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Electronically Filed July 17, 2020

UNITED STATES BANKRUPTCY COURT

DISTRICT OF NEVADA

In re

RED ROSE, INC.,

- ☐ Affects Beachhead Roofing and Supply, Inc.
- ☐ Affects California Equipment Leasing Association, Inc.
- ☐ Affects Fences 4 America, Inc.
- ☐ Affects James Petersen Industries, Inc.
- ☐ Affects PD Solar, Inc.
- ☐ Affects Petersen Roofing and Solar LLC
- ☐ Affects Petersen-Dean, Inc.
- ☐ Affects PetersenDean Hawaii LLC
- ☐ Affects PetersenDean Roofing and Solar Systems, Inc.
- ☐ Affects PetersenDean Texas, Inc.
- ☐ Affects Red Rose, Inc.
- ☐ Affects Roofs 4 America, Inc.
- ☐ Affects Solar 4 America, Inc.
- ☐ Affects Sonoma Roofing Services, Inc.
- ☐ Affects TD Venture Fund, LLC
- ☐ Affects Tri-Valley Supply, Inc.
- ☒ Affects All Debtors

Case No. BK-20-12814-mkn

Jointly Administered with

Case No. BK-S-20-12815-mkn
Case No. BK-S-20-12816-mkn
Case No. BK-S-20-12818-mkn
Case No. BK-S-20-12819-mkn
Case No. BK-S-20-12820-mkn
Case No. BK-S-20-12821-mkn
Case No. BK-S-20-12822-mkn
Case No. BK-S-20-12823-mkn
Case No. BK-S-20-12824-mkn
Case No. BK-S-20-12825-mkn
Case No. BK-S-20-12826-mkn
Case No. BK-S-20-12827-mkn
Case No. BK-S-20-12829-mkn
Case No. BK-S-20-12831-mkn
Case No. BK-S-20-12833-mkn

Chapter 11

**MOTION PURSUANT TO 11 U.S.C.
§§ 361 AND 363 AUTHORIZING
DEBTORS TO HONOR PRE-PETITION
INSURANCE PREMIUM FINANCE
AGREEMENT AND PROVIDE
ADEQUATE PROTECTION
PAYMENTS TO AFS/IBEX PURSUANT
TO THE SAME**

Hearing Date: August 19, 2020
Hearing Time: 10:30 a.m.

Petersen-Dean, Inc.; Beachhead Roofing & Supply, Inc.; California Equipment Leasing Association, Inc.; Fences 4 America, Inc.; James Petersen Industries, Inc.; PD Solar, Inc.; Petersen Roofing and Solar LLC; Petersen-Dean, Inc.; PetersenDean Hawaii LLC; PetersenDean Roofing and Solar Systems, Inc.; PetersenDean Texas, Inc.; Red Rose, Inc.; Roofs 4 America, Inc.; Solar 4 America, Inc.; Sonoma Roofing Services, Inc.; TD Venture Fund, LLC; and Tri-Valley Supply, Inc. (collectively, the “Debtors”), debtors and debtors-in-possession in the above-referenced and affiliated cases (the “Chapter 11 Cases”), by and through their counsel of record, the law firm of Fox Rothschild LLP, hereby submit this motion (the “Motion”), pursuant to sections 361 and 363 of title 11 of the United States Code (the “Bankruptcy Code”), and Rule 6004(h) of the Federal Rules of Bankruptcy Procedure (as amended, the “Bankruptcy Rules”), for the entry of an order authorizing Debtors to honor their obligations under the Premium Finance Agreement (as defined below) and make adequate protection payments to AFS/IBEX, a division of MetaBank, National Association (“AFS/IBEX”) pursuant to the Premium Finance Agreement.

The Motion is made and based upon the following memorandum of points and authorities, the *Declaration of Stephen Nerheim* (the “Declaration”) filed in support hereof, the papers and pleadings on file with the Court in the Chapter 11 Cases, and any oral arguments the Court may entertain at the hearing on the Motion.

DATED this 17th day of July, 2020.

FOX ROTHSCHILD LLP

By: /s/Brett A. Axelrod
 BRETT A. AXELROD, ESQ.
 Nevada Bar No. 5854
 1980 Festival Plaza Drive, Suite 700
 Las Vegas, Nevada 89135
Counsel for Debtors

1 **MEMORANDUM OF POINTS AND AUTHORITIES**

2 **I.**

3 **JURISDICTION**

4 1. This Court has jurisdiction to consider this matter pursuant to 28 U.S.C. §§ 157 and
5 1334. Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409. This is a core
6 proceeding pursuant to 28 U.S.C. § 157(b).

7 2. Pursuant to Local Rule 9014.2, Debtors consent to entry of final order(s) or
8 judgment(s) by the bankruptcy judge if it is determined that the bankruptcy judge, absent consent of
9 the parties, cannot enter final orders or judgments consistent with Article III of the United States
10 Constitution.

11 **II.**

12 **FACTUAL BACKGROUND**

13 3. On June 11, 2020 (the "Petition Date"), Debtors filed with this Court voluntary
14 petitions for relief under chapter 11 of the Bankruptcy Code.

