedings of Guarantor, any other guarantor or any other party liable for any of the obligations hereby

guaranteed, or any party having any interest in any security for any of those obligations; (c) judicial or nonjudicial foreclosure on, or appointment of a receiver for, any property securing any such obligations; (d) postjudgment collection proceedings; (e) all claims, counterclaims, cross-claims, and defenses asserted in any of the foregoing whether or not they arise out of or are related to the Loan; (f) all preparation for any of the foregoing; and (g) all settlement negotiations with respect to any of the foregoing. All such costs, expenses, and fees shall be due and payable upon demand and shall bear interest from the date incurred through the date of collection at the highest rate borne by any of Borrower's obligations under the Loan Documents.

16. No waiver, modification, extension, forbearance, or delay on the part of the Lender with respect to the Note, the Security Documents, or any instrument securing repayment thereof or otherwise executed in connection therewith, or any other guaranty, and no act or thing that might, but for this provision of this Guaranty, be deemed a legal or equitable discharge of a surety, shall operate to release the obligations of the Guarantor under this Guaranty, and no delay on the part of the Lender in exercising any of its options, powers, or rights hereunder, or a partial or single exercise thereof, shall constitute a waiver of any other rights hereunder.

17. Guarantor hereby waives presentment, protest, notice, demand, or action on delinquency in respect to the Loan or any obligation hereby guaranteed. Guarantor waives acceptance of this Guaranty.

18. This Guaranty shall survive the realization upon any collateral given as security for the Loan (including the realization on any real property collateral by nonjudicial proceedings) or the exercise of any other remedy contained in any document securing payment of the Credit Agreement and other Loan Documents, and this Guaranty shall terminate only as provided in Paragraph 19 below. Guarantor agrees that the obligations of Guarantor hereunder are separate and distinct from those of Borrower under the Credit Agreement and the other Loan Documents and expressly waives the benefit, if any, of the provisions of California Code of Civil Procedure Section 580d. Guarantor further agrees that no action taken by Lender with respect to any personal property collateral for the Loan shall be deemed to constitute a retention of such collateral in satisfaction of the debt as that term is used in California Uniform Commercial Code Section 9505(2).

19. This Guaranty shall inure to the benefit of Lender, its successors, and assigns (and as used herein, the term "Lender" shall be deemed to refer to the party identified as "Lender" in the first paragraph of this Guaranty or if different, the owner(s) or holder(s) from time to time of the Note), and shall be binding upon Guarantor and Guarantor's heirs, personal representatives, successors, and assigns, as the case may be, provided, however, that this Guaranty shall terminate when the principal and interest of the Loan and all other obligations hereby guaranteed are indefeasibly paid in full.

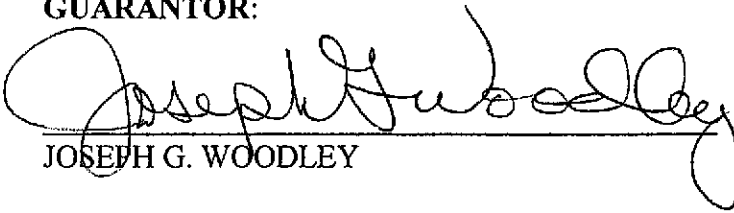
20. In the event of a conflict between the provisions of this Guaranty and the provisions of the Loan Documents, the provisions of this Guaranty shall control.

21. This Guaranty shall be governed by and construed in accordance with the laws of the state of California.

22. WAIVER OF JURY TRIAL. GUARANTOR WAIVES, AND, BY ACCEPTING THIS AGREEMENT, LENDER SHALL BE DEEMED TO WAIVE ANY RIGHT TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING TO ENFORCE OR DEFEND ANY RIGHTS (A) UNDER THIS AGREEMENT OR UNDER ANY AMENDMENT, INSTRUMENT, DOCUMENT OR AGREEMENT DELIVERED OR WHICH MAY IN THE FUTURE BE DELIVERED IN CONNECTION HERewith OR (B) ARISING FROM ANY BANKING RELATIONSHIP EXISTING IN CONNECTION WITH THIS AGREEMENT AND GUARANTOR AGREES, AND, BY ACCEPTING THIS AGREEMENT, THE LENDER SHALL BE DEEMED TO AGREE, THAT ANY SUCH ACTION OR PROCEEDING SHALL BE TRIED BEFORE A COURT AND NOT BEFORE A JURY.

