

RECORDED AT REQUEST OF
AND TO BE RETURNED TO:

First Citizens Bank
DAC-20
P.O. Box 26592
Raleigh, NC 27611-6592

Attn: Zabie Yusufzai

SUBORDINATION, NONDISTURBANCE AND ATTORNMENT AGREEMENT

THIS SUBORDINATION, NONDISTURBANCE AND ATTORNMENT AGREEMENT ("Agreement") is entered into by and between the County of San Bernardino ("Tenant"), Lugunia Offices, LLC ("Landlord") and, First Citizens Bank & Trust Company ("Lender").

Recitals

A. Tenant entered into a certain Lease Agreement, County Contract No. 12-167 dated as of March 27, 2012; as amended by the First Amendment dated March 12, 2013, as amended by the Second Amendment dated April 23, 2013, as amended by the Third Amendment dated February 11, 2014, as amended by the Fourth Amendment dated April 21, 2020, and as amended by the Fifth Amendment dated January 9, 2024 (the "Lease"), between Tenant, as lessee, and Landlord, as lessor, pertaining to that certain premises commonly known as 1811 West Lugonia Avenue, Redlands, CA 92374, as more particularly described in the Lease ("Premises"), located on that certain real property located in the County of San Bernardino, State of California, as more particularly described in Exhibit "A", attached hereto and incorporated herein (the "Property"). Landlord may also be referred to as "Borrower".

B. Borrower made, executed and delivered, or is about to make, execute and deliver to Lender a certain promissory note, dated substantially contemporaneously herewith ("the Note"), in the original principal sum of \$ 2,700,000.00. The obligations evidenced by the Note shall be referred to as the "Loan". The Note is executed pursuant to the terms of a certain Construction Loan Agreement, dated substantially contemporaneously herewith (the "Loan Agreement"), between Lender and Landlord.

C. Borrower has executed and delivered, or is about to execute and deliver to Lender, a certain Deed of Trust and Assignment of Rents, dated substantially contemporaneously herewith (the "Deed of Trust"), encumbering the Property to secure the Loan.

D. It is a condition precedent to the Loan that the Deed of Trust shall unconditionally be and remain at all times a lien or charge upon the Property, prior and superior to the Lease.

E. It is a condition precedent to the Loan that Tenant will specifically and unconditionally subordinate and subject the Lease, together with all rights and privileges of Tenant thereunder, to the lien or charge of the Deed of Trust.

F. It is to the mutual benefit of the parties hereto that Lender and Borrower enter into the Loan.

Covenants

In consideration of the recitals set forth above and the covenants and agreements contained herein, the parties agree as follows:

1. **Subordination:** Tenant hereby subordinates all of Tenant's right, title, interest and leasehold estate in and to the Premises to the lien, operation, and effect of the Deed of Trust and all indebtedness owed by Borrower to Lender secured thereby.

2. **Nondisturbance:** Tenant's peaceful and quiet possession of the Premises shall not be disturbed and Tenant's rights and privileges under the Lease, including but not limited to the provisions of the Lease set forth under the headings "TERM," "EXPANSION OF RENTAL SPACE," "OPTION TO EXTEND TERM," "INDEMNIFICATION," "INSURANCE REQUIREMENTS AND SPECIFICATIONS," "DESTRUCTION OF PREMISES," "COUNTY'S RIGHT TO TERMINATE LEASE," and "CONDEMNATION," shall not be diminished by Lender's foreclosure, acceptance of a deed in lieu of foreclosure, or any other exercise of Lender's rights or remedies under the Deed of Trust, the Note, the Loan Agreement, any other loan document, or the laws governing secured loans. Tenant shall not be named or joined in any foreclosure, trustee's sale, or other proceeding or action to enforce the Deed of Trust, the Note, the Loan Agreement, any other loan document, unless such joinder shall be legally required to perfect such foreclosure, trustee's sale, or other proceeding or action.

