Michael P. Denver, State Bar No. 199279
DENVER LAW, P.C
514 W. Pueblo Street, Fl. 1
Santa Barbara, CA 93105-6207
Telephone: 805.896.4967
Email: mdenver@denverlawgroup.law

Attorneys for Intervenor, Jim Gally

UNITED STATES DISTRICT COURT

CENTRAL DISTRICT OF CALIFORNIA

SECURITIES AND EXCHANGE COMMISSION, Plaintiff, v. RALPH IANNELLIE and ESSEX CAPITAL CORPORAITON, Defendants.	Case No.: 2:18-cv-05008-FMO **DECLARATION OF JIM GALLY IN SUPPORT MOTION TO CLARIFY, MODIFY OR GRANT RELIEF FROM RECEIVERSHIP INJUNCTION; AND, TO INTERVENE** Hearing Date: July 24, 2025 Time: 10:00 a.m. Ctrm: 6D Judge: Hon. Fernando M. Olguin Complaint Filed: June 5, 2018 Trial Date: None

I, Jim Gally, hereby declare as follows:

1. I am over 18 years of age and have personal knowledge of the facts set forth herein. If called to the stand as a witness I could competently testify to the matters addressed herein. .

2. I never invested in Essex. In 2016, I sold my lumberyard business and property to 915 Elm Ave. CVL, LLC ("CVL"). It is my understanding that Iannelli and Reyner formed CVL, for the specific purpose of purchasing the Lumberyard from me and both were both Members in CVL

3. The Lumberyard purchase price CVL agreed to totaled $4,175,000 which was to occur in two separate payments of $2,675,000 and $1,500,00. Exhibit 1 hereto is a true and correct copy of the Purchase Agreement. CVL paid the initial $2,675,000 with proceeds from a bank loan and took possession of the Lumberyard, while the second payment of $1,500,000, which was to come from Essex, was never paid. The Receiver has pled that Iannelli intended to use Essex Ponzi funds to pay the second installment to me. (ECF 241- p.4:6-20, Winkler Decl., ¶ 2.)

4. I did not know Iannelli and Essex were running a Ponzi scheme and if I had, I would never have agreed to sell the Lumberyard to CVL. I would never have done business with CVL had I known one of its members was running a Ponzi scheme. Despite CVL's failure to disclose that it intended to pay me with Ponzi money, I am not allowed to sue CVL. CVL retains the unpaid proceeds for the Lumberyard which remains a going concern.

5. My prior lawyer, Patrick C. Bageant, met and conferred by telephone with Mr. Joshua del Castillo, counsel for the Receiver on December 4, 2023, with regard to my proposed claims against CVL, including for rescission and damages due to CVL's fraud on me (via Ianelli's membership in CVL) to acquire my Lumberyard.

6. The Receiver's representations through the 2023 meet and confer included that my November 2020 claim in Receivership, though unique as I was not an investor in Essex, would be honored by the Receiver. The Receiver's counsel stated

the Receiver felt bad for me, acknowledged that I was "unique" among claimants, and wanted to cure my damages. The Receiver's position was that I should not and did not need to file for stay relief yet, or maybe ever, because the Receiver felt my motion for stay relief would potentially impair the Receiver's efforts to recover funds, and because the Receiver anticipated being able to address my claim out of his anticipated recoveries. Counsel for the Receiver requested I hold off on a motion for stay relief until further distributions or payments were made by the Receiver because the Receiver expected a "substantial" payment in 2024, such that perhaps my claim would be satisfied.

7. Based on the Receiver's representations, which I took to be genuinely expressed and upon which I relied, I did not file a motion for stay relief.

8. The Receiver did not represent that my filing of a claim in receivership would cut off or in any way limit my future ability to sue CVL if I needed to once the stay was lifted. I understood the Receiver's request that I wait to pursue CVL until after I could evaluate my losses, if any, after further distributions were made, to imply the exact opposite: that I would be able to pursue CVL if and when I needed to.

9. Based on the Receiver's representations and instructions about forgoing stay relief at that time, I decided to follow the Receiver's lead and allow the Receiver to work efficiently without interference from me to satisfy my claim. I believed that doing so would not harm me as I trusted the Receiver had my best interests in heart.

I declare under penalty of perjury under the laws of the United States that the foregoing is true and corrected. Executed on June 23, 2025, Santa Barbara, California.

/s/ Jim Gally
Jim Gally

CERTIFICATE OF SERVICE

I, Michael P. Denver, hereby certify that on June 23, 2025, I electronically filed the foregoing document using the CM/ECF system which will send notification of such filing to the email addresses registered in the CM/ECF system, as denoted on the Electronic Mail Notice List.

By: */s/ Michael P. Denver*
Michael P. Denver

EXHIBIT 1

FINAL

ASSET PURCHASE AGREEMENT

This ASSET PURCHASE AGREEMENT (together with the Exhibits and Schedules hereto, this "Agreement"), dated as of December 7, 2015 is made and entered into by and among **James Gally, Carpinteria Valley Lumber Co., Inc. ("CVL")**, a California corporation, and **J&G Properties, LLC ("J&G")**, a California limited liability company ("Sellers") and **915 Elm Avenue CVL, LLC**, a California limited liability company ("Buyer"). The parties named above shall sometimes hereinafter individually be referred to as "Party" and collectively as the "Parties."

WITNESSETH:

WHEREAS, Sellers are engaged in the sale of lumber, hardware and garden supplies and provide related services to the public from a location at 915 Elm Ave. in Carpinteria, CA (the "Business");

WHEREAS, Sellers desire to transfer, or cause to be transferred, to Buyer the assets held, owned or used by Sellers to conduct the Business, and Buyer desires to acquire such assets (the "Acquisition") subject to the terms and conditions set forth in this Agreement; and

WHEREAS, the Parties desire to make certain representations, warranties, covenants and agreements in connection with the Acquisition, all as more fully set forth herein.

NOW, THEREFORE, in consideration of the foregoing and the respective representations, warranties, covenants and agreements hereinafter set forth, and intending to be legally bound hereby, the Parties agree as follows:

ARTICLE I
DEFINITIONS

Section 1.1 Definitions. Capitalized terms used in this Agreement shall have the meanings specified in Exhibit A or elsewhere in this Agreement.

ARTICLE II
PURCHASE AND SALE

Section 2.1 Agreement to Purchase and Sell. On the terms and subject to the conditions of this Agreement, Sellers will transfer, or cause to be transferred, to Buyer all Transferred Assets, and Buyer will accept all Transferred Assets in accordance with the terms of this Agreement. Notwithstanding anything to the contrary contained in this Agreement, (a) the Excluded Assets are not part of the sale and purchase contemplated hereunder, are excluded from the Transferred Assets, and shall remain the property of Sellers. The closing of the Acquisition (the "Closing") shall take place at the offices of Ralph Iannelli, 1486 East Valley Rd., Santa Barbara, CA 93108, at 10:00 a.m. on January 4, 2016; provided, however, that Buyer may extend this date until no later than January 15, 2016 if necessary to accommodate its lender (the "Closing Date"). In the event of such an extension, (i) the Closing will be deemed to have occurred as of the close of business December 31, 2015, and the Buyer shall be responsible for operation of the Business effective January 4, 2016; and (ii) Buyer shall deposit with the Escrow

Agent on January 4, 2016 an additional deposit amount of $200,000.00 (the "Additional Deposit"). In the event the Closing is not completed by January 15, 2016 due to a breach of this Agreement by Buyer, and Sellers are not in breach of the Agreement, then Sellers shall have the right to receive the Deposit and the Additional Deposit as liquidated damages, and the parties hereto will have no further obligation to the other hereunder.

Closing Obligations.

(a) At the Closing, Sellers shall deliver or have delivered or recorded as follows:

(i) A general warranty deed, title insurance commitment issued by Fidelity Title Co. in form reasonably acceptable to Buyer (together with legible copies of all documents referenced therein), and UCC search report and other documents prepared by Aliso Escrow, Inc. (the "Escrow Agent") required to be recorded to convey title to the five parcels of property located at 915 Elm Ave., Carpinteria, CA. (APN #003-253-004) (the "Real Property") to Buyer free and clear of all liens and encumbrances;

(ii) a Bill of Sale transferring title to the Assets to Buyer;

(iii) the Intellectual Property Assignment;

(iv) a certificate of James Gally and a duly authorized officer of each of CVL and J&G as to the accuracy of the representations and warranties in Article IV as of the date of this Agreement;

(v) a certificate of James Gally and a duly authorized officer of each of CVL and J&G, certifying true, correct and complete copies of (a) the articles of incorporation and bylaws of CVL and the LLC agreement of J&G, (b) resolutions duly adopted by the board of managers and members of J&G and resolutions adopted by the directors and sole shareholder of CVL in connection with the Acquisition, and (c) the incumbency of any managers and officers of a Seller;

(vi) a certificate of the Secretary of California as to the good standing of CVL and J&G as of a recent date;

(vii) evidence that there are no Encumbrances on the Transferred Assets (in a form and substance reasonably satisfactory to Buyer);

(viii) customary pay-off letters on terms and conditions reasonably satisfactory to Buyer (including releases and lien discharges with respect to any Encumbrances on the Transferred Assets as of the Closing Date) setting forth in detail the Indebtedness of Sellers that shall be satisfied, terminated and discharged on or prior to the Closing Date; and

(ix) any written consents, approvals, waivers, notices or similar authorizations required to be obtained or given in order to consummate the transactions contemplated by the Transaction Documents, including those consents, approvals, waivers, notices or similar authorizations set forth on Schedule 4.3, in form and substance reasonably acceptable to Buyer.

(b) At the Closing, Buyer shall deliver:

(i) to or for the benefit of Sellers in accordance with the terms of this Agreement, the Closing Purchase Price; and cause Essex Capital Corporation to deliver the promissory note (the "Essex Note") in the form of Exhibit B;

(ii) resolutions duly adopted by the Board of Managers of Buyer in connection with the Acquisition and the incumbency of the Managers; and

(iii) a certificate of a duly authorized Manager of Buyer as to the accuracy of the representations and warranties in Article V as of the date of this Agreement.