15 4. Debtors are continuing in possession of their property and are operating and managing
16 their businesses, as debtors-in-possession, pursuant to Bankruptcy Code sections 1107 and 1108. No
17 request has been made for the appointment of a trustee or examiner. See generally Chapter 11 Case
18 Docket.

19 5. The official committee of unsecured creditors (the "Committee") has been appointed
20 by the Office of the United States Trustee for the estates of Red Rose, Inc., PD Solar, Inc., Petersen-
21 Dean, Inc., PetersenDean Hawaii LLC, PetersenDean Roofing and Solar Systems, Inc., and
22 PetersenDean Texas, Inc. See ECF No. 151.

23 6. On June 23, 2020, the Court entered its Order directing the joint administration of the
24 above-captioned Chapter 11 Cases.

25 7. The factual background relating to Debtors' commencement of the Chapter 11 Cases
26 is set forth in detail in the *Omnibus Declaration of Jeffrey Perea in Support of First Day Motions*
27
28

[ECF No. 20 in Red Rose, Inc., Case No. 20-12814-mkn] (the “Omnibus Declaration”) and is incorporated herein by this reference.¹

8. Debtors are in the business of installing commercial and residential roofing and solar panel systems. In that capacity, Debtors perform services relating to the design, engineering, and installation for the solar projects. See Declaration.

III.

INSURANCE COVERAGE AND PREMIUM FINANCE AGREEMENT

9. The builders and general contractors with whom Debtors conduct business require Debtors to maintain certain insurance policies. These insurance policies are critical to Debtors’ ability to continue their business operations because builders and general contractors require Debtors to present valid certificates of insurance in connection with their projects. Specifically, builders and general contractors require Debtors to maintain the following insurance policies (i) workers’ compensation insurance; (ii) employment practices liability insurance; (iii) general liability insurance that covers, among other things, personal injury and bodily injury; (iv) professional liability insurance; (v) automobile insurance; and (vi) excess liability insurance. See Declaration.

10. In addition, Debtors maintain the following insurance policies for the benefit and protection of their business operations: (i) directors’ and officers’ liability insurance; (ii) property insurance; (iii) inland marine insurance; (iv) pollution insurance; and (v) crime insurance. See Declaration.

11. The above-mentioned insurance policies maintained by Debtors in connection with their business operations are collectively referred to herein as the “Insurance Policies.”

12. The insurance coverage under the Insurance Policies includes coverage for the benefit of Debtors and non-debtor affiliates. A list of all named insureds under the Insurance Policies is attached hereto as **Exhibit A**. Not all named insureds apply to all Insurance Policies. Generally, Debtor Petersen-Dean, Inc. (“PDI”) will procure the insurance coverages of the Insurance Policies on behalf of itself and its Debtor and non-debtor affiliates. Prepetition, all costs associated with the

¹ All capitalized terms not otherwise defined herein shall have those meanings ascribed to them in the Omnibus Declaration.

1 Insurance Policies were paid by PDI. The majority of the coverages benefit, and cover the risks of,
2 Debtors. Thus, Debtors anticipate that, postpetition, all costs associated with the Insurance Policies
3 (including coverages for the benefit of Debtors and non-debtor affiliates) will be paid by either PDI
4 or Debtor PD Solar, Inc. Debtors do not intend to separate or allocate the cost of insurance coverages
5 between Debtors and the non-debtor affiliates because procuring all insurance coverages together
6 creates certain, material cost savings, and separating the procurement process between Debtors and
7 the non-debtor affiliates would be onerous, expensive and impracticable. See Declaration.

8 13. To obtain the above-referenced Insurance Policies, Debtors entered into an insurance
9 Premium Finance Agreement with AFS/IBEX to finance a portion of Debtors' insurance premiums.
10 On April 29, 2020, Debtors and AFS/IBEX entered into that certain Premium Finance Agreement
11 (the "Premium Finance Agreement") pursuant to which Debtors financed a portion of the premiums
12 for the following Insurance Policies: property insurance, inland marine insurance, general liability
13 insurance, automobile insurance, excess liability insurance, pollution insurance, executive risk
14 insurance, D & O insurance, crime insurance and professional liability insurance. A copy of the
15 Premium Finance Agreement is attached hereto as **Exhibit B**. See Declaration.

16 14. Pursuant to the Premium Finance Agreement, Debtors made a down payment in the
17 amount of \$285,984.34 and AFS/IBEX, as lender, advanced \$1,122,837.35 in payment of Debtors'
18 insurance premiums. Debtors are obligated to make nine (9) payments to AFS/IBEX on the first of
19 each month, each in the amount of \$127,335.53 (the "Monthly Payments"), with Debtors' first
20 payment being due on June 1, 2020. As of the date of this Motion, seven (7) installments under the
21 agreement remain unpaid. Debtors made two payments to AFS/IBEX, one payment on June 18, 2020
22 and a second payment on July 10, 2020, in accordance with Debtors' authority to use cash collateral
23 and the approved budget. See Declaration.