DATED as of the 13th day of April, 2007.

GUARANTOR:


JOSEPH G. WOODLEY

STATE OF CALIFORNIA

COUNTY OF Riverside

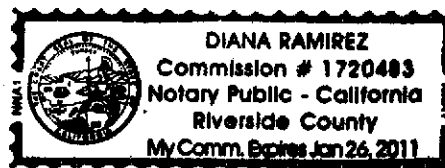
ss.

On April 23, 2007, before me, Diana Ramirez, personally appeared _____ personally known to me (or 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.

WITNESS my hand and official seal.

Signature

Diana Ramirez



(Seal)

STATE OF CALIFORNIA

COUNTY OF _____

ss.

On _____, before me, _____, personally appeared _____ personally known to me (or 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.

WITNESS my hand and official seal.

Signature _____

(Seal)

STATE OF CALIFORNIA

COUNTY OF _____

ss.

On _____, before me, _____, personally appeared _____ personally known to me (or 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.

WITNESS my hand and official seal.

Signature _____

(Seal)

EXHIBIT

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ALLONGE

This Allonge is attached and made a part of that certain evidence of indebtedness dated **April 13, 2007**, together with all renewals, extensions and modifications, if any, executed and given by **Westover Financial, Inc.** in the original amount of **\$1,000,000.00**. It is to be read together with and is hereby incorporated by reference in the attached instrument and constitutes an integral part thereof.

Pay to the order of **BROWN BARK III, L.P.** as is, where is, with all faults and without recourse and without representations or warranties of any kind, whether express or implied, oral or written, except as provided in that certain Loan Sale Agreement dated January 12, 2009.

Executed this 17 day of February, 2009.

FEDERAL DEPOSIT INSURANCE CORPORATION as
Receiver for First Heritage Bank, N.A.

By: Wade Massey
Wade Massey
Attorney-in-Fact

ASSIGNMENT OF LOAN DOCUMENTS

For valuable consideration, the receipt and sufficiency of which are hereby acknowledged, FEDERAL DEPOSIT INSURANCE CORPORATION ("FDIC") in its capacity as Receiver for First Heritage Bank, N.A., ("Assignor"), whose address is 1601 Bryan Street, Dallas, Texas 75201, hereby sells, transfers, assigns, delivers, and sets over to Brown Bark III, L.P. ("Assignee"), whose address is 4100 Greenbriar Drive, Suite 120, Stafford, Texas 77477, all of Assignor's right, title, and interest in and to all documents and instruments constituting Loan Documents pursuant to the Agreement executed in connection with securing or evidencing that certain Revolving Line of Credit Promissory Note dated April 13, 2007 from Westover Financial, Inc., in favor of First Heritage Bank, Inc. in the original principal amount of \$1,000,000.00, including without limitation, those documents and instruments set forth on Exhibit "A" attached hereto and incorporated herein by reference.

Provided, however, that this Assignment is made pursuant to the terms and conditions as set forth in the Loan Sale Agreement between the Assignor and Assignee dated January 12, 2009 and recourse is limited as set forth therein; except as specifically provided for in such Loan Sale Agreement, this Transfer is made **WITHOUT RECOURSE, REPRESENTATION, OR WARRANTY, EXPRESS OR IMPLIED**, by the FDIC in its corporate capacity or as Receiver.

IN WITNESS WHEREOF, the Assignor has caused this instrument to be executed this 13th day of February, 2009.

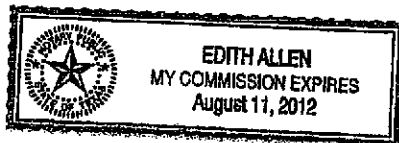
FEDERAL DEPOSIT INSURANCE CORPORATION
as Receiver for First Heritage Bank, N.A.

By: Wade Massey
Wade Massey
Attorney-in-Fact

STATE OF Texas
COUNTY OF Dallas

BEFORE ME, the undersigned authority, a Notary Public in and for said County and State, personally appeared Wade Massey, known to me to be the person whose name is subscribed to the foregoing instrument, as Attorney-in-Fact of the Federal Deposit Insurance Corporation as Receiver for First Heritage Bank, N.A. and acknowledged to me that he executed the same as the act of FEDERAL DEPOSIT INSURANCE CORPORATION, for the purposes and consideration therein expressed, and in the capacity therein stated.