3. **Attornment:** If the Deed of Trust is foreclosed for any reason, or Landlord deeds the Property to Lender in lieu of foreclosure, the Lease shall not be extinguished and Tenant shall be bound to Lender under all the terms, covenants, and conditions of the Lease for the balance of the term of the Lease with the same force and effect as if Lender was the lessor under the Lease. Tenant shall attorn to Lender as Tenant's Lessor, and agrees to recognize Lender as the new owner and promises to pay the rent to Lender as Landlord. This attornment shall be effective and self-operative, without the execution of any other instruments on the part of any of the parties to this Agreement, immediately upon Lender succeeding to the interest of Landlord under the Lease. Notwithstanding the foregoing, in the event Lender becomes the landlord under the Lease as set forth herein, Lender shall not be:

(a) liable for any act or omission of any prior landlord (including the Landlord) under the Lease, except for such acts or omissions of any prior landlord for which Tenant has notified Lender or other successor landlord in writing, and given Lender or other successor landlord an opportunity to cure as such notice and cure is provided for in the Lease (and if no period is specified, then for two hundred and seventy (270) calendar days), with such cure periods commencing upon the later of (i) the date Lender or other successor landlord receives written notice of the default from Tenant, or (ii) the date that Lender or other successor landlord acquires title and possession of the Premises (a "Continuing Default"); provided, however, that in no event shall Lender or other successor landlord be liable for any damages attributable to the period prior to the expiration of Lender's cure period for a Continuing Default,

and in no event shall Lender or other successor landlord be liable for consequential, special or punitive damages; or

(b) subject to offsets or defenses which Tenant might have against any prior landlord (including Landlord); or

(c) bound by any overpayment of rent or additional rent which Tenant might have paid for more than the current month to any prior landlord (including Landlord), unless the same was paid to and received by Lender; or

(d) liable for any breach of representation or warranty of any prior landlord, including Landlord; or

(e) bound by any amendment or modification of the Lease entered into after the date of this Agreement, or waiver of any of its terms, made without Lender's consent; or

(f) liable for any sum that any prior landlord, including Landlord, owed to Tenant, including without limitation any security deposit, unless the amount owed was actually delivered to Lender; or

(g) bound by any surrender, cancellation, or termination of the Lease, in whole or in part, agreed upon between Landlord and Tenant and effective after Lender becomes the landlord under the Lease as set forth in this section, unless Lender has been given an opportunity cure any defaults relating to such termination as set forth in Section 4(a) above.

Lender shall not have any liability or responsibility under or pursuant to the terms of this Agreement or the Lease accruing from the date it ceases to own an interest in or to the Property. Tenant further acknowledges and agrees that neither Lender, nor any heir, legal representative, successor, or assignee of Lender, has or shall have any personal liability for the obligations of Landlord under the Lease, except to the extent of the rents, security deposits, and insurance and condemnation proceeds actually received and the equity in the Property then owned by such party.

4. Disbursements: Lender is under no obligation or duty to monitor the application of the proceeds of the Loan. Any application of such proceeds for purposes other than those provided for in the Loan Agreement or any of the other Loan Documents shall not defeat the effect of this Agreement in whole or in part.

5. Acknowledgment of Assignment: Tenant acknowledges and consents to the assignment of Landlord's rights under the Lease to Lender pursuant to a certain Assignment of Leases (the "Assignment"). Tenant shall pay rent to Lender upon receipt of written notice from Lender that Lender has revoked the waiver of Landlord's right to receive the rents from the Premises pursuant to the Assignment, notwithstanding the fact that Lender has not foreclosed the Deed of Trust, nor succeeded to the interest of Landlord under the Lease. Tenant shall not be liable to Landlord for any payments made to Lender hereunder.