ARTICLE III
PAYMENT OF PURCHASE PRICE

Section 3.1 Purchase Price. The aggregate purchase price to be paid by Buyer to Sellers at the Closing for the Transferred Assets (other than the Inventory) shall be $4,175,000.00 (the "Purchase Price"). The Purchase Price, shall be paid as follows: The Escrow Agent shall deliver the deposit of $50,000.00 to Sellers; and Buyer shall deliver $2,875,000.00 by wire transfer of immediately available funds pursuant to wire instructions attached hereto as Schedule 3.1 (the "Seller Account") and $1,250,000.00 in the form of the Essex Note. Within five business days after both the Closing and the completion of the Inventory Appraisal, Buyer shall pay Sellers by wire transfer of immediately available funds the amount of the Inventory Appraisal Amount. Sellers and Buyer agree to allocate the Purchase Price among the classes of Transferred Assets as set forth in Schedule 3.1(a), which shall be agreed to within 15 days of the date hereof.

Section 3.2 Working Capital. In lieu of a working capital adjustment, Sellers shall cause to be paid all obligations of and relating to CVL for the period up to and including the December 31, 2015, and Buyer shall be responsible for all obligations of its operation of the business for the period thereafter. With respect to accounts receivable, at the Closing, Sellers shall provide Buyer with a list of all outstanding accounts as of December 31, 2015 ("Accounts Receivable"). Sellers shall not be entitled to collect any of the Accounts Receivable except as provided herein. Any payment received by Buyer after the December 31, 2015 that is an Accounts Receivable shall be remitted by Buyer to Sellers into an account identified by Sellers by wire transfer or delivered to Dean Moray at the end of each calendar month for three months following the Closing. Buyer shall furnish Sellers with a list of the amounts collected and the corresponding remittance detail. Any amounts of Accounts Receivable remaining due at the end of the third month following the Closing will revert to the Sellers, and the Buyer shall have no further obligation with respect to the Accounts Receivable. With respect to accounts that are included in Accounts Receivable that continue after the December 31, 2015, it shall be presumed that the payments are for the oldest amounts due, unless the customer specifically designates which invoices or amounts it is paying. Buyer and Sellers agree to cooperate to facilitate Sellers' payments of all invoices received after Closing for operations prior to December 31, 2015, and amounts owing to vendors, at Sellers' direction, may be paid by Buyer and subtracted from Accounts Receivable payments to Sellers.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF SELLERS

Sellers hereby represent and warrant to Buyer that each of the following representations and warranties is true and correct:

Section 4.1 Organization and Good Standing. CVL is a corporation duly organized, validly existing and in good standing under the laws of the State of California, and J&G is a limited liability company duly organized, validly existing and in good standing under the laws of the State of California. CVL and J&G each have all requisite corporate power and authority to own, lease and operate its properties and to carry on the Business as now being conducted and each is duly qualified or registered to transact business under the laws of each jurisdiction where the character of its activities or the location of the properties owned or leased by it requires such qualification or registration.

Section 4.2 Authorization. Each Seller has full power and authority to execute and deliver this Agreement and any other certificate, agreement, document or other instrument that this Agreement requires to be executed and delivered by it or him in connection with the Acquisition (collectively, the "Seller Ancillary Documents") and to perform its or his respective obligations under this Agreement and Seller Ancillary Documents and to consummate the transactions contemplated hereby and thereby. The execution and delivery of this Agreement and the Seller Ancillary Documents by Sellers, as applicable, and the performance of their respective obligations hereunder and thereunder and the consummation of the transactions provided for herein and therein have been duly and validly authorized by all necessary action. Each of this Agreement and the Seller Ancillary Documents has been duly executed and delivered by Sellers and constitutes a valid and binding agreement of Sellers, enforceable against each of them in accordance with their respective terms (except as such enforceability is subject to the effect of bankruptcy, insolvency, reorganization, moratorium or similar laws now or hereafter in effect relating to the creditors' rights generally and rules of law and equity governing specific performance, injunctive relief and other equitable remedies).

Section 4.3 Absence of Restrictions and Conflicts. The execution, delivery and performance of this Agreement and Seller Ancillary Documents and the consummation of the or the giving of notice or both, violate or conflict with, constitute a breach of or default under, result in the loss of any benefit under, permit the acceleration of any obligation under or create in any Person the right to terminate, modify or cancel, (a) any term or provision of their respective organizational documents, (b) the Assumed Contracts, (c) any judgment, decree or order of any Governmental Entity to which any Seller is a party or by which Sellers, or any of their properties, are bound, or (d) any Applicable Law or arbitration award applicable to any Seller or the Business. No consent, approval, order or authorization of, or registration, declaration or filing with, any Governmental Entity is required for the execution, and delivery by Sellers of this Agreement or the Seller Ancillary Documents or the performance by Sellers of the Acquisition.

Section 4.4 Real Property. The property located at 915 Elm Ave., Carpinteria, CA, is the only real property used in connection with the Business. Sellers have received no notice of any violation of Law affecting the Real Property or Seller's use thereof.

(a) Sellers have not received any notice from any utility company or municipality of any fact or condition which could result in the discontinuation of currently available or otherwise necessary sewer, water, electric, gas, telephone or other utilities or services for the Real Property.

(b) Sellers have not received written notice of any existing plan or study by any Governmental Entity or by any other Person that challenges or otherwise adversely affects the continuation of the use or operation of the Real Property and has no Knowledge of any such plan or study with respect to which they have not received written notice.

Section 4.5 Title to Personal Property; Related Matters. Sellers have good and marketable title to, or a valid and binding leasehold or license interest in, all of the tangible personal property and tangible assets constituting the Transferred Assets, free and clear of all Encumbrances except for those items set forth on Schedule 4.5 which shall be removed at Closing. All equipment, furniture, fixtures, machinery, vehicles and other items of tangible personal property and tangible assets, computer systems, and information and telecommunications equipment constituting Transferred Assets are in good operating condition and in working order, ordinary wear and tear excepted, are usable in the regular and ordinary course of the Business and conform in all material respects to the requirements of all Applicable Law, and Sellers have no Knowledge of any material defects or problems with any of such equipment, tangible property or assets constituting Transferred Assets. The Transferred Assets are sufficient for the continued conduct of the Business after the Closing in substantially the same manner as conducted prior to the Closing and constitute all of the rights, property and assets necessary to conduct the Business as currently conducted and has conducted since 2012. None of the Excluded Assets are material to the Business.

Section 4.6 Legal Proceedings. There are no Actions pending against the Business or the Transferred Assets before any Governmental Entity or other Person or, to the Knowledge of Sellers, threatened against, or otherwise relating to or involving the Business or the Transferred Assets before any Governmental Entity or other Person. To the Knowledge of Sellers, there are no facts or circumstances existing that would reasonably be expected to give rise to any such

Actions, nor to the Knowledge of Sellers has the Business received any threat, orally or in writing, that a third party is considering asserting or filing any such Actions.

Section 4.7 Compliance with Law.

(a) (i) The Business is in compliance with all Applicable Law, (ii) the Business has not been charged with and, to the Knowledge of Seller, is not now under investigation with respect to, a violation of any Applicable Law, (iii) the Business is not a party to or bound by any order, judgment, decree, injunction, rule or award of any Governmental Entity, and (iv) Sellers have filed all reports and has all Government Authorizations required to be filed with any Governmental Entity on or before the Closing Date in respect of the Business.

(b) Sellers hold all Governmental Authorizations required for the operation of the Business as presently operated. Sellers have not received any notices alleging the failure to hold any Governmental Authorizations. All Governmental Authorizations are valid and in full force and effect and none of the Governmental Authorizations will be terminated or impaired or become terminable as a result of the Acquisition. The Business is in compliance in all material respects with all terms and conditions of all Governmental Authorizations that it holds.

Section 4.8 [Intentionally Omitted]

Section 4.9 Intellectual Property.

(a) Schedule 4.9(a) sets forth a complete and accurate list of all Intellectual Property used, held for use, or necessary for the conduct of the Business as currently conducted by Sellers. Sellers have valid and sufficient rights to use all Intellectual Property used by it in the Business, and neither Sellers' use nor other commercial exploitation of Intellectual Property, nor the conduct of the Business, conflicts with, violates, misappropriates or infringes upon any Intellectual Property rights of any Person, nor have Sellers received any written notice alleging the same.

(b) All Intellectual Property included within the Purchased Intellectual Property and Licensed Intellectual Property is fully transferable, alienable, or licensable without restriction and without payment of any kind to any third party.

Section 4.10 Tax Matters.

(a) Sellers have timely filed (taking into account any extensions for filing) all Tax Returns relating to the Transferred Assets or the Business that are required to be filed. All such filed Tax Returns were complete and accurate in all material respects.

(b) All Taxes relating to the Transferred Assets owed by Sellers (whether or not shown on any Tax Return) that are due and payable have been paid. There are no Encumbrances on any of the Transferred Assets that will not be satisfied at Closing.

(c) There is no dispute, audit, assessment, deficiency, proceeding, investigation, examination or claim concerning any Taxes or Tax Returns relating to the Transferred Assets claimed or raised by any Governmental Entity or any agent of a Governmental Entity.

(d) None of the Sellers are a "foreign person" as defined in Code Section 1445(f)(3), and the rules and regulations promulgated thereunder, or a "disregarded entity" as defined in Treasury Regulation Section 1.1445-2(b)(2)(iii).

(e) Sellers have not waived any statute of limitations in respect of Taxes or agreed to any extension of time with respect to a Tax assessment or deficiency, in each case, relating to the Transferred Assets.

(f) Sellers will not be required to include any item of income in, or exclude any item of deduction from, Taxable income for any Taxable period ending after December 31, 2015 as a result of any (i) change in method of accounting occurring in a Taxable period ending on or prior to December 31, 2015 under Section 481(c) of the Code (or any corresponding or similar provision of state, local or foreign Income Tax law), (ii) "closing agreement" as described in Section 7121 of the Code (or any corresponding or similar provision of state, local or Income Tax law) executed prior to the Closing Date, or (iii) installment sale or open transaction disposition, in each case, with respect to the Transferred Assets.

(g) To the Knowledge of Sellers, no foreign jurisdiction has asserted a claim that Sellers owe taxes or are required to file Tax Returns with respect to the Transferred Assets.

Section 4.11 Environmental, Health and Safety Matters.

(a) Sellers have provided Buyer access to true and complete copies of all environmental assessments, reports, audits, studies, and other documents in Seller's possession or under its control concerning the Business or the Real Property. Any information Sellers have furnished to Buyer concerning the environmental conditions of the Real Property, prior uses of the Real Property, and the operations of Seller related to compliance with Environmental, Health and Safety Laws is accurate and complete in all material respects.