24 15. As security for the obligations under the Premium Finance Agreement, Debtors
25 granted AFS/IBEX a security interest in and provided an assignment of (i) all of the insurance policies
26 identified in the agreement, as well as all unearned premium, returned premium, dividend payments
27 and loss payments which reduce the unearned premiums thereof; and (ii) all money that may become
28 payable under the insurance policies (subject to the interest of any applicable mortgagee or loss

1 payee). The security given to AFS/IBEX under the Premium Finance Agreement is collectively
2 referred to herein as the “Collateral.” Debtors further granted AFS/IBEX a power of attorney to
3 cancel the Insurance Policies upon a default and collect the Collateral (the unearned premiums) and
4 apply the proceeds to the indebtedness owed to AFS/IBEX. See Declaration.

5 IV.

6 RELIEF REQUESTED

7 By this Motion, Debtors seek the entry of an order authorizing Debtors to honor their
8 obligations under the Premium Finance Agreement and make adequate protection payments to
9 AFS/IBEX in accordance with the Premium Finance Agreement. Debtors intend to continue using
10 the advanced premiums to maintain their Insurance Policies as the coverage is critical to Debtors’
11 ongoing operations.

12 V.

13 LEGAL ARGUMENT

14 A. Section 363 Authorizes Debtors to Honor Their Obligations Under the Premium 15 Finance Agreement.

16 As debtors-in-possession, Debtors are authorized to operate their businesses under the
17 Bankruptcy Code. See 11 U.S.C. § 1108. Section 363(c)(1) provides that a debtor-in-possession
18 authorized to operate its business under section 1108 may enter into ordinary course transactions and
19 use property of the estate in the ordinary course of business. 11 U.S.C. § 363(c)(1). Debtors entered
20 into the Premium Finance Agreement pre-petition in the ordinary course of their businesses and
21 believe that continuing to honor their obligations under the same is in the best interests of their estates.

22 Maintenance of Debtors’ insurance coverage under the Insurance Policies is crucial. Many
23 of the Insurance Policies are required by the parties with which Debtors conduct business. The
24 nonpayment of the Monthly Payments under the Premium Finance Agreement could result in the
25 termination of one or more of the Insurance Policies. If any of the Insurance Policies are terminated,
26 Debtors may be exposed to substantial liability for personal and/or property damages to the detriment
27 of all parties in interest. See Declaration.
28

1 Allowing Debtors to honor their obligations under the Premium Finance Agreement in the
 2 ordinary course of business would ensure that the coverage provided under the financed Insurance
 3 Policies is not interrupted. Accordingly, Debtors should be authorized to honor their obligations
 4 under the Premium Finance Agreement.

5 **B. Debtors Should Be Permitted To Provide Adequate Protection To AFS/IBEX**
 6 **Pursuant To Bankruptcy Code Sections 361 and 363.**

7 Section 363(e) of the Bankruptcy Code permits the Court to provide adequate protection to an
 8 entity that has an interest in property used or proposed to be used by a debtor-in-possession. Section
 9 361 of the Bankruptcy Code contemplates providing adequate protection to the extent of the
 10 diminution in value of a secured creditor's collateral.

11 Here, AFS/IBEX's Collateral under the Premium Finance Agreement includes Debtors'
 12 Insurance Policies and all unearned premiums relating to the same. Debtors' continued use of the
 13 advanced premiums to maintain its Insurance Policies decreases the value of the unearned premiums
 14 that serve as Collateral for AFS/IBEX. Debtors respectfully submit that this loss in value for
 15 AFS/IBEX warrants adequate protection in the form of continued Monthly Payments pursuant to the
 16 terms of the Premium Finance Agreement. See, e.g., In re JII Liquidating, Inc., et al., 344 B.R. 875
 17 (Bankr. N.D. Ill. 2006); In re Waverly Textile Processing, Inc., 214 B.R. 476 (Bankr. E.D. Va. 1997);
 18 In re Megamarket of Lexington, Inc., 207 B.R. 527 (Bankr. E.D. Ky. 1997); TIFCO, Inc. v. U.S.
 19 Repeating Arms Co., 67 B.R. 990 (Bankr. D. Conn. 1986); Drabkin v. A.I. Credit Corp., 9 B.R. 159
 20 (Bankr. D.C. 1981). Accordingly, Debtors seek authority to continue making the Monthly Payments
 21 as adequate protection for AFS/IBEX under section 361 of the Bankruptcy Code.

22 In addition, the use of estate assets to make Monthly Payments under the Premium Finance
 23 Agreement constitutes a use of estate property that should be authorized under section 363(b) of the
 24 Bankruptcy Code so long as a sound business purpose exists for doing so. See, e.g., 240 North Brand
 25 Partners, Ltd. v. Colony GFP Partners, L.P., 200 B.R. 653, 656 (9th Cir. B.A.P. 1996); Walter v.
 26 Sunwest Bank, 83 B.R. 14, 17 (9th Cir. B.A.P. 1988) (citations omitted); Committee of Equity Sec.
 27 Holders v. Lionel Corp., 722 F.2d 1063, 1070 (2d Cir. 1983). Debtors have determined, in the exercise
 28 of their business judgment, that financing the premiums on the Insurance Policies pursuant to the

Premium Finance Agreement enables them to maintain critical insurance coverage. Doing so is in the best interests of these estates and their creditors, and these actions should be approved.

VI.