6. Assignment or Sublease: Tenant may assign or sublease all or any portion of the Property in accordance with the Lease, but no such assignment, transfer, or subletting shall relieve Tenant of any of its obligations under the Lease. Tenant hereby covenants that the Lease has not been modified or altered. Tenant shall not enter into or agree to any amendment or modification to the Lease with Landlord, without the prior written consent of Lender. Tenant shall not voluntarily subordinate or subject the Lease or any interest therein to any lien or encumbrance without the prior written consent of Lender, unless said lien or encumbrance shall relate to personal property that can be removed without damage to the Premises, or unless such subordination is required by the Lease.

7. Notices: Tenant shall deliver to Lender a copy of all notices, requests, or demands delivered by Tenant to Landlord in accordance with this Paragraph. Tenant shall also deliver to Lender any and all notices, demands, or requests received by Tenant from Landlord relating to any of the aforesaid. Lender shall deliver to Tenant all notices, requests or demands in accordance with this Paragraph. All notices required hereunder or pertaining hereto shall be in writing and shall be deemed delivered and effective upon the earlier of (i) actual receipt; or (ii) the date of delivery or refusal of the addressee to accept delivery if such notice is sent by express courier service or United States mail, postage prepaid, certified or registered, return receipt requested; or (iii) the date of delivery if such notice is sent by facsimile, in each case, to the applicable address as follows.

to Tenant: County of San Bernardino
Real Estate Services Department
385 North Arrowhead Avenue, Third Floor
San Bernardino, California 92415-0180

to Landlord: Lugunia Offices, LLC
13681 Newport Avenue, Suite 12
Tustin, CA 92780

to Lender: First-Citizens Bank & Trust Company
225 North Barranca Avenue
West Covina, CA 91791

Notwithstanding the foregoing, any notice under or pertaining to this Agreement, given and effective in accordance with applicable law, shall be effective for purposes hereof. Any party may change the address at which it is to receive notices hereunder to another business address within the United States (but not a post office box or similar mail receptacle) by giving notice of such change of address in accordance herewith.

8. Landlord's Default: Tenant hereby agrees that Tenant will notify Lender in writing, in accordance with Paragraph 7, Notices, above, of any default by Landlord under the terms of the Lease and Tenant shall not cancel or terminate, or acquiesce to the cancellation or termination of the Lease without giving Lender a reasonable period (not less than 60 days) after delivery of such notice to cure the default; Lender's rights and remedies under the Loan Agreement or any of the Loan Documents (as defined in the Loan Agreement) shall not be prejudiced by its exercise or failure to exercise the right to cure described above. Except for Landlord's defaults under Paragraph 3, TERM, of the Lease, relating to Landlord's failure to meet the Critical Completion Dates as set forth in Exhibit "A", Page 4, Schedule of Completion, if Lender provides written notice to Tenant within such sixty (60) day period of its intention to foreclose on the Deed of Trust, such time period shall be extended so that Lender shall have a reasonable period within which to foreclose the Deed of Trust and shall have an additional thirty (30) days from the time Lender becomes owner of the Property

through foreclosure within which to cure such default. If any default by Landlord is cured within the time periods described above, Tenant shall have no right to terminate the Lease by virtue of such default.

9. Binding Effect: This Agreement shall be binding upon the parties and their respective heirs, personal representatives, successors, and assigns.

10. Law: This Agreement shall be construed and interpreted in accordance with the laws of the State of California.

11 Purchase Option. Tenant's options or rights contained in the Lease to acquire title to the Property, if any, including any rights of first refusal, right of first offer, or similar provisions, together with any future option or rights, are hereby made subject and subordinate to the rights of Lender (or any successor, affiliate or subsidiary of Lender) under the Deed of Trust and the other Loan Documents. Any right of Tenant to purchase the Property, including the right of first refusal, right of first offer, or similar provisions, shall not apply to a foreclosure sale of the Property by Lender (or any successor, affiliate or subsidiary of Lender) pursuant to its rights under the Deed of Trust or the other Loan Documents, to an acceptance of a deed in lieu of foreclosure by Lender (or any successor, affiliate or subsidiary of Lender) or to any sale by Lender (or any successor, affiliate or subsidiary of Lender) of the Property to a third party after acquisition of the Property by Lender (or any successor, affiliate or subsidiary of Lender).