(i) Sellers, with respect to the Business and the Real Property, have complied and are in compliance with all Environmental, Health and Safety Laws.

(ii) Sellers have no liability under any Environmental, Health and Safety Laws or with respect to Hazardous Materials, and have not assumed, by contract, operation of law or otherwise such liability of any other person.

(iii) To the Knowledge of Sellers, there are no facts, circumstances, or conditions (including but not limited to Releases) existing, initiated or occurring prior to the Closing Date, which have or will result in liability to Sellers under any Environmental, Health and Safety Laws.

(iv) There are no pending or, to the Knowledge of Seller, threatened Environmental Claims.

(b) Sellers have been duly issued and maintain all Environmental, Health and Safety Permits necessary to own and/or operate the Business as currently owned and/or operated. A true and complete list of all such Environmental, Health and Safety Permits, all of which are valid and in full force and effect, is set forth on Schedule 4.11(b). Sellers have timely filed applications for all Environmental, Health and Safety Permits.

(c) To the Knowledge of Sellers, none of the following exists at the Real Property: (i) underground improvements, including but not limited to treatment or storage tanks, or underground piping associated with such tanks, (ii) asbestos-containing material in any form or condition, (iii) materials or equipment containing polychlorinated biphenyls, (iv) "toxic mold," (v) landfills, dumps, surface impoundments, or disposal areas, or (vi) filled-in land.

(d) The Business, as operated by Sellers, has not treated, stored, disposed of, arranged for or permitted the disposal of, transported, offered for transportation, handled, or released any Hazardous Materials in a manner that has given or reasonably could be expected to give rise to any Liabilities under Environmental Health and Safety Laws or the Hazardous Materials Regulations.

Section 4.12 Inventory. All Inventory consists of a quality and quantity usable and salable in the ordinary course of business consistent with past practice. All Inventory is owned by Sellers free and clear of all Encumbrances, and no Inventory is held on a consignment basis. The quantities of each item of Inventory (whether raw materials, work-in-process or finished goods) are not excessive, but are reasonable in the present circumstances of Sellers.

Section 4.13 Equipment. Schedule 4.13 lists all material items of Equipment included in the Transferred Assets. All such items of Equipment are in normal operating condition and repair for the uses to which they are currently employed (ordinary wear and tear excepted), are free from material defects and have been maintained in accordance with normal industry practice. Sellers own or lease all Equipment included in the Transferred Assets, free and clear of all Encumbrances. No Person other than Seller has any rights to use any of the Equipment or other tangible personal property included in the Transferred Assets, whether by lease, sublease, license or other instrument.

Section 4.14 Related Party Transactions. As of the Closing Date, all indebtedness among Sellers, their Affiliates ("Related Persons") and the Business shall be satisfied, and there shall be no indebtedness owing to or from CVL. No Related Persons (a) own any property or right, tangible or intangible, that is used in the Business, (b) have any claim or cause of action against the Business or (c) own any direct or indirect interest of any kind in, or controls or is a director, officer, employee or partner of, or consultant to, or lender to or borrower from or has the right to participate in the profits of any Person which is a competitor, supplier, customer, creditor or debtor of the Business.

Section 4.15 Financial Statements. Schedule 4.15 is a true, accurate and complete list of the Financial Statements Sellers previously provided to Buyer, true, accurate and complete copies of which Financial Statements are attached to Schedule 4.15. The Financial Statements have been prepared in accordance with GAAP consistently applied and present fairly the consolidated financial position, assets and liabilities of the Business as of the dates thereof and the consolidated revenues, expenses, results of operations and cash flows of the Business for the periods covered thereby. The Financial Statements are in accordance with the books and records of CVL, do not reflect any transactions which are not bona fide transactions and do not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements contained therein, in light of the circumstances in which they were made, not misleading. The Business has no Liabilities, whether accrued, absolute, contingent or otherwise, whether due or to become due, other than trade payables and accrued expenses incurred in the ordinary course of business since October 31, 2015. Sellers are not a guarantor or otherwise responsible for any liability or obligation (including indebtedness) of any other Person that relate in any way to the Business and the Assets being sold.

Section 4.16 Employees; Labor Matters. Sellers have made available to Buyer a list, dated as of a date no earlier than five (5) days prior to the date of this Agreement, of all Employees, including the names, date of hire, current rate of compensation, designation as either exempt or non-exempt from the overtime requirements of the Fair Labor Standards Act, employment status (*i.e.*, active, or, on authorized leave and reason therefor), whether full-time or part-time, and accrued vacation time and other paid time. There are no understandings or agreements among the Sellers and the Employees, and no outstanding loans due Sellers from Employees. The Business is not subject to or bound by any labor agreement or collective bargaining. To the Knowledge of Sellers, there is no activity, and there has been no activity in the past three (3) years whereby any person or group has sought to organize or represent the Employees for purposes of collective bargaining, or to seek recognition or certification as bargaining representative of the Employees, or involving any other organizational activity.

(a) Sellers are not engaged in any unfair labor practice that would reasonably be expected to result in a material Liability; (ii) there are no labor strikes, material labor disputes, concerted work stoppages, slowdowns, or lockouts pending or, to the Knowledge of Sellers, threatened; (iii) there are no grievances, complaints, charges or other legal proceedings pending, or to the Knowledge of Sellers, threatened, against Seller in connection with the employment of the Employees; and (iv) Sellers are in compliance with all labor and employment Laws applicable to the Business.

(b) To Sellers' Knowledge, no Employee intends to terminate his or her employment, with the exception of Vincente Hernandez.

Section 4.17 Employee Benefit Plans. There are no employee benefit plans.

Section 4.18 [Intentionally Omitted]

Section 4.19 Accounts Receivable. Schedule 4.19 sets forth a complete and accurate list of all Accounts Receivable as of October 31, 2015, together with an aging schedule indicating a range of days elapsed since invoice. All Accounts Receivable arose from bona fide transactions entered into by Sellers in connection with the Business involving the actual sale of goods or the actual rendering of services in the ordinary course of business consistent with past practice and do not represent obligations for goods sold on consignment, on approval or on a sale-or-return basis or subject to any other repurchase or return. No Person has any Lien on any accounts receivable of the Business, and no verbal request, written request or agreement for deduction or discount has been made with respect to any Accounts Receivable.

Section 4.20 Insurance. Schedule 4.20 lists all policies of fire, liability, workmen's compensation, life, property and casualty and other insurance owned or held by Sellers in connection with the Business. All such policies (a) are in full force and effect, (b) are sufficient for compliance by Sellers with all requirements of law applicable to the Business and all agreements to which Sellers are party in connection with the Business, (c) provide that they will remain in full force and effect through the respective dates set forth in such Schedule 4.20 and (d) will not in any way be affected by, or terminate or lapse by reason of, the transactions contemplated by this Agreement. Sellers are not in default with respect to their obligations under any of such insurance policies applicable to the Business and have not received any notification of cancellation of any such insurance policies. No insurance carrier has denied coverage for any claim asserted by Sellers with respect to the Business, and no insurance carrier has declined to provide any coverage to Sellers in connection with the Business.

Section 4.21 Brokers, Finders and Investment Bankers. Neither Sellers nor any of their Affiliates, or any of the Representatives of the foregoing, have employed any broker, finder or investment banker or incurred any liability for any investment banking fees, financial advisory fees, brokerage fees or finders' fees in connection with the Acquisition, other than Century 21 Butler Realty (Andrew Adler).

Section 4.22 Disclosure. Prior to the execution of this Agreement, Sellers have delivered (or caused to be delivered) to Buyer true and complete copies of all documents or instruments identified or referred to in the Disclosure Schedules.

ARTICLE V

REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer represents and warrants to Sellers that each of the following representations and warranties is true and correct:

Section 5.1 Organization and Good Standing. Buyer is a newly formed limited liability company duly organized, validly existing and in good standing under the laws of California. Buyer has all requisite power and authority to own, lease and operate its properties and to carry on its business as now being conducted. Buyer is qualified, licensed or registered to do business and is in good standing in each jurisdiction where the character of its activities or the location of the properties owned or leased by it makes such qualification, licensing or registration necessary.

Section 5.2 Power, Authorization and Validity.

(a) Power and Authority. Buyer has all requisite limited liability company power and authority to enter into, execute, deliver and perform its obligations under this Agreement and each of the Transaction Documents and to consummate the Acquisition. The execution, delivery and performance by Buyer of this Agreement and the other Transaction Documents to which it is a party, and the consummation by Buyer of the Acquisition, have been duly authorized by all necessary limited liability company action and no other corporate proceedings on the part of Buyer are necessary to authorize this Agreement or the other Transaction Documents or to consummate the Acquisition.

(b) No Consents. No consent, approval, order or authorization of, or registration, declaration or filing with, any Governmental Entity, or any other Person, is necessary or required to be made or obtained by Buyer to enable Buyer to lawfully execute and deliver, enter into, and perform its obligations under this Agreement and each of the Transaction Documents or to consummate the Acquisition, except for (i) notification requirements under Applicable Laws, and (ii) such other consents, approvals, orders, authorizations, registrations, declarations and filings, if any, that if not made or obtained by Buyer would not reasonably be expected to be material to Buyer's ability to consummate the Acquisition or to perform their respective obligations under this Agreement or the Transaction Documents.

(c) Enforceability. This Agreement has been duly executed and delivered by Buyer. This Agreement and each of the Transaction Documents are, or when executed by Buyer shall be valid and binding obligations of Buyer enforceable against Buyer in accordance with their respective terms, subject to the effect of (i) applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws now or hereafter in effect relating to rights of creditors generally and (ii) rules of law and equity governing specific performance, injunctive relief and other equitable remedies.

Section 5.3 No Conflicts; Consents. The execution, delivery and performance of this Agreement and the other Transaction Documents by Buyer do not, and consummation of the Acquisition will not, with or without the passing of time or the giving of notice or both, violate or conflict with, constitute a breach of or default under, result in the loss of any benefit under, permit the acceleration of any obligation under or create in any party the right to terminate, modify or cancel, (a) any term or provision of the organizational documents of Buyer, (b) any contract, agreement, permit, franchise or license applicable to Buyer, (c) any judgment, decree or order of any Governmental Entity to which Buyer is a party or by which Buyer or any of their respective properties are bound, or (d) any statute, law, rule, regulation or arbitration award applicable to Buyer.