WAIVER OF STAY

Bankruptcy Rule 6004(h) provides that an “order authorizing the use, sale, or lease of property ... is stayed until the expiration of 14 days after entry of the order, unless the court orders otherwise.” In view of the urgency of the relief requested herein and the risk to Debtors’ operations if Debtors cannot honor their obligations under the Premium Finance Agreement and make adequate protection payments to AFS/IBEX, a fourteen-day stay of the relief sought herein is impractical. Therefore, Debtors request that this Court waive the stay under Bankruptcy Rule 6004(h) and provide in the order granting the relief sought herein that such order shall be effective immediately.

VII.

CONCLUSION

WHEREFORE, Debtors respectfully request entry of an order substantially in the form attached hereto granting (i) the relief requested herein, and (ii) such other and further relief as the Court may deem just and proper.

Dated this 17th day of July, 2020.

FOX ROTHSCHILD LLP

By s/Brett A. Axelrod

BRETT A. AXELROD, ESQ.

Nevada Bar No. 5859

1980 Festival Plaza Drive, Suite 700

Las Vegas, Nevada 89135

Counsel for Debtors

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UNITED STATES BANKRUPTCY COURT

DISTRICT OF NEVADA

In re

RED ROSE, INC.,

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- ☐ Affects PetersenDean Texas, Inc.
- ☐ Affects Red Rose, Inc.
- ☐ Affects Roofs 4 America, Inc.
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- ☒ Affects All Debtors

Case No. BK-20-12814-mkn

Jointly Administered with

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Case No. BK-S-20-12826-mkn
Case No. BK-S-20-12827-mkn
Case No. BK-S-20-12829-mkn
Case No. BK-S-20-12831-mkn
Case No. BK-S-20-12833-mkn

Chapter 11

**ORDER AUTHORIZING DEBTORS
PURSUANT TO 11 U.S.C. §§ 361 AND
363 TO HONOR PRE-PETITION
INSURANCE PREMIUM FINANCE
AGREEMENT AND PROVIDE
ADEQUATE PROTECTION
PAYMENTS TO AFS/IBEX PURSUANT
TO THE SAME**

Hearing Date: August 19, 2020
Hearing Time: 10:30 a.m.

1 This Court having reviewed and considered Debtors' motion for the entry of an order,
2 pursuant to sections 361 and 363 of title 11 of the United States Code (the "Bankruptcy Code") and
3 Rule 6004(a) of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), for authority to
4 honor their obligations under the Premium Finance Agreement and make adequate protection
5 payments to AFS/IBEX in accordance with the Premium Finance Agreement; and upon consideration
6 of the *Declaration of Stephen Nerheim*; and the Court having jurisdiction to consider the Motion and
7 the relief requested therein pursuant to 28 U.S.C. § 1334; and consideration of the Motion and the
8 relief requested therein being a core proceeding pursuant to 28 U.S.C. § 157(b); and venue being
9 proper in this district pursuant to 28 U.S.C. §§ 1408 and 1409; and due and proper notice of the
10 Motion having been provided; and it appearing that no other or further notice need be provided; and
11 the Court having determined that the relief sought in the Motion is in the best interests of Debtors,
12 their creditors and all other parties in interest; and the Court having determined that the legal and
13 factual bases set forth in the Motion establish just cause for the relief granted herein; and upon all
14 the proceedings had before the Court and after due deliberation and sufficient cause appearing
15 therefore, it is hereby **ORDERED**:

16 1. The Motion is granted.

17 2. Debtors are authorized to honor their obligations under the Premium Finance
18 Agreement, as set forth in greater detail in the Motion.

19 3. Debtors are authorized to make adequate protection payments to AFS/IBEX in the
20 amounts of the Monthly Payments owed to AFS/IBEX under the Premium Finance Agreement and
21 all such adequate protection payments made, and to be made, are approved.

22 4. To the extent any Insurance Policies or related agreements are deemed to be executory
23 contracts within the meaning of section 365 of the Bankruptcy Code, neither this Order nor any
24 payments made in accordance with this Order shall be constituted as the postpetition assumption of
25 those Insurance Policies or related agreements under section 365 of the Bankruptcy Code.

26 5. Any stay pursuant to Bankruptcy Rule 6004(h) or otherwise is hereby waived, and this
27 Order shall be effective immediately.

6. This Court shall, and hereby does, retain jurisdiction with respect to all matters arising from or related to the implementation and interpretation of this Order.

Prepared and Respectfully Submitted by:

FOX ROTHSCHILD LLP

By _____

BRETT A. AXELROD, ESQ.

Nevada Bar No. 5859

1980 Festival Plaza Drive, Suite 700

Las Vegas, Nevada 89135

Counsel for Debtors

APPROVED/DISAPPROVED:

OFFICE OF THE UNITED STATES TRUSTEE

By _____

,
Trial Attorney for Tracy Hope Davis,
United States Trustee
Foley Federal Building
300 Las Vegas Boulevard South, Suite 4300
Las Vegas, Nevada 89101

CERTIFICATION OF COUNSEL PURSUANT TO LOCAL RULE 9021

In accordance with Local Rule 9021, counsel submitting this document certifies as follows:

- ☐ The Court has waived the requirement of approval in LR 9021(b)(1).
- ☐ No party appeared at the hearing or filed an objection to the motion
- ☐ I have delivered a copy of this proposed order to all counsel who appeared at the hearing, any unrepresented parties who appeared at the hearing, and each has approved or disapproved the order, or failed to respond, as indicated below:

TRIAL ATTORNEY
OFFICE OF THE UNITED STATES
TRUSTEE

Approved / Disapproved

- ☐ I certify that this is a case under Chapter 7 or 13, that I has served a copy of this order with the motion pursuant to LR 9014(g), and that no party has objected to the form or content of the order.