12. Attorneys' Fees and Costs: If any legal action is instituted to enforce or declare any party's rights hereunder, each party, regardless of which party is the prevailing party, must bear its own costs and attorneys' fees. This paragraph shall not apply to those costs and attorneys' fees directly arising from any third-party legal action against a party hereto and payable under Lease Paragraph 17, "INDEMNIFICATION", Paragraph 41," LANDLORD IMPROVEMENTS", Paragraph 48, "HAZARDOUS SUBSTANCES"; and Paragraph 49, "PUBLIC RECORDS DISCLOSURE; CONFIDENTIALITY". Notwithstanding the foregoing, nothing contained herein shall modify Borrower's obligation to indemnify Lender and reimburse Lender for its legal fees and other costs as more particularly set forth in the Loan Agreement, Note, Deed of Trust, and any of the other documents executed by Borrower related thereto, and Borrower acknowledges and agrees that it shall be responsible for imbursement Lender for any legal fees or other costs relating to any enforcement action involving Lender hereunder.

13. Venue: The parties acknowledge and agree that this Agreement was entered into and intended to be performed in San Bernardino County, California. The parties agree that the venue for any action or claim brought by any party to this Agreement will be the Superior Court of California, County of San Bernardino, San Bernardino District. Each party hereby waives any law, statute (including but not limited to Code of Civil Procedure section 394), or rule of court that would allow them to request or demand a change of venue. If any third party brings an action or claim concerning this Agreement, the parties hereto agree to use their best efforts to obtain a change of venue to the Superior Court of California, County of San Bernardino, San Bernardino District.

14. Use of American Recovery and Reinvestment Act of 2009 Funds and Requirements: This Contract may be funded in whole or in part with funds provided by the American Recovery and Reinvestment Act of 2009 ("ARRA"), signed into law on February 17, 2009. Section 1605 of ARRA prohibits the use of recovery funds for a project for the construction, alteration, maintenance or repair of a public building or public work (both as defined in 2 CFR 176.140) unless all of the iron, steel and manufactured goods (as defined in 2 CFR 176.140) used

in the project are produced in the United States. A waiver is available under three limited circumstances: (i) Iron, steel or relevant manufactured goods are not produced in the United States in sufficient and reasonable quantities and of a satisfactory quality; (ii) Inclusion of iron, steel or manufactured goods produced in the United States will increase the cost of the overall project by more than 25 percent; or (iii) Applying the domestic preference would be inconsistent with the public interest. This is referred to as the "Buy American" requirement. Request for a waiver must be made to the COUNTY for an appropriate determination.

Section 1606 of ARRA requires that laborers and mechanics employed by LANDLORD or LANDLORD's subcontractors on projects funded directly by or assisted in whole or in part by and through the Federal Government pursuant to ARRA shall be paid wages at rates not less than those prevailing on projects of a character similar in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act (40 U.S.C. 31). This is referred to as the "wage rate" requirement.

The above described provisions constitute notice under ARRA of the Buy American and wage rate requirements. LANDLORD must contact the COUNTY contact if it has any questions regarding the applicability or implementation of the ARRA Buy American and wage rate requirements. LANDLORD will also be required to provide detailed information regarding compliance with the Buy American requirements, expenditure of funds and wages paid to employees so that the COUNTY may fulfill any reporting requirements it has under ARRA. The information may be required as frequently as monthly or quarterly. LANDLORD agrees to fully cooperate in providing information or documents as requested by the COUNTY pursuant to this provision. Failure to do so will be deemed a default and may result in the withholding of payments and termination of this Contract.

LANDLORD may also be required to register in the Central Contractor Registration (CCR) database at <http://www.ccr.gov> and may be required to have its subcontractors also register in the same database. LANDLORD must contact the COUNTY with any questions regarding registration requirements.