Section 5.4 Brokers. Finders and Investment Bankers. Neither Buyer nor any of its Affiliates, nor any of the Representatives of the foregoing, has employed any broker, finder or investment banker or incurred any liability for any investment banking fees, financial advisory fees, brokerage fees or finders' fees in connection with the Acquisition, other than Jaeger Partners (Jason Jaeger).

Section 5.6 Legal Proceedings. Buyer is not a party to any litigation or, to Buyer's knowledge, any threatened litigation which would reasonably be expected to prevent or materially impair or delay the Acquisition.

ARTICLE VI
COVENANTS AND AGREEMENTS OF SELLERS

Section 6.1 Notices of Certain Events. Sellers shall promptly after obtaining knowledge of the following, notify Buyer of:

(a) any notice or communication from any Person alleging that the consent of such Person is required in connection with the Acquisition; and

(b) any notice or communication from any Governmental Entity in connection with the Acquisition.

Section 6.2 Covenants Against Competition and Solicitation. Sellers acknowledge that the agreements and covenants contained in this Section 6.2 are essential to protect the Business and the goodwill thereof following the consummation of the transactions contemplated hereby. Accordingly, Sellers covenant and agree as follows:

(a) Non-Compete. For a period of five (5) years from the Closing (the "Restricted Period"), Sellers will not, directly or indirectly, invest in (other than passive investment in a public company as a holder of not more than one percent of the issued and outstanding equity of such company) or engage in any lumber or hardware business within 25 miles of Carpinteria, CA (the "Restricted Territory") or expand their existing businesses in the Restricted Territory to include the sale of lumber or hardware products; provided, however, Buyer acknowledges and consents to the continued sale by Mr. Gally of hardware items at A-OK Power Equipment that are related to the sale of power equipment presently being sold at A-OK locations ("A-OK Related Equipment") and to Mr. Gally opening additional A-OK stores selling A-OK Related Equipment.

(b) Non-Solicit; Customers. During the Restricted Period, Sellers shall not, either alone or in association with others, solicit, divert or take away, or attempt to divert or take away, the business or patronage of any of the clients, customers, or business partners of the Business which were contacted, solicited, or served by the Business at any time during the during the two (2)-year period prior to Closing Date.

(c) Non-Solicit: Employees, Consultants, Independent Contractors. With the exception of Vincente Hernandez, during the Restricted Period, Sellers shall not, either alone or in association with others (i) solicit, induce or attempt to induce, any employee or independent contractor of Buyer in connection with the Business to terminate his or her employment or other engagement with Buyer in connection with the Business, or (ii) hire, or recruit or attempt to hire, or engage or attempt to engage as an independent contractor, employee or consultant, any person who was employed or otherwise engaged by Buyer in connection with the Business at any time during the two (2)-year period prior to the Closing Date. With respect to Jason Minteer, Sellers understand his importance to the Business and will not in any way interfere with his continued employment by Buyer or attempt to cause him to leave his employment by Buyer; however, if he is terminated by Buyer, Mr. Gally will then be permitted to hire him.

In the event that Sellers breach, or threaten to commit a breach of, any of the provisions of this Section (the "Restrictive Covenants"), Buyer shall have the right, which shall be independent of any others and severally enforceable, and shall be in addition to, and not in lieu of, any other rights and remedies available to Buyer at law or in equity, to enjoin Sellers from violating or threatening to violate the Restrictive Covenants and to have the Restrictive Covenants specifically enforced by any court of competent jurisdiction, it being agreed that any breach or threatened breach of the Restrictive Covenants would cause irreparable injury to Buyer and that money damages may not provide an adequate remedy to such parties. Sellers acknowledge and agree that the Restrictive Covenants are reasonable and valid in geographical and temporal scope and in all other respects. If any court determines that any of the Restrictive Covenants, or any part thereof, are invalid or unenforceable, the remainder of the Restrictive Covenants shall not thereby be affected and shall be given full effect, without regard to the invalid portions.

ARTICLE VII
OTHER COVENANTS OF THE PARTIES

Section 7.1 Employee Matters.

(a) Employment. On or prior to the Closing Date, Buyer shall offer employment to each Employee employed immediately prior to such date who is listed on Schedule 7.1. Buyer's offer of employment to each Employee shall be for employment commencing immediately following December 31, 2015. For the purposes hereof, all Employees who accept Buyer's offer of employment and commence employment on the Employment Commencement Date are hereinafter referred to collectively as the "Transferred Employees," and the "Employment Commencement Date" as referred to herein shall mean as to those Transferred Employees who accept Buyer's offer, the Closing Date.

(b) Employee Compensation. Sellers shall pay, on or prior to the Closing Date, to the Transferred Employees all compensation in the form of wages, salary, vacation or other leave, bonus or commission accrued prior to the Closing Date

(c) No Further Rights. Nothing in this Section 7.1, express or implied, is intended to confer on any Person (including any Transferred Employees and any current or former employees of

Seller) other than the parties hereto and their respective successors and assigns any rights, benefits, remedies, obligations or Liabilities under or by reason of this Section 7.1, including any right to continued employment.

(d) COBRA. Sellers will provide any required health care continuation coverage under the Consolidated Omnibus Budget Reconciliation Act of 1985, and the regulations issued thereunder ("COBRA"), to any Person who becomes an "M&A qualified beneficiary," within the meaning of Treas. Reg. Sec. 54.4980B-9, Q/A-4(a), on account of the transactions contemplated by this Agreement.

(e) Severance. Seller shall pay, on or prior to the Closing Date, to any Employee terminated by Sellers and not hired by Buyer, all severance amounts due to such Employee, if any.

Section 7.2 Further Assurances. Subject to the terms and conditions of this Agreement and the other Transaction Documents, each Party shall take, or cause to be taken, all actions, and to do, or cause to be done, all things necessary or desirable under Applicable Law to consummate the Acquisition in accordance with the terms of this Agreement and the other Transaction Documents. Sellers and Buyer shall execute and deliver such other documents, certificates, agreements and other writings and take such other actions as may be necessary or desirable to consummate or implement the Acquisition.

Section 7.3 Consents. Subject to the terms and conditions of this Agreement, Buyer and Sellers shall cooperate with one another in taking such actions or making any such filings, furnishing information required in connection therewith and seeking to obtain any such actions, consents, approvals or waivers on a timely basis. If the Parties or any of their respective Affiliates receive any formal or informal request for supplemental information or documentary material from any Governmental Entity with respect to the Acquisition, then the notified Party shall advise the other Parties promptly of such request and make, or cause to be made, as soon as reasonably practicable, a response in compliance with such request.

Section 7.4 Inventory Appraisal. The Business will be closed December 26 through 31, 2015, and during this time the employees of CVL shall conduct a count of all Inventory, other than Inventory that Jason Minteer determines to be obsolete or otherwise non-sellable (the Inventory less the obsolete and non-sellable goods shall be referred to as the "Sellable Inventory"). The Sellable Inventory shall be input at actual cost using the POS system to provide Buyer and Sellers with an accurate Inventory. The Inventory Appraisal Amount shall be equal to 98% of the cost of the Sellable Inventory. Jason Minteer will provide the Parties with a letter stating that the Inventory Appraisal was performed under his supervision and direction in accordance with these terms. Sellers shall prepare and deliver to Buyer a calculation of employee compensation for Inventory compilation work performed December 26 – 31, 2015, and Buyer shall reimburse Sellers for one-half of those costs by increasing the amount of the Inventory Appraisal Amount.

Section 7.5 Payment of Brokers. At the Closing, Sellers shall pay though the Escrow Agent a brokerage fee of $142,000.00. The fee shall be split equally between Century 21 Butler Realty (Andrew Adler) and Jaeger Partners (Jason Jaeger).

ARTICLE VIII
TAX MATTERS

Section 8.1 Tax Returns. Sellers shall file, or cause to be filed, all Tax Returns relating to the Transferred Assets for Tax periods ending on or before December 31, 2015 and shall pay all Taxes related thereto. With respect to taxable periods that begin after December 31, 2015, Buyer shall prepare, or cause to be prepared, and file, or cause to be filed, all Tax Returns relating to the Transferred Assets and shall pay all Taxes related thereto.

Section 8.2 Cooperation on Tax Matters. Sellers sand Buyer shall cooperate fully, as and to the extent reasonably requested by any other Party, in connection with financial accounting for Taxes, the filing of Tax Returns and any suit, action, inquiry, proceeding, administrative or judicial appeal, audit, litigation or other similar proceeding with respect to Taxes (each, a "Tax Contest"). Without limiting the generality of the foregoing, Buyer shall retain, and Sellers shall retain, until the applicable statutes of limitations (including any extensions) have expired, copies of all Tax Returns, supporting work schedules and other records or information that may be relevant to such Tax Returns for all Tax periods or portions thereof ending before or including the December 31, 2015 and shall not destroy or otherwise dispose of any such records without first providing the other Party with a reasonable opportunity to review and copy the same.

Section 8.3 Transfer Taxes. All Transfer Taxes arising out of or in connection with the Acquisition shall be borne by Seller. Any Tax Return that must be filed in connection with such Transfer Taxes shall be prepared by the party primarily or customarily responsible under Applicable Law for filing such Tax Return and Buyer and Seller shall cooperate in timely filing all such Tax Returns and paying the Taxes shown to be due on such Tax Returns.

Section 8.4 Bulk Sales. Sellers shall comply in all respects with the Bulk Sales provisions of Division 6 of the Uniform Commercial Code Bulk Transfer Section, and Sellers agree to indemnify Buyer for any Liability arising from such non-compliance.

ARTICLE IX
SURVIVAL; INDEMNIFICATION

Section 9.1 Survival. Except as otherwise specifically provided in this Agreement, each of the covenants, agreements, representations and warranties of the Parties contained herein or in any certificate or other writing delivered pursuant to this Agreement shall survive the Closing for a period of fifteen (15) months, except that: (i) the representations and warranties set forth in Sections 4.2 (Authorization) and 4.10 (Tax Matters) shall survive for ninety (90) days after the expiration of the applicable statute of limitations (and extensions or waivers thereof); and (ii) the covenants and agreements in this Agreement that, by their terms, are to be effective after the Closing Date shall survive until fully performed.