#

EXHIBIT A
NAMED INSUREDS

1. Petersen-Dean, Inc.
2. Petersen Dean
3. 5050 Timber Creek, LLC
4. Brinkmann Investments, Inc.
5. Brinkmann Investments, Inc. DBA Brinkmann Roofing Company
6. PetersenDean Texas, Inc.
7. California Equipment Leasing Association, Inc.
8. James Petersen as his interests may appear
9. National Risk and Safety Insurance, Inc.
10. OCR Solar & Roofing Inc.
11. Pacific Coast Roofing & Construction, Inc.
12. PD Solar, Inc.
13. PD Solar, Inc. DBA Petersendean Roofing and Solar Systems
14. PetersenDean Builder Group, Inc.
15. Petersen-Dean Commercial, Inc.
16. Petersen-Dean Commercial, Inc. DBA Petersendean Roofing and Solar Systems
17. Petersen-Dean Commercial, Inc. DBA Petersendean Roofing and Solar Systems, Commercial Division
18. Petersen-Dean, Inc. DBA PetersenDean
19. Petersen-Dean, Inc. DBA Petersendean Roofing and Solar Systems
20. Petersen-Dean, Inc. DBA Petersendean Roofing Systems
21. Petersendean Roofing and Solar Systems, Inc.
22. Petersen-Dean, Inc. and Affiliates DBA Petersendean Roofing and Solar Systems
23. Petersendean Roofing and Solar Systems, Inc. AKA Roof Tile Specialists, Inc. - Palm City
24. Petersendean Roofing and Solar Systems, Inc. FKA Roof Tile Specialists, Inc. - Palm City
25. PVO Investments, Inc.
26. Red Rose, Inc.
27. Red Rose, Inc. DBA Petersendean Roofing and Sheet Metal
28. Roofing Services, Inc.
29. Roof Tile Specialists, Inc.
30. Roof Tile Specialists, Inc. - Miami (Dissolved 12/01/06)
31. Roof Tile Specialists, Inc. - Palm City
32. Roof Tile Specialists, Inc. - Pompano (Dissolved 2/2/09)
33. Roof Tile Specialists, Inc. - West Palm
34. Sonoma Roofing Services, Inc.
35. Sonoma Roofing Services, Inc. DBA Petersendean Roofing and Solar Systems
36. Sonoma Roofing Services, Inc. DBA Roofing Services, Inc.
37. Therma Seal Roof Systems, Inc. (Dissolved 3/22/10)
38. Tri Valley Supply Inc.
39. Tri Valley Supply, Inc. DBA: Tri Valley Contractors
40. Tri Valley Supply, Inc. DBA: Tri-Valley Roofing
41. Tri Valley Supply, Inc. DBA: Tri-Valley Trucking
42. Tri Valley Supply, Inc. DBA: Tri-Valley Wholesale
43. Vaca Valley Roofing, Inc.

- 1 44. Vaca Valley Roofing, Inc. dba Old Country Roofing Co.
- 2 45. Vaca Valley Supply, Inc.
- 3 46. Solar4America, Inc.
- 4 47. Roofs4America, Inc.
- 5 48. Solar4America North, LLC
- 6 49. Solar4America South, LLC
- 7 50. Solar 4 Canada, LLC
- 8 51. Solar Pwer Capital Partners, LLC
- 9 52. HVAC 4 America, Inc.
- 10 53. Home Interiors 4 America, Inc.
- 11 54. Hone Exteriors 4 America, Inc.
- 12 55. Paint 4 America, Inc.
- 13 56. Home Services 4 America, Inc.
- 14 57. Fences4America, Inc.
- 15 58. Petersen Van Beek, LLC
- 16 59. RSI Investors, Inc.
- 17 60. Petersen Dean Hawaii, LLC
- 18 61. Haleakala Solar, Inc.,
- 19 62. Maui Roofing, Inc.
- 20 63. Beachhead Roofing, Inc.
- 21 64. James Petersen Industries, Inc.
- 22 65. Petersen Roofing and Solar LLC

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EXHIBIT B

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FOX ROTHSCHILD LLP
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Acct # **2003341**

v3

AGENT'S NAME AND ADDRESS CODE: A16236 Edgewood Partners Ins Center/San Ramon EPIC 3000 Executive Parkway Ste 325 San Ramon, CA 94583 (925) 244-7700		BORROWER'S NAME AND ADDRESS Petersen-Dean, Inc 39300 Civic Center Dr Ste 300 Fremont, CA 94538 (510) 876-4006	
1301 Dove Street, Ste 1000 Newport Beach, CA 92660 Tel: (800) 347-4986 Fax (866) 674-0129			

A. Total Premiums	B. Down Payment	Unpaid Principal Balance	C. Document Stamp Tax	D. Amount Financed (A - B + C)	E. Finance Charge	F. TOTAL OF PAYMENTS (D + E)	ANNUAL PERCENTAGE RATE
\$ 1,408,821.69	\$ 285,984.34	\$ 1,122,837.35	\$ 0.00	\$ 1,122,837.35	\$ 23,182.42	\$ 1,146,019.77	4.850 %