15. Schedule of Expenditure of Federal Awards: In addition to the requirements described in "Use of ARRA Funds and Requirements," proper accounting and reporting of ARRA expenditures in single audits is required. LANDLORD agrees to separately identify the expenditures for each grant award funded under ARRA on the Schedule of Expenditures of Federal Awards (SEFA) and the Data Collection Form (SF-SAC) required by the Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Nonprofit Organizations." This identification on the SEFA and SF-SAC shall include the Federal award number, the Catalog of Federal Domestic Assistance (CFDA) number, and amount such that separate accountability and disclosure is provided for ARRA funds by Federal award number consistent with the recipient reports required by ARRA Section 1512 (c).

In addition, LANDLORD agrees to separately identify to each subcontractor and document at the time of sub-contract and at the time of disbursement of funds, the Federal award number, any special CFDA number assigned for ARRA purposes, and amount of ARRA funds.

LANDLORD may be required to provide detailed information regarding expenditures so that the COUNTY may fulfill any reporting requirements under ARRA described in this section. The information may be required as frequently as monthly or quarterly. LANDLORD agrees to fully cooperate in providing information or documents as requested by the COUNTY pursuant to this

provision. Failure to do so will be deemed a default and may result in the withholding of payments and termination of this Contract.

A. Whistleblower Protection. LANDLORD agrees that both it and its subcontractors shall comply with Section 1553 of the ARRA, which prohibits all non-Federal contractors, including the State, and all contractors of the State, from discharging, demoting or otherwise discriminating against an employee for disclosures by the employee that the employee reasonably believes are evidence of: (1) gross mismanagement of a contract relating to ARRA funds; (2) a gross waste of ARRA funds; (3) a substantial and specific danger to public health or safety related to the implementation or use of ARRA funds; (4) an abuse of authority related to the implementation or use of recovery funds; or (5) a violation of law, rule, or regulation related to an agency contract (including the competition for or negotiation of a contract) awarded or issued relating to ARRA funds.

LANDLORD agrees that it and its subcontractors shall post notice of the rights and remedies available to employees under Section 1553 of Division A, Title XV of the ARRA.

By executing this Agreement, LANDLORD acknowledges receipt of the American Recovery and Reinvestment Act (ARRA) Funding requirements that became effective August 12, 2009, and understands and agrees to the contractual obligations stipulated herein for contracts with the County.

[signature page to follow]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year written below.

Tenant:

SAN BERNARDINO COUNTY

By: _____
Terry W. Thompson, Director
Real Estate Services Department

Date: _____

Approved as to Legal Form:

TOM BUNTON, County Counsel
San Bernardino County, California

By: _____
John Tubbs II, Deputy County Counsel

Date: _____

Lender:

First-Citizens Bank & Trust Company

By: _____
Zabie Yusufzai

Title: Commercial Bank Vice President

Date: _____

Landlord:

Lugunia Offices, LLC.

By: _____
Bahram Shahbandi

Title: Managing Member

Date: _____

STATE OF CALIFORNIA)
) ss
COUNTY OF _____)

Notary Public

STATE OF CALIFORNIA)
) ss
COUNTY OF _____)

Notary Public

STATE OF CALIFORNIA)
) ss
COUNTY OF _____)

Notary Public

STATE OF CALIFORNIA)
) ss
COUNTY OF _____)

Notary Public

EXHIBIT "A"
Legal Description of the Property

Real property in the City of Redlands, County of San Bernardino, State of California, described as follows:

LOT 1 OF TRACT NO. 13151, IN THE CITY OF REDLANDS, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 194 PAGES 86 AND 87 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, TOGETHER WITH THAT PORTION OF IDAHO STREET AND THE ADJACENT SIDEWALK APPURTENANT TO SAID LOT AS ABANDONED BY RESOLUTION NO. 6252, RECORDED APRIL 8, 2004 AS INSTRUMENT NO. 2004-0244039, OFFICIAL RECORDS

APN: 0292-341-15-0-000