Section 9.2 Indemnification Obligations of Sellers. Sellers shall defend and hold harmless the Buyer Indemnified Parties from, against and in respect of any and all claims, liabilities, obligations, losses, costs, expenses, penalties, fines and judgments (at equity or at law) and damages whenever arising or incurred (including amounts paid in settlement, costs of investigation and reasonable attorneys' and accountants' fees and expenses) ("Damages") arising out of or relating to:

(a) any breach or inaccuracy of any representation or warranty made by any of Sellers in this Agreement or in any of the Transaction Documents; reference to materiality, Material Adverse Effect or similar materiality qualifiers;

(b) any breach of any covenant, agreement or undertaking made by Sellers in this Agreement or in any of the Transaction Documents;

(c) any Excluded Assets; and

(d) any Excluded Liabilities or any failure to comply with laws relating to Bulk Sales.

The Damages of Buyer Indemnified Parties described in this Section 9.2 as to which Buyer Indemnified Parties are entitled to indemnification are hereinafter collectively referred to as the "Buyer Losses."

Section 9.3 Indemnification Obligations of Buyer. Buyer shall defend and hold harmless Sellers, each of its officers, directors, employees, agents and representatives and each of the successors and assigns of any of the foregoing (collectively, the "Seller Indemnified Parties") from, against and in respect of any and all Damages arising out of or relating to:

(a) any breach or inaccuracy of any representation or warranty made by Buyer in this Agreement or in any of the Transaction Document; and

(b) any breach of any covenant, agreement or undertaking made by Buyer in this Agreement or in any of the Transaction Documents.

The Damages of Seller Indemnified Parties described in this Section 9.3 as to which Seller Indemnified Parties are entitled to indemnification are hereinafter collectively referred to as "Seller Losses."

Section 9.4 Indemnification Procedure.

(a) After obtaining knowledge thereof, the Person seeking indemnification pursuant to this Agreement (the "Indemnified Party") shall notify the other Person or Persons obligated to provide indemnification hereunder (the "Indemnifying Party") of any cause which the Indemnified Party has determined has given or could give rise to indemnification under this

Article IX (a "Claim") (other than a Third Party Claim which shall be governed by Section 9.4(c) below), by providing written notice thereof (a "Claim Notice") to the Indemnifying Party; provided, however, that the failure to so notify the Indemnifying Party will relieve the Indemnifying Party from liability under this Agreement with respect to such Claim only if, and only to the extent that, such failure to notify the Indemnifying Party adversely affects the Indemnifying Party's rights and defenses otherwise available to the Indemnifying Party with respect to such Claim. The Indemnifying Party shall respond to the Indemnified Party (a "Claim Response") within ten (10) Business Days (the "Response Period") after the date that the Claims Notice is sent by the Indemnified Party. Any Claim Response must specify whether the Indemnifying Party disputes the Claim described in the Claim Notice and the basis of such dispute. If the Indemnifying Party fails to give a Claim Response within the Response Period, the Indemnifying Party will be deemed to have accepted the Claim described in the related Claim Notice. If the Indemnifying Party elects not to dispute a Claim described in a Claim Notice, whether by failing to give a timely Claim Response or otherwise, then the amount of Damages alleged in such Claim Notice (or if no amount is so alleged, all Damages arising therefrom) will be conclusively deemed to be an obligation of the Indemnifying Party, and, subject to the limitations set forth in this Article IX, (i) if Sellers are the Indemnifying Party, Sellers shall pay or cause to be paid in cash, by wire transfer of immediately available funds to Buyer within five (5) Business Days after the expiration of the applicable Response Period, the amount specified in such Claim Notice; or (ii) if Buyer is the Indemnifying Party, then Buyer shall pay or cause to be paid in cash, by wire transfer of immediately available funds to Sellers within five (5) Business Days after the expiration of the applicable Response Period, the amount specified in such Claim Notice.

(b) If the Indemnifying Party delivers a Claim Response within the Response Period indicating that it disputes one or more of the matters identified in the Claim Notice and describing the basis therefor, Buyer and Sellers shall promptly meet and use their reasonable efforts to settle the dispute. If Buyer and Sellers are unable to reach agreement within thirty (30) days after the conclusion of the Response Period, then either Buyer or Sellers may resort to other legal remedies, subject to the limitations set forth in this Article IX. For all purposes under this Article IX, Buyer and Sellers shall cooperate with and make available to the other party and its respective representatives all information, records and data.

(c) Reasonably promptly after receipt by an Indemnified Party of written notice from a third party (including any Governmental Entity) of any complaint or the commencement of any audit, investigation, action or proceeding with respect to which such Indemnified Party may be entitled to receive payment from any other Party for any Buyer Losses or any Seller Losses, as the case may be (a "Third Party Claim"), such Indemnified Party will notify the Indemnifying Party, promptly following the Indemnified Party's receipt of such complaint or of notice of the commencement of such Third Party Claim; provided, however, that the failure to so notify the Indemnifying Party will relieve the Indemnifying Party from liability under this Agreement with respect to such Claim only if, and only to the extent that, such failure to notify the Indemnifying Party adversely affects the Indemnifying Party's rights and defenses otherwise available to the Indemnifying Party with respect to such Claim. The Indemnifying Party will have the right, upon written notice delivered to the Indemnified Party within ten (10) Business Days thereafter, subject to assuming full responsibility for all Buyer Losses or Seller Losses resulting from any such Third Party Claim, to assume the defense of such Third Party Claim, including the employment of counsel reasonably satisfactory to the Indemnified Party and the payment of the fees and disbursements of such counsel. In the event, however, that the Indemnifying Party declines or fails to assume the defense of the Third Party Claim on the terms provided above or to employ counsel reasonably satisfactory to the Indemnified Party, in either case within such ten (10)-Business Day period, then such Indemnified Party may employ counsel to represent or defend it in any such Third Party Claim and the Indemnifying Party will pay the reasonable fees and disbursements of such counsel as incurred; provided further, however, that the Indemnifying Party will not be required to pay the fees and disbursements of more than one counsel for all Indemnified Parties in any jurisdiction in connection with any audits, investigations, actions or proceedings that are substantially related. In any Third Party Claim with respect to which indemnification is being sought hereunder, the Indemnified Party or the Indemnifying Party, whichever is not assuming the defense of such action, will have the right to participate in such matter and to retain its own counsel at its own expense. The Indemnifying Party or the Indemnified Party, as the case may be, will at all times use commercially reasonable efforts to keep the Indemnifying Party or the Indemnified Party, as the case may be, reasonably apprised of the status of the defense of any matter the defense of which they are maintaining and to cooperate in good faith with each other with respect to the defense of any such matter.

(d) An Indemnifying Party may not, without the prior written consent of the Indemnified Party, settle or compromise any claim or consent to the entry of any judgment with respect to which indemnification is being sought hereunder, unless (i) such settlement, compromise or consent includes an unconditional release of the Indemnified Party from all liability arising out of such claim, (ii) does not contain any admission or statement suggesting any wrongdoing on behalf of the Indemnified Party, and (iii) does not contain any equitable order, judgment or term that in any manner adversely affects, restrains or interferes with the business of the Indemnified Party or any of the Indemnified Party's Affiliates. So long as the Indemnifying Party is reasonably contesting a Third Party Claim in good faith, the Indemnified Party may not, without the prior written consent of the Indemnified Party, pay or settle any such Third Party Claim.

Section 9.5 Investigations. The respective representations and warranties of the Parties contained in this Agreement or in any certificate or other document delivered by any Party prior to the Closing and the rights to indemnification set forth in this Article IX will not be deemed waived or otherwise affected by any investigation made by a Party to this Agreement.

Section 9.6 Payment of Claims. In order to satisfy any indemnification obligations of Sellers with respect to any claim in respect of which payment may be sought pursuant to this article IX (each an "Indemnification Claim"), the Buyer Indemnified Parties shall have the right to recover Damages that have been incurred by off-setting payments due under the Essex Note; provided, however, that not more than $200,000.00 may be off-set from the Essex Note, and any such off-sets must be claimed prior to the date that is six months after the Closing Date.

ARTICLE X
MISCELLANEOUS PROVISIONS

Section 10.1 Notices. All notices, requests, claims, demands and other communications given or made pursuant hereto shall be in writing (and shall be deemed to have been duly given or made upon receipt) by delivery in person (including delivery by nationally recognized overnight courier service) or by registered or certified mail (postage prepaid, return receipt requested) or by e-mail (in portable document format (.pdf) and subsequently confirmed via delivery in person) to the respective parties at the following addresses (or at such other address for a party as shall be specified in a notice given in accordance with this Section 10.1):

If to Buyer: Ralph T. Iannelli
Essex Capital Corp.
1486 East Valley Rd.
Santa Barbara, CA 93108

With a copy, which shall not constitute notice, to:

William S. Reyner, Jr.
2895 Hidden Valley Lane
Santa Barbara, CA 93108

If to Sellers: James Gally
777 Chalk Hill Road
Solvang, CA 93463

Section 10.2 Amendments and Waiver. This Agreement may not be amended, modified or supplemented except by written agreement of the Parties, and any agreement on the part of a Party to any extension or waiver of any provision of this Agreement shall be valid only if set forth in an instrument in writing signed on behalf of such Party.

Section 10.3 Disclosure Schedules and Exhibits. The Disclosure Schedules and Exhibits to this Agreement are hereby incorporated into this Agreement and are hereby made a part of this Agreement as if set out in full in this Agreement.

Section 10.4 Assignment; Successors in Interest. No assignment or transfer by any Party of its rights and obligations under this Agreement will be made except with the prior written consent of the other Party to this Agreement; provided that Buyer, without the obligation to obtain the prior written consent of Seller, shall be entitled to (a) assign this Agreement or all or any part of its rights or obligations hereunder to any entity controlled by Ralph T. Iannelli and (b) collaterally assign this Agreement for the benefit of Buyer's or its assignee's lender. No transfer or assignment by any Party shall relieve such Party of any of its obligations hereunder. This Agreement will be binding upon and will inure to the benefit of the Parties and their respective heirs, successors and permitted assigns, and any reference to a Party will also be a reference to a successor or permitted assign.

Section 10.5 Controlling Law. This Agreement will be governed by and construed and enforced in accordance with the internal laws of the State of California without reference to its choice of law rules.