Payment Schedule	NUMBER OF PAYMENTS	AMOUNT OF EACH PAYMENT	FIRST PAYMENT DUE
	9	\$ 127,335.53	6/1/2020 (Monthly)

Quote Number:3204534

Date Generated: 4/29/2020 4:33:28 PM

SCHEDULE OF POLICIES

POLICY PREFIX AND NUMBER	EFFECTIVE DATE OF POLICY	NAME OF THE INSURANCE COMPANY AND NAME/ADDRESS OF GENERAL OR POLICY ISSUING AGENT	TYPE OF COVERAGE	POLICY TERM	PREMIUM
TBI	4/30/2020	C05734-RSUI Indemnity Co-CA G07154-Wholesale Trading Ins Svs LLC-CA [ME:25.000 %, CX:10] [PR]	ERP	12	80,000.00
			Ernd. Taxes/Fees		2,600.00
			Fin. Taxes/Fees		0.00
TBI	4/30/2020	C05994-AGCS Marine Insurance Company [CX:10] [PR]	PROP	12	138,582.00
			Ernd. Taxes/Fees		0.00
			Fin. Taxes/Fees		0.00
TBI	4/30/2020	C06292-*United Specialty Ins Co-OH G07154-Wholesale Trading Ins Svs LLC-CA [ME:25.000 %, CX:10] [PR]	GL	12	390,250.00
			Ernd. Taxes/Fees		1,300.00
			Fin. Taxes/Fees		12,712.38
(POLICIES CONTINUED ON NEXT PAGE.)			Broker Fee:		275,000.00
100% OF ALL FEES AND TAXES MUST BE INCLUDED			TOTAL PREMIUMS must agree with Block "A" above		TOTAL \$ 1,408,821.69

64,437.70,110,739.15,322,256.01,107,751.54,10,933.11,232,037.25,6,118.74,11,513.77,37,050.08 (Fin. BF) 220,000.00

Security Agreement

- DEFINITIONS:** The above insured ("Borrower" or "Insured") is the debtor. AFS/IBEX, a division of MetaBank®, National Association, is the lender to whom the debt is owed (LENDER). Singular words shall mean plural and vice versa as may be required in order to give the agreement meaning "insurance company or company", "insurance policy or policy", and "premium" refer to those items listed under "Schedule of Policies".
- PROMISE TO PAY:** Borrower promises to pay LENDER the total amount in Block "F" above until paid in full. This total equals the amount financed together with interest at the rate identified above computed in accordance with the Rule of 78's. The monthly payment amount reflected above will be due on the same day each month. Payments include principal and interest. Insured will pay LENDER at its address above, or such other place LENDER may designate in writing.
- SECURITY INTEREST:** Borrower hereby grants LENDER a security interest in all insurance policies listed herein and all unearned premium, returned premium, dividend payments, and loss payments which reduce the unearned premiums thereof ("Collateral"). Borrower assigns to LENDER as security for the total amount payable in this Agreement any of the above which may become payable under the insurance policies, subject to any mortgagee or loss payee interests. Borrower agrees to take whatever actions are requested by LENDER to perfect and continue LENDER'S security interest in the Collateral.
- LATE CHARGE:** For any installment payment received more than five (5) days (or such greater number of days required by applicable law) after the due date, Borrower agrees to pay a late charge of up to 5% of such installment.

The undersigned warrants and agrees:

NOTICE TO INSURED: (1) DO NOT SIGN this agreement until you have read all pages and filled in any blank spaces. (2) When signed below by you, or on your behalf, you (Borrower) acknowledge receipt of a copy this Agreement, attest to having full power and authority to enter into this Agreement and sign on behalf of all entities named above as Borrowers, and that you understand and agree to the provisions printed above and in the ADDITIONAL PROVISIONS section of this Agreement and that both the front and any subsequent pages constitute the Agreement between Borrower and Lender. (3) You understand that this is for commercial policies and the producer may be receiving compensation from the LENDER for the preparation and administration of this Agreement as further described below.

Borrower hereby requests LENDER to pay the financed portion of its insurance policy premiums listed above, on its behalf and **AGREES TO THE PROVISIONS OF THIS AGREEMENT, INCLUDING THE PROVISIONS ABOVE AND THOSE THAT FOLLOW.**

Date 04/30/2020

George Milianis

SIGNATURE OF THE INSURED(S) OR DULY AUTHORIZED AGENT OF INSURED(S)

Q# 3204534 PRN:042920 CFG:AFSIBEXLN L:101 DP%:20.000 RT:AFSIBEXLCNEPIC (M-0)DD:N/A BM:Invoice
RF:\$10,797.71 Qtd For:A16236 NAPR:2.600 DOWN MEMOS

PRODUCER REPRESENTATIONS:

The undersigned warrants and agrees:

- Insured has received a copy of this agreement, (2) the policies are in full force and effect and the information in the schedule of policies and the premiums are correct, (3) Insured has authorized this transaction, recognizes the security interest assigned herein, (4) to hold in trust for LENDER any payments made or credited to Insured through or to the undersigned, directly, indirectly, actually or constructively by any of the insurance companies and to pay the monies to LENDER upon demand to satisfy the then outstanding indebtedness of Insured and that any lien the undersigned now has or hereafter may require on any return premium arising out of the above listed insurance policies is subordinated to LENDER lien or security interest herein, (5) there are no exceptions to the policies financed other than those indicated and the policies comply with LENDER'S eligibility requirements, (6) the policies can be cancelled by Insured or the company and the unearned premiums will be computed on the standard short rate or pro rata table except as indicated. (7) that if Insured is subject to any bankruptcy or insolvency proceeding that is known to Producer, it must be disclosed to LENDER. (8) Included in the finance charge above is \$10,797.71 paid to the originator of this finance agreement if permitted by applicable law.