Given under my hand and seal of office on this 13 day of February, 2009.



Edith Allen
Notary Public
My commission expires: 8-11-12

EXHIBIT "A"

1. Guaranty dated April 13, 2007, executed by Steven R. Jones in favor of First Heritage Bank, N.A.
2. Guaranty dated April 13, 2007, executed by Joseph G. Woodley in favor of First Heritage Bank, N.A.
3. Security and Pledge Agreement dated April 13, 2007, executed by Steven R. Jones in favor of First Heritage Bank, N.A., as secured party.
4. Credit Agreement between First Heritage Bank, N.A. and Westover Financial, Inc., dated April 13, 2007 and executed by Steven R. Jones.
5. First Amendment to Credit Agreement dated July 24, 2007, executed by Steven R. Jones and Joseph G. Woodley as guarantors.
6. Second Amendment to Credit Agreement dated October 8, 2007, executed by Steven R. Jones as guarantor.
7. Custodian Agreement dated April 13, 2007, executed by Steven R. Jones in favor of First Heritage Bank, N.A.
8. Corporate Resolution To Borrow and Guaranty Debt dated April 13, 2007, executed by Joseph G. Woodley and Steven R. Jones in favor of First Heritage Bank, N.A.
9. Landlord's Waiver and Consent between Westover Financial, Inc. ("Borrower") and ParkCenter 400, LLC ("Landlord") dated April 13, 2007, in favor of First Heritage Bank, N.A.
10. UCC #07-7112480585 filed May 2, 2007 with California Secretary of State.

EXHIBIT

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LANAK & HANNA, P.C.

Attorneys at Law

400 N. Tustin Avenue, Suite 120

Santa Ana, CA 92705-3815

Telephone: (714) 550-0418 • Ext. No.: 306 • Facsimile: (714) 550-7603

Direct Email Address: jmschildbach@lanak-hanna.com

Jennifer M. Schildbach

Our File No.: 15410

Via U.S. Mail & Facsimile

February 25, 2009

Westover Financial, Inc.

Attn: Steven Jones

Attn: Joseph G. Woodley

400 N. Tustin Ave., Suite 140

Santa Ana, California 92705

Facsimile: (800) 982-5869

**Re: Credit Agreement, Revolving Line of Credit Promissory Note,
Security and Pledge Agreement and Guaranties all dated April 13, 2007**

**Principal balance: \$859,409.50; interest: \$8,021.28; Total: \$867,430.78.
(Calculated through February 23, 2009)**

Dear Borrower & Guarantor/s:

Our firm represents Brown Bark III, L.P., with respect to the above referenced Credit Agreement, Revolving Line of Credit Promissory Note ("Note"), Security and Pledge Agreement and Guaranties all dated April 13, 2007 (collectively the "Loan Documents"), entered into between Westover Financial, Inc. and Lender First Heritage Bank, N.A.

As you know, Brown Bark III, L.P. purchased and is now the owner of the Loan Documents. As such, all obligations of Westover Financial, Inc. (and of the guarantors of Westover Financial, Inc.), under the Loan Documents, are now due to Brown Bark III, L.P. Further, as you also know, the Note has fully matured and, as a result, payment in full, of all sums due under the Note, is now due.

You are in default under the terms of the Note and Loan Documents. Demand is hereby made for payment in the full amount of \$867,430.78. This amount represents the total sum of principal now due and owing, as noted above.

LANAK & HANNA, P.C.

Westover Financial, Inc.

February 25, 2009

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Failure to deliver payment in this amount, in care of our office, by March 5, 2009, will result in litigation being instituted for the collection of the Note. In such event, we will seek recovery of all attorneys' fees, court costs, and accrued interest, in addition to the principal amount owed, as provided for under the terms of the Loan Documents.

Please contact me with any questions, otherwise we anticipate payment being delivered as demanded.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Jennifer M. Schildbach".

Jennifer M. Schildbach
LANAK & HANNA, P.C.

JMS:ts

EXHIBIT

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LANAK & HANNA, P.C.