Section 10.6 Consent to Jurisdiction; Service of Process. Each of the Parties hereby irrevocably consents and agrees that any action, suit or proceeding arising in connection with any disagreement, dispute, controversy or claim arising out of or relating to this Agreement or the Acquisition (for purposes of this Section 10.6, a "Legal Dispute") shall be subject to the exclusive jurisdiction of the courts of the State of California or the federal courts located in the State of California and hereby consents to personal jurisdiction over such Party of the courts of the State of California or the federal courts located in the State of California. Each of the Parties waives, and agrees not to assert, as a defense in any Legal Dispute, that it is not subject to the jurisdiction of the courts of the State of California or the federal courts located in the State of California or that such action, suit or proceeding may not be brought or is not maintainable in such court or that its property is exempt or immune from execution, that the action, suit or proceeding is brought in an inconvenient forum or that the venue of the action, suit or proceeding is improper.

Section 10.7 Severability. Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction will, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions of this Agreement, and any such prohibition or unenforceability in any jurisdiction will not invalidate or render unenforceable such provision in any other jurisdiction. To the extent permitted by Applicable Law, the Parties waive any provision of Applicable Law that renders any such provision prohibited or unenforceable in any respect. Any court of competent jurisdiction is authorized to strike or modify the provisions herein to make this Agreement enforceable to the fullest extent as contemplated and executed by the Parties.

Section 10.8 Counterparts. This Agreement may be executed in two or more counterparts, each of which will be deemed an original in respect of any Party whose signature appears thereon and all of which together shall constitute a single agreement, and it will not be necessary in making proof of this Agreement or the terms of this Agreement to produce or account for more than one of such counterparts. Counterpart copies of this Agreement may be signed and exchanged by email or facsimile. Such copies so signed and exchanged shall be fully binding.

Section 10.9 Integration. This Agreement and the documents executed pursuant to this Agreement supersede all negotiations, agreements and understandings among the Parties with respect to the subject matter of this Agreement.

Section 10.10 Transaction Costs. Except as otherwise expressly provided herein, Buyer and Sellers shall bear their own costs and expenses incurred in connection with the transactions and investigations contemplated herein, including, without limitation, the fees and expenses of their respective legal counsel, accountants and financial advisors. Buyer and Sellers shall each pay one-half of the Escrow Holder's charges, and Sellers shall pay the usual recording fees and any required documentary transfer taxes.

Section 10.11 No Third Party Beneficiaries. Except as contemplated by Article IX, no provision of this Agreement shall create any third party beneficiary or other rights in any Person, including any employee or former employee (or any beneficiary or dependent thereof) of the Business or of Seller.

Section 10.12 Specific Performance and Other Remedies. The Parties each acknowledge that the rights of each Party in respect of the Acquisition are special, unique and of extraordinary character and that, in the event that any Party violates or fails or refuses to perform any covenant or agreement made by it in this Agreement, the non-breaching Party shall be without an adequate remedy at law. The Parties agree, therefore, that in the event that any Party violates or fails or refuses to perform any covenant or agreement made by such Party in this Agreement, the non-breaching Party may, subject to the terms of this Agreement and in addition to any remedies at law for damages or other relief, institute and prosecute an action in court to enforce specific performance of such covenant or agreement or seek an injunction restraining such breach or threatened breach and the Parties agree that the non-breaching party shall not be required in connection therewith to prove actual damages.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Parties have caused this Asset Purchase Agreement to be duly executed, as of the date first above written.

BUYER:

915 Elm Avenue CVL, LLC

By: ______________________________
Name: Ralph T. Iannelli
1486 East Valley Rd.
Santa Barbara, CA 93108
Title: Manager

SELLERS:

James Gally

James Gally

Carpinteria Valley Lumber Co., Inc.

By: James Gally
Name: JAMES GALLY
Title: President

J&G Properties, LLC

By: James Gally
Name: JAMES GALLY
Title: President

IN WITNESS WHEREOF, the Parties have caused this Asset Purchase Agreement to be duly executed, as of the date first above written.

BUYER:

915 Elm Avenue CVL, LLC

By: ______________________________
Name: Ralph T. Iannelli
1486 East Valley Rd.
Santa Barbara, CA 93108
Title: Manager

SELLERS:

James Gally

____

Carpinteria Valley Lumber Co., Inc.

By: ______________________________
Name:
Title:

J&G Properties, LLC

By: ______________________________
Name:
Title:

AMENDMENT TO ASSET PURCHASE AGREEMENT

This AMENDMENT TO ASSET PURCHASE AGREEMENT ("Amendment"), dated as of December 21, 2015 is made and entered into by and among **James Gally, Carpinteria Valley Lumber Co., Inc.**, a California corporation, and **J&G Properties, LLC**, a California limited liability company ("Sellers") and **915 Elm Avenue CVL, LLC**, a California limited liability company ("Buyer").

WITNESSETH:

WHEREAS, Sellers and Buyer entered into an Asset Purchase Agreement as of December 7, 2015 related to the sale of the assets known as Carpinteria Valley Lumber; and

WHEREAS, the Parties wish to amend the Agreement.

NOW, THEREFORE, in consideration of the foregoing and the respective agreements hereinafter set forth, and intending to be legally bound hereby, the Parties agree as follows:

Section 4.9(b) of the Agreement is revised to reflect that the Epicor software referenced in Schedule 4.9(a) requires the consent of Epicor to transfer it to Buyer, and Sellers agree to reimburse Buyer $3,850.00 for the transfer fee being charged by Epicor.

Section 8.4 of the Agreement is deleted in its entirety and replaced with the following:

Bulk Sales. Buyer and Sellers hereby waive compliance with the notification requirements contained in the bulk sales provisions of Division 6 of the Uniform Commercial Code Bulk Transfer Section, and Sellers agree to indemnify Buyer for any damages for claims for amounts owed by Sellers to any creditor of the Business. Sellers and Buyer shall notify the Escrow Agent that it will not be required to initiate the bulk sale notification process or to require any escrow of funds for amounts due by Sellers to the California Board of Equalization for sales and use taxes.

Section 9.6 of the Agreement is deleted in its entirety and replaced with the following:

> Payment of Claims. In order to satisfy any indemnification obligations of Sellers with respect to any claim in respect of which payment may be sought pursuant to this article IX (each an "Indemnification Claim"), the Buyer Indemnified Parties shall have the right to recover Damages that have been incurred by off-setting payments due under the Essex Note; provided, however, that not more than $200,000.00 (the "Cap") may be off-set from the Essex Note, and any such off-sets must be claimed prior to the date that is six months after the Closing Date. Notwithstanding the foregoing, any claims by Buyer for any breach by Sellers for Sellers' failure to pay creditors or taxes shall be exempt from the Cap and six-

month limitation contained in the preceding proviso and shall not count toward the Cap.

The Purchase Price shall be allocated among the Assets as set forth in the Amendment Schedule attached hereto.

Except as set forth herein all terms and agreements contained in the Agreement and Schedules thereto remain in effect. Capitalized terms used herein shall have the same meanings as ascribed to them in the Agreement.

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

BUYER:

915 Elm Avenue CVL, LLC

By: ______________________

Name: Ralph T. Iannelli
1486 East Valley Rd.
Santa Barbara, CA 93108
Title: Manager

SELLERS:

James Gally

____

Carpinteria Valley Lumber Co., Inc.

By: ______________________

Name:
Title:

J&G Properties, LLC

By: ______________________

Name:

AMENDMENT TO ASSET PURCHASE AGREEMENT

This AMENDMENT TO ASSET PURCHASE AGREEMENT ("Amendment"), dated as of December __, 2015 is made and entered into by and among **James Gally, Carpinteria Valley Lumber Co., Inc.**, a California corporation, and **J&G Properties, LLC**, a California limited liability company ("Sellers") and **915 Elm Avenue CVL, LLC**, a California limited liability company ("Buyer").

WITNESSETH:

WHEREAS, Sellers and Buyer entered into an Asset Purchase Agreement as of December 7, 2015 related to the sale of the assets known as Carpinteria Valley Lumber; and

WHEREAS, the Parties wish to amend the Agreement.

NOW, THEREFORE, in consideration of the foregoing and the respective agreements hereinafter set forth, and intending to be legally bound hereby, the Parties agree as follows:

Section 4.9(b) of the Agreement is revised to reflect that the Epicor software referenced in Schedule 4.9(a) requires the consent of Epicor to transfer it to Buyer, and Sellers agree to reimburse Buyer $3,850.00 for the transfer fee being charged by Epicor.

Section 8.4 of the Agreement is deleted in its entirety and replaced with the following:

Bulk Sales. Buyer and Sellers hereby waive compliance with the notification requirements contained in the bulk sales provisions of Division 6 of the Uniform Commercial Code Bulk Transfer Section, and Sellers agree to indemnify Buyer for any damages for claims for amounts owed by Sellers to any creditor of the Business. Sellers and Buyer shall notify the Escrow Agent that it will not be required to initiate the bulk sale notification process or to require any escrow of funds for amounts due by Sellers to the California Board of Equalization for sales and use taxes.

Section 9.6 of the Agreement is deleted in its entirety and replaced with the following:

> Payment of Claims. In order to satisfy any indemnification obligations of Sellers with respect to any claim in respect of which payment may be sought pursuant to this article IX (each an "Indemnification Claim"), the Buyer Indemnified Parties shall have the right to recover Damages that have been incurred by off-setting payments due under the Essex Note; provided, however, that not more than $200,000.00 (the "Cap") may be off-set from the Essex Note, and any such off-sets must be claimed prior to the date that is six months after the Closing Date. Notwithstanding the foregoing, any claims by Buyer for any breach by Sellers for Sellers' failure to pay creditors or taxes shall be exempt from the Cap and six-

month limitation contained in the preceding proviso and shall not count toward the Cap.

The Purchase Price shall be allocated among the Assets as set forth in the Amendment Schedule attached hereto.

Except as set forth herein all terms and agreements contained in the Agreement and Schedules thereto remain in effect. Capitalized terms used herein shall have the same meanings as ascribed to them in the Agreement.

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

BUYER:

915 Elm Avenue CVL, LLC

By:

Name: Ralph T. Iannelli
1486 East Valley Rd.
Santa Barbara, CA 93108
Title: Manager

SELLERS:

James Gally

Carpinteria Valley Lumber Co., Inc.

By:
Name:
Title: President

J&G Properties, LLC

By:
Name:

SECOND AMENDMENT TO ASSET PURCHASE AGREEMENT

This AMENDMENT TO ASSET PURCHASE AGREEMENT ("Amendment"), dated as of January 4, 2016 is made and entered into by and among **James Gally, Carpinteria Valley Lumber Co., Inc.**, a California corporation, and **J&G Properties, LLC**, a California limited liability company ("Sellers") and **915 Elm Avenue CVL, LLC**, a California limited liability company ("Buyer").