Date 05/01/2020

Carol L Cohan

SIGNATURE OF DULY AUTHORIZED AGENT OR BROKER OF INSURED(S)

SCHEDULE OF POLICIES (Continued)

POLICY PREFIX AND NUMBER	EFFECTIVE DATE OF POLICY	NAME OF THE INSURANCE COMPANY AND NAME/ADDRESS OF GENERAL OR POLICY ISSUING AGENT	TYPE OF COVERAGE	POLICY TERM	PREMIUM
TBI	4/30/2020	C06292-*United Specialty Ins Co-OH G07154-Wholesale Trading Ins Svs LLC-CA [ME:25.000 %, CX:10] [PR]	GL	12	130,250.00
			Ernd. Taxes/Fees		1,300.00
			Fin. Taxes/Fees		4,275.38
TBI	4/30/2020	C06217-Aspen Specialty Ins Co-CA [ME:25.000 %, CX:10] [PR]	POLU	12	13,250.00
			Ernd. Taxes/Fees		0.00
			Fin. Taxes/Fees		431.82
TBI	4/30/2020	C05050-Houston Casualty Company G07154-Wholesale Trading Ins Svs LLC-CA [ME:25.000 %, CX:10] [PR]	EXLB	12	281,239.00
			Ernd. Taxes/Fees		0.00
			Fin. Taxes/Fees		9,140.27
TBI	4/30/2020	C06418-Axis Insurance Company-NY New York [ME:25.000 %, CX:10] [PR]	PL	12	7,397.00
			Ernd. Taxes/Fees		75.00
			Fin. Taxes/Fees		242.84
TBI	4/30/2020	C05812-Beazley Insurance Co Inc G07154-Wholesale Trading Ins Svs LLC-CA [CX:10] [PR]	CRIM	12	14,408.00
			Ernd. Taxes/Fees		0.00
			Fin. Taxes/Fees		0.00
TBI	4/30/2020	C05972-Argonaut Ins Company [ME:100.000 %, CX:10] [PR]	BOND	12	46,368.00
			Ernd. Taxes/Fees		0.00
			Fin. Taxes/Fees		0.00