Attorneys at Law

400 N. Tustin Avenue, Suite 120

Santa Ana, CA 92705-3815

Telephone: (714) 550-0418 • Ext. No.: 306 • Facsimile: (714) 550-7603

Direct Email Address: jmschildbach@lanak-hanna.com

Jennifer M. Schildbach

Our File No.: 15410

Via U.S. Mail & U.S. Certified Mail

April 30, 2009

Steve Jones, Officer
Westover Financial, Inc.
400 N. Tustin Ave., Suite 140
Santa Ana, California 92705

Joseph G. Woodley, Officer
Westover Financial, Inc.
78120 Calle Estado, Unit 201
La Quinta, California 92253

Re: NOTICE OF DEFAULT (second notice)

Dear Mssrs. Jones and Woodley:

As you already know, this Firm serves as legal counsel for Brown Bark III, L.P. ("Brown Bark"). Please let this letter serve as additional formal notice of Westover Financial, Inc.'s ("Westover") material defaults under the subject Credit Agreement, Revolving Line of Credit Promissory Note, Security and Pledge Agreement, Guaranties and Custodian Agreement, all dated April 13, 2007 (collectively the "Loan Documents"), entered into between Westover and Lender First Heritage Bank, N.A., of which Brown Bark III, L.P. is the Assignee, as well as notice of Brown Bark III, L.P.'s intention to pursue all of its rights and remedies under the Loan Documents and prevailing law. Westover's defaults include, but are not limited to, the following:

1. Payment Default - The loan has fully matured and no portion of the payment due on October 31, 2008, under the terms of the Loan Documents, has been paid to Brown Bark III, L.P.;

Steven Jones
Joseph G. Woodley
April 30, 2009
Page 2

2. Breach of the Credit Agreement, Security and Pledge Agreement, and Custodian Agreement in that Westover and/or the Custodian has allowed the Collateral to be transferred;
3. Breach of the Credit Agreement, Security and Pledge Agreement, and Custodian Agreement as a result of Westover's and/or the Custodian's failure to make the books and records of Westover available to Brown Bark III, L.P. to inspect and make copies.
4. Breach of the Custodian Agreement by reason of Westover's and/or the Custodian's failure to provide Brown Bark III, L.P. access to the Collateral for the purposes of inspection and examination.
5. Breach of the Loan Documents in that there has been material change in Westover's financial and business situation that contributes to the impairment of Westover's ability to meet the Obligations secured by the Security and Pledge Agreement.

Brown Bark III, L.P. hereby demands immediate full payment. Also, pursuant to the terms of the Loan Documents, Brown Bark III, L.P. does hereby demand that Westover and the Custodian assemble all of Brown Bark III, L.P.'s collateral, together with all of the records of Westover pertaining to its accounts receivable and all collateral, and make them available to Brown Bark III, L.P. for inspection and copying at my office or at the offices of Westover Financial, Inc.. The current principal amount due as of this date is \$859,409.50, plus interest and attorneys' fees and costs.

Your continued failure to resolve the defaults set forth above will leave us no alternative other than to pursue the remedies available to us including repossession and/or foreclosure on all property which is subject to Brown Bark III, L.P.'s security interest under the Loan Documents. Furthermore, be advised that if Brown Bark III, L.P. proceeds with legal action against you, you are obligated to pay, in addition to the principal balance and all accrued fees and expenses, Brown Bark III, L.P.'s attorneys' fees and legal expenses. Additionally, you are hereby put on notice, pursuant to the *California Uniform Commercial Code*, that as a secured creditor under, *inter alia* the documents described herein, Brown Bark III, L.P. may proceed with all appropriate rights and remedies granted to Brown Bark III, L.P. as a secured party in the collateral which secured your obligations under the financing at issue.

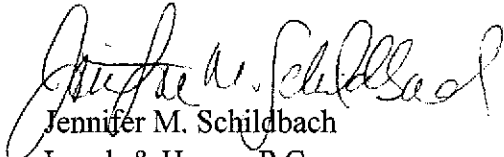
Nothing set forth herein shall be deemed to limit the remedies of Brown Bark III, L.P., nor shall the failure of Brown Bark III, L.P. to pursue any such remedy be deemed a waiver of such remedy by Brown Bark III, L.P. or a waiver of the default by Westover as a result of such inaction.

Steven Jones
Joseph G. Woodley
April 30, 2009
Page 3

Your prompt attention to this matter is imperative. Time is of the essence.

Should you have any questions or comments, please contact the undersigned.

Very truly yours,



Jennifer M. Schildbach
Lanak & Hanna, P.C.
Attorney at Law of the Firm

JMS:tms