WITNESSETH:

WHEREAS, Sellers and Buyer entered into an Asset Purchase Agreement as of December 7, 2015 and an Amendment dated December 21, 2015 related to the sale of the assets known as Carpinteria Valley Lumber; and

WHEREAS, the Parties wish to amend the Agreement.

NOW, THEREFORE, in consideration of the foregoing and the respective agreements hereinafter set forth, and intending to be legally bound hereby, the Parties agree as follows:

Section 3.1 shall be revised in its entirety as follows:

Section 1.1 Purchase Price. The aggregate purchase price to be paid by Buyer to Sellers at the Closing for the Transferred Assets (other than the Inventory) shall be $4,175,000.00 (the "Purchase Price"). The Purchase Price, shall be paid as follows: The Escrow Agent shall deliver the deposit of $250,000.00 to Sellers, and Buyer shall deliver $2,425,000.00 by wire transfer of immediately available funds pursuant to wire instructions as instructed by the Escrow Agent (the "Seller Account") and $1,500,000.00 in the form of the Essex Note. Within five business days after both the Closing, Buyer shall pay Sellers by wire transfer of immediately available funds the amount of $650,563.00 as part of the Inventory Appraisal Amount to the Seller Account. Sellers and Buyer agree to allocate the Purchase Price among the classes of Transferred Assets as set forth in Exhibit A attached hereto.

The terms of the Essex Note shall be modified as reflected in Exhibit A hereto.

Section 7.4 of the Agreement is amended to reflect that Sellers have conducted a count and determined the actual cost of the Sellable Inventory to be $918,942.25; hence, the Inventory Appraisal Amount calculates to $900,563. The Inventory Appraisal Amount shall be paid to Sellers as follows: $650,563.00 within five business days of the Closing Date; $125,000.00 six months from the Closing Date; and $125,000.00 within nine months of the Closing Date. The two deferred payments of $125,000.00 each shall accrue interest at the rate of 6% per annum from the Closing Date until the payment dates, computed on the basis of a 365-day year. Each payment may be prepaid without penalty.

Except as set forth herein all terms and agreements contained in the Agreement and Schedules thereto remain in effect. Capitalized terms used herein shall have the same meanings as ascribed to them in the Agreement.

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

BUYER:

915 Elm Avenue CVL, LLC

By:

Name: Ralph T. Iannelli
1486 East Valley Rd.
Santa Barbara, CA 93108
Title: Manager

SELLERS:

James Gally

James Gally 1/4/16

Carpinteria Valley Lumber Co., Inc.

By: James Gally 1/4/16
Name: James Gally
Title: President

J&G Properties, LLC

By: James Gally 1/4/16
Name: James Gally
Title: President.

SECOND AMENDMENT TO ASSET PURCHASE AGREEMENT

This AMENDMENT TO ASSET PURCHASE AGREEMENT ("Amendment"), dated as of January 4, 2016 is made and entered into by and among **James Gally, Carpinteria Valley Lumber Co., Inc.**, a California corporation, and **J&G Properties, LLC**, a California limited liability company ("Sellers") and **915 Elm Avenue CVL, LLC**, a California limited liability company ("Buyer").

W I T N E S S E T H:

WHEREAS, Sellers and Buyer entered into an Asset Purchase Agreement as of December 7, 2015 and an Amendment dated December 21, 2015 related to the sale of the assets known as Carpinteria Valley Lumber; and

WHEREAS, the Parties wish to amend the Agreement.

NOW, THEREFORE, in consideration of the foregoing and the respective agreements hereinafter set forth, and intending to be legally bound hereby, the Parties agree as follows:

Section 3.1 shall be revised in its entirety as follows:

Section 1.1 Purchase Price. The aggregate purchase price to be paid by Buyer to Sellers at the Closing for the Transferred Assets (other than the Inventory) shall be $4,175,000.00 (the "Purchase Price"). The Purchase Price, shall be paid as follows: The Escrow Agent shall deliver the deposit of $250,000.00 to Sellers, and Buyer shall deliver $2,425,000.00 by wire transfer of immediately available funds pursuant to wire instructions as instructed by the Escrow Agent (the "Seller Account") and $1,500,000.00 in the form of the Essex Note. Within five business days after both the Closing, Buyer shall pay Sellers by wire transfer of immediately available funds the amount of $650,563.00 as part of the Inventory Appraisal Amount to the Seller Account. Sellers and Buyer agree to allocate the Purchase Price among the classes of Transferred Assets as set forth in Exhibit A attached hereto.

The terms of the Essex Note shall be modified as reflected in Exhibit A hereto.

Section 7.4 of the Agreement is amended to reflect that Sellers have conducted a count and determined the actual cost of the Sellable Inventory to be $918,942.25; hence, the Inventory Appraisal Amount calculates to $900,563. The Inventory Appraisal Amount shall be paid to Sellers as follows: $650,563.00 within five business days of the Closing Date; $125,000.00 six months from the Closing Date; and $125,000.00 within nine months of the Closing Date. The two deferred payments of $125,000.00 each shall accrue interest at the rate of 6% per annum from the Closing Date until the payment dates, computed on the basis of a 365-day year. Each payment may be prepaid without penalty.

Except as set forth herein all terms and agreements contained in the Agreement and Schedules thereto remain in effect. Capitalized terms used herein shall have the same meanings as ascribed to them in the Agreement.

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

BUYER:

915 Elm Avenue CVL, LLC

By: ______________________

Name: Ralph V. Iannelli
1486 East Valley Rd.
Santa Barbara, CA 93108
Title: Manager

SELLERS:

James Gally

____

Carpinteria Valley Lumber Co., Inc.

By: ______________________

Name:
Title:

J&G Properties, LLC

By: ______________________

Name:
Title:

THIRD AMENDMENT TO ASSET PURCHASE AGREEMENT*

This AMENDMENT TO ASSET PURCHASE AGREEMENT ("Amendment"), dated as of January 13, 2016 is made and entered into by and among **James Gally, Carpinteria Valley Lumber Co.**, a California corporation, and **J&G Properties, LLC**, a California limited liability company ("Sellers") and **915 Elm Avenue CVL, LLC**, a California limited liability company ("Buyer").

W I T N E S S E T H:

WHEREAS, Sellers and Buyer entered into an Asset Purchase Agreement on December 7, 2015, which was amended on December 21, 2015 and January 4, 2016 (collectively, the "Agreement"), that relates to the sale of the assets known as Carpinteria Valley Lumber (the "Business");

WHEREAS, the Agreement incorrectly identifies one of the Sellers as "Carpinteria Valley Lumber Co., Inc." ("CVLCI") when the correct name of such Seller is "Carpinteria Valley Lumber Co." ("CVLC"); and

WHEREAS, the Parties now wish to amend the Agreement to correct the foregoing error and provide Buyer with certain remedies in the event of any loss arising from or in connection with such error.

NOW, THEREFORE, in consideration of the foregoing and the respective agreements hereinafter set forth, and intending to be legally bound hereby, the Parties agree as follows:

1. All references in the Agreement to CVLCI are hereby changed to CVLC. All references in the Agreement to "Sellers" and/or "Parties" are hereby modified to include a reference to CVLC as a Seller and/or a Party.

2. All of the representations and warranties contained in Article IV of the Agreement, were as of December 7, 2015, and are as of this date, true and correct when amended to refer to CVLC rather than CVLCI.

3. Sellers acknowledge that certain assets of the Business may have inadvertently been registered or held in the name of CVLCI rather than CVLC. Sellers agree to indemnify Buyer from any costs and expenses incurred by it as a result of this error, and further agree to promptly take all actions requested by Buyer after the Closing Date that are intended to provide Buyer with clear title to all of the assets of the Business, including, but not limited to, preparing and filing such documents as necessary to transfer title to vehicles and correcting road carrier permits for the Business.

4. Sellers hereby further represent and warrant that James Gally is the President, sole shareholder and sole director of CVLC.

5. Section 9.6 of the Agreement is deleted in its entirety and replaced with the following:

"Payment of Claims. In order to satisfy any indemnification obligations of Sellers with respect to any claim in respect of which payment may be sought pursuant to this article IX (each an "Indemnification Claim"), the Buyer Indemnified Parties shall have the right to recover Damages that have been incurred by off-setting payments due under the Essex Note; provided, however, that not more than $200,000.00 (the "Cap") may be off-set from the Essex Note, and any such off-sets must be claimed prior to the date that is six months after the Closing Date. Notwithstanding the foregoing, any claims by Buyer for (i) any breach by Sellers for Sellers' failure to pay creditors or taxes or (ii) any costs or damages related to the error of referring to CVLCI as a Seller rather than the correct entity known as CVLC shall be exempt from the Cap and six-month limitation contained in the preceding proviso and shall not count toward the Cap."

6. Except as set forth herein all terms and agreements contained in the Agreement and Schedules thereto remain in effect. Capitalized terms used herein shall have the same meanings as ascribed to them in the Agreement.

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

BUYER:

915 Elm Avenue CVL, LLC

By:____________________________
Name: William S. Reyner, Jr.
Title: Manager

SELLERS:

James Gally

James Gally

Carpinteria Valley Lumber Co.

By: James Gally
Name: James Gally
Its: President

J&G Properties, LLC

By: James Gally
James Gally
Sole Manager and Shareholder

THIRD AMENDMENT TO ASSET PURCHASE AGREEMENT*

This AMENDMENT TO ASSET PURCHASE AGREEMENT ("Amendment"), dated as of January 13, 2016 is made and entered into by and among **James Gally, Carpinteria Valley Lumber Co.**, a California corporation, and **J&G Properties, LLC**, a California limited liability company ("Sellers") and **915 Elm Avenue CVL, LLC**, a California limited liability company ("Buyer").

WITNESSETH:

WHEREAS, Sellers and Buyer entered into an Asset Purchase Agreement on December 7, 2015, which was amended on December 21, 2015 and January 4, 2016 (collectively, the "Agreement"), that relates to the sale of the assets known as Carpinteria Valley Lumber (the "Business");

WHEREAS, the Agreement incorrectly identifies one of the Sellers as "Carpinteria Valley Lumber Co., Inc." ("CVLCI") when the correct name of such Seller is "Carpinteria Valley Lumber Co." ("CVLC"); and

WHEREAS, the Parties now wish to amend the Agreement to correct the foregoing error and provide Buyer with certain remedies in the event of any loss arising from or in connection with such error.