ADDITIONAL PROVISIONS OF SECURITY AGREEMENT

5. **DEFAULT:** Each of the following shall constitute an event of default under this Agreement:
- Insured does not pay any installment according to the terms of this Agreement.
 - LENDER, in good faith, believes that the policy has been cancelled, modified, is no longer in effect, or was never in existence.
 - Insured does not comply with any of the terms of this Agreement.
 - Insured or insurer voluntarily or involuntarily becomes the subject of a bankruptcy, receivership or any other kind of insolvency proceeding.
 - If Insured is a business and stops doing business or ceases to be qualified to do business. LENDER at its option may enforce payment of this debt without recourse to the security given to LENDER.
 - Any warranty, representation or statement made or furnished to LENDER by Borrower or on Borrower's behalf under this Agreement is false or misleading in any material respect, either now or at the time made or furnished, or becomes false or misleading at any time thereafter.
6. **CANCELLATION AND LENDER'S RIGHTS IN EVENT OF DEFAULT:** In the event of default, LENDER may cancel the insurance policies and the unpaid balance due to LENDER shall be immediately due by Borrower. Borrower hereby waives presentment, protest, and notice of dishonor. No delay or omission on LENDER's part to exercise any right or power arising hereunder will impair any such right or power or be considered a waiver of such right or power, nor will Lender's action or inaction impair any such right or power. Any payments made to LENDER after LENDER's Notice of Cancellation of the insurance policies has been mailed may be credited to the Borrower's account without affecting the acceleration of this Agreement and without any liability or obligation on LENDER's part to request reinstatement of the cancelled insurance policies. If there is a balance due after LENDER receives the unearned premiums, dividends, or loss payments from the insurance company then Borrower will pay the balance to LENDER with interest at the rate shown in this contract. If LENDER requests reinstatement, Borrower agrees that LENDER has no liability to Borrower if the policy is not reinstated. Only the insurance company has the authority to reinstate a policy financed pursuant to this Agreement.
7. **PREPAYMENT/REFUNDS:** Borrower shall have the right to prepay, in whole or in part, the amounts due hereunder at any time without penalty. If Borrower pays the total amount in Block "F" on page 1 early, Borrower shall receive a refund of the unearned finance charge computed in accordance with the Rule of 78s. If such prepayment in full occurs before the 1st installment due date, lender shall retain the finance charge which could be retained if the 1st installment period were 1 month and the loan were prepaid in full on the 1st installment due date. Any finance charge in excess of such amounts shall be refunded to Borrower. If a refund is less than \$1.00, no refund shall be made.
8. **DOCUMENT STAMP TAX:** Fees assessed for state and government recording services as determined by applicable law.
9. **RETURNED PAYMENT CHARGE:** Insured will be assessed a returned payment charge of \$15, if permitted by applicable law, for each payment returned to Lender because Insured had no account or insufficient funds in the payor bank.
10. **LIMITED POWER OF ATTORNEY:** Borrower irrevocably appoints LENDER as its Attorney-In-Fact with full authority to cancel the insurance policies, and receive all sums assigned to LENDER or in which it has granted LENDER a security interest. LENDER may execute and deliver on Borrower's behalf all documents, instruments of payment, forms, and notices of any kind relating to the insurance policies in furtherance of this Agreement.
11. **COLLECTION COSTS AND FEES:** LENDER may hire or pay someone else to help collect unpaid amounts Borrower owes under this Agreement. To the extent not prohibited by applicable law, Borrower will pay LENDER any and all costs and expenses of collection, including, without limitation, reasonable attorneys' fees and court costs, regardless whether a lawsuit is commenced as part of the collection process, expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and all other costs incurred or paid by LENDER in pursuing collection of amounts due under this Agreement or in exercising, enforcing, or defending LENDER's rights or remedies under this Agreement.
12. **SPECIAL INSURANCE POLICIES:** If the insurance policy issued to Insured is auditable or is a reporting form policy or subject to retrospective rating, Borrower agrees to promptly pay the insurance company the difference between the actual earned premium generated for the policy and the premiums financed under this Agreement.
13. **ADDITIONAL PREMIUMS:** Only those premiums shown will be advanced on behalf of Borrower. Payment of any additional premiums is the responsibility of Borrower. Should the Borrower desire to finance any additional premiums, written request must be provided to LENDER.
14. **SUCCESSORS AND ASSIGNS:** All legal rights given to LENDER shall benefit LENDER's successors and assigns. Insured agrees not to assign the policy without LENDER's written consent except for the interest of mortgagees and loss payees.
15. **BORROWER WARRANTIES AND REPRESENTATIONS:**
- Borrower warrants to LENDER that the insurance policies listed in the above schedule have been issued to Insured and are in full force and effect and that the Borrower has not assigned any interest in the policies except for the interest of mortgagees and loss payees.
 - Borrower represents that it is not insolvent or presently the subject of any insolvency proceeding, nor are any such proceedings contemplated, or if the named Borrower is the subject of such proceeding, Borrower has notified LENDER in writing.
 - The execution and delivery of this Agreement will not violate any law or agreement governing Borrower or to which Borrower is a party, and its certificate or articles of incorporation and bylaws do not prohibit any term or condition of this Agreement.
 - Borrower will promptly notify LENDER in writing at LENDER'S address on the first page of this Agreement (or such other addresses as LENDER may designate from time to time) prior to any change in Borrower's name, address, or any other change that directly or indirectly relates to this Agreement.
16. **RIGHT OF SETOFF:** To the extent permitted by applicable law, LENDER reserves a right of setoff in all Borrower's accounts with LENDER. This includes all accounts Borrower holds jointly with someone else and all accounts Borrower may open in the future. This does not include any accounts for which setoff would be prohibited by applicable law. Borrower authorizes LENDER, to the extent permitted by applicable law, to charge or setoff all sums owed to LENDER against any and all such accounts, and, at LENDER'S option, to administratively freeze all such accounts to protect LENDER'S charge and setoff rights provided in this paragraph.
17. **JURY WAIVER:** LENDER and Borrower hereby waive the right to any jury trial in any action, proceeding, or counterclaim brought by either LENDER or Borrower against the other.
18. **GOVERNING LAW AND VENUE:** This Agreement will be governed by federal law applicable to LENDER and, to the extent not preempted by federal law, the laws of the State of South Dakota without regard to its conflict of law provisions. If there is a lawsuit, Borrower agrees upon LENDER'S request to submit to the jurisdiction of the courts of Lincoln County, State of South Dakota.
19. **GENERAL PROVISIONS:** Entry into this financing arrangement is not a condition of obtaining insurance. You may opt to pay the premium for such insurance without financing such premium, or to obtain financing from some other source if you choose. If any provision contained in this Agreement should be invalid, illegal, or unenforceable in any respect, it shall not affect or impair the validity, legality, and enforceability of the remaining provisions of this Agreement. Failure to exercise any of its rights or remedies under this Agreement shall not result in any waiver by LENDER of those rights. All representations, warranties, and agreements made by Borrower in this Agreement shall survive the execution and delivery of this Agreement, shall be continuing in nature, and shall remain in full force and effect until such time as Borrower's indebtedness is paid in full.

PRIOR TO SIGNING THIS AGREEMENT, BORROWER HAS READ AND UNDERSTANDS ALL THE PROVISIONS OF THIS AGREEMENT. BORROWER AGREES TO THE TERMS OF THIS AGREEMENT. BORROWER ACKNOWLEDGES RECEIPT OF A COMPLETED COPY OF THIS AGREEMENT.