NOW, THEREFORE, in consideration of the foregoing and the respective agreements hereinafter set forth, and intending to be legally bound hereby, the Parties agree as follows:

1. All references in the Agreement to CVLCI are hereby changed to CVLC. All references in the Agreement to "Sellers" and/or "Parties" are hereby modified to include a reference to CVLC as a Seller and/or a Party.

2. All of the representations and warranties contained in Article IV of the Agreement, were as of December 7, 2015, and are as of this date, true and correct when amended to refer to CVLC rather than CVLCI.

3. Sellers acknowledge that certain assets of the Business may have inadvertently been registered or held in the name of CVLCI rather than CVLC. Sellers agree to indemnify Buyer from any costs and expenses incurred by it as a result of this error, and further agree to promptly take all actions requested by Buyer after the Closing Date that are intended to provide Buyer with clear title to all of the assets of the Business, including, but not limited to, preparing and filing such documents as necessary to transfer title to vehicles and correcting road carrier permits for the Business.

4. Sellers hereby further represent and warrant that James Gally is the President, sole shareholder and sole director of CVLC.

5. Section 9.6 of the Agreement is deleted in its entirety and replaced with the following:

"Payment of Claims. In order to satisfy any indemnification obligations of Sellers with respect to any claim in respect of which payment may be sought pursuant to this article IX (each an "Indemnification Claim"), the Buyer Indemnified Parties shall have the right to recover Damages that have been incurred by off-setting payments due under the Essex Note; provided, however, that not more than $200,000.00 (the "Cap") may be off-set from the Essex Note, and any such off-sets must be claimed prior to the date that is six months after the Closing Date. Notwithstanding the foregoing, any claims by Buyer for (i) any breach by Sellers for Sellers' failure to pay creditors or taxes or (ii) any costs or damages related to the error of referring to CVLCI as a Seller rather than the correct entity known as CVLC shall be exempt from the Cap and six-month limitation contained in the preceding proviso and shall not count toward the Cap."

6. Except as set forth herein all terms and agreements contained in the Agreement and Schedules thereto remain in effect. Capitalized terms used herein shall have the same meanings as ascribed to them in the Agreement.

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

BUYER:

915 Elm Avenue CVL LLC

By: W S. Reyner

Name: William S. Reyner, Jr.
Title: Manager

SELLERS:

James Gally

____

Carpinteria Valley Lumber Co.

By:____________________________
Name: James Gally
Its: President

J&G Properties, LLC

By:____________________________
James Gally
Sole Manager and Shareholder

FOURTH AMENDMENT TO ASSET PURCHASE AGREEMENT

This AMENDMENT TO ASSET PURCHASE AGREEMENT ("Amendment"), dated as of January 14, 2016 is made and entered into by and among **James Gally, Carpinteria Valley Lumber Co.,** a California corporation (CVLC"), and **J&G Properties, LLC,** a California limited liability company ("Sellers") and **915 Elm Avenue CVL, LLC,** a California limited liability company ("Buyer").

WITNESSETH:

WHEREAS, Sellers and Buyer entered into an Asset Purchase Agreement on December 7, 2015, which was amended on December 21, 2015, January 4, 2016 and January 13, 2016 (collectively, the "Agreement"), that relates to the sale of the assets known as Carpinteria Valley Lumber (the "Business");

WHEREAS, the Agreement requires Seller to make certain deliveries at Closing and there has been a delay with obtaining documents from third parties; and

WHEREAS, the Parties now wish to amend the Agreement to allow the Closing to proceed without delay.

NOW, THEREFORE, in consideration of the foregoing and the respective agreements hereinafter set forth, and intending to be legally bound hereby, the Parties agree as follows:

1. Section 2.1(a)(vi) requires that Sellers deliver to Buyer at Closing Good Standing Certificates from the CA Secretary of State for J&G Properties, LLC and CVLC. Sellers have ordered such certificates through Escrow and commit to have the Certificates delivered to Buyer as soon as possible.

2. Section 2.1(a)(vii) requires that Sellers deliver to Buyer at Closing evidence that there are no Encumbrances on the Transferred Assets. Buyer has received a UCC Report showing filings for Community West Bank, Stihl Incorporated, Pace, Inc. dba Pace West, Inc., Golden Eagle Distributing Corporation and Orgill, Inc. (the " UCC Filings"). Sellers hereby represent that (i) the indebtedness to Community West Bank is being paid in full through Escrow, and that the indebtedness evidenced by the UCC Filings in all other cases has been paid in full and (ii) that other matters listed in the UCC Report relate solely to other equipment that is not part of the Transferred Assets.

3. Titles for the 2013 Freightliner and 2015 Silverado trucks have not been delivered to Escrow. Sellers agree to assure that those titles will be delivered to Buyer as soon as reasonably possible.

4. Sellers agree to indemnify Buyer for any costs incurred by it in the event Sellers are unable to comply with the requirements or representations set forth in this Amendment.

5. Section 9.6 of the Agreement is deleted in its entirety and replaced with the following:

> "Payment of Claims. In order to satisfy any indemnification obligations of Sellers with respect to any claim in respect of which payment may be sought pursuant to this article IX (each an "Indemnification Claim"), the Buyer Indemnified Parties shall have the right to recover Damages that have been incurred by off-setting payments due under the Essex Note; provided, however, that not more than $200,000.00 (the "Cap") may be off-set from the Essex Note, and any such off-sets must be claimed prior to the date that is six months after the Closing Date. Notwithstanding the foregoing, any claims by Buyer for (i) any breach by Sellers for Sellers' failure to pay creditors or taxes; (ii) any costs or damages related to the error of referring to CVLCI as a Seller rather than the correct entity known as CVLC; or (iii) any costs or damages related to the matters contained in the Fourth Amendment to this Agreement shall be exempt from the Cap and six-month limitation contained in the preceding proviso and shall not count toward the Cap."

6. Except as set forth herein all terms and agreements contained in the Agreement and Schedules thereto remain in effect. Capitalized terms used herein shall have the same meanings as ascribed to them in the Agreement.

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

BUYER:

915 Elm Avenue CVL, LLC

By:

____
William S. Reyner, Jr.
Title: Manager

SELLERS:

James Gally

__________________________ 01/14/15

Carpinteria Valley Lumber Co.

By:_______________________ 01/14/15
James Gally
Its: President

J&G Properties, LLC

By:_______________________ 01/14/15
James Gally
Sole Manager and Shareholder

FOURTH AMENDMENT TO ASSET PURCHASE AGREEMENT

This AMENDMENT TO ASSET PURCHASE AGREEMENT ("Amendment"), dated as of January 14, 2016 is made and entered into by and among **James Gally, Carpinteria Valley Lumber Co.**, a California corporation (CVLC"), and **J&G Properties, LLC**, a California limited liability company ("Sellers") and **915 Elm Avenue CVL, LLC**, a California limited liability company ("Buyer").

W I T N E S S E T H:

WHEREAS, Sellers and Buyer entered into an Asset Purchase Agreement on December 7, 2015, which was amended on December 21, 2015, January 4, 2016 and January 13, 2016 (collectively, the "Agreement"), that relates to the sale of the assets known as Carpinteria Valley Lumber (the "Business");

WHEREAS, the Agreement requires Seller to make certain deliveries at Closing and there has been a delay with obtaining documents from third parties; and

WHEREAS, the Parties now wish to amend the Agreement to allow the Closing to proceed without delay.

NOW, THEREFORE, in consideration of the foregoing and the respective agreements hereinafter set forth, and intending to be legally bound hereby, the Parties agree as follows:

1. Section 2.1(a)(vi) requires that Sellers deliver to Buyer at Closing Good Standing Certificates from the CA Secretary of State for J&G Properties, LLC and CVLC. Sellers have ordered such certificates through Escrow and commit to have the Certificates delivered to Buyer as soon as possible.

2. Section 2.1(a)(vii) requires that Sellers deliver to Buyer at Closing evidence that there are no Encumbrances on the Transferred Assets. Buyer has received a UCC Report showing filings for Community West Bank, Stihl Incorporated, Pace, Inc. dba Pace West, Inc., Golden Eagle Distributing Corporation and Orgill, Inc. (the " UCC Filings"). Sellers hereby represent that (i) the indebtedness to Community West Bank is being paid in full through Escrow, and that the indebtedness evidenced by the UCC Filings in all other cases has been paid in full and (ii) that other matters listed in the UCC Report relate solely to other equipment that is not part of the Transferred Assets.

3. Titles for the 2013 Freightliner and 2015 Silverado trucks have not been delivered to Escrow. Sellers agree to assure that those titles will be delivered to Buyer as soon as reasonably possible.

4. Sellers agree to indemnify Buyer for any costs incurred by it in the event Sellers are unable to comply with the requirements or representations set forth in this Amendment.

5. Section 9.6 of the Agreement is deleted in its entirety and replaced with the following:

"Payment of Claims. In order to satisfy any indemnification obligations of Sellers with respect to any claim in respect of which payment may be sought pursuant to this article IX (each an "Indemnification Claim"), the Buyer Indemnified Parties shall have the right to recover Damages that have been incurred by off-setting payments due under the Essex Note; provided, however, that not more than $200,000.00 (the "Cap") may be off-set from the Essex Note, and any such off-sets must be claimed prior to the date that is six months after the Closing Date. Notwithstanding the foregoing, any claims by Buyer for (i) any breach by Sellers for Sellers' failure to pay creditors or taxes; (ii) any costs or damages related to the error of referring to CVLCI as a Seller rather than the correct entity known as CVLC; or (iii) any costs or damages related to the matters contained in the Fourth Amendment to this Agreement shall be exempt from the Cap and six-month limitation contained in the preceding proviso and shall not count toward the Cap."

6. Except as set forth herein all terms and agreements contained in the Agreement and Schedules thereto remain in effect. Capitalized terms used herein shall have the same meanings as ascribed to them in the Agreement.

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

BUYER:

915 Elm Avenue CVL, LLC

By: ______________________

William S. Reyner, Jr.
Title: Manager

SELLERS:

James Gally

____

Carpinteria Valley Lumber Co.

By:_________________________________
James Gally
Its: President

J&G Properties, LLC

By:_________________________________
James Gally
Sole Manager and Shareholder