

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended March 31, 2020

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____

Commission File No. 1-32583

FULL HOUSE RESORTS, INC.

(Exact name of registrant as specified in its charter)

Delaware
*(State or other jurisdiction
of incorporation or organization)*

13-3391527
*(I.R.S. Employer
Identification No.)*

One Summerlin, 1980 Festival Plaza Drive, Suite 680
Las Vegas, Nevada
(Address of principal executive offices)

89135
(Zip Code)

(702) 221-7800
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each Class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Common Stock, \$0.0001 par value per share	FLL	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company and/or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act:

Large accelerated filer Accelerated filer Emerging growth company
Non-accelerated filer Smaller reporting company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act: Yes No

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of May 11, 2020, there were 27,075,962 shares of Common Stock, \$0.0001 par value per share, outstanding.

FULL HOUSE RESORTS, INC. AND SUBSIDIARIES
FORM 10-Q
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PART I – FINANCIAL INFORMATION**Item 1. Financial Statements****FULL HOUSE RESORTS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)
(In thousands, except per share data)**

	Three Months Ended	
	March 31,	
	2020	2019
Revenues		
Casino	\$ 20,751	\$ 28,298
Food and beverage	6,990	8,658
Hotel	1,974	2,715
Other operations, including online/mobile sports operations	1,138	823
Net revenues	30,853	40,494
Operating costs and expenses		
Casino	10,333	11,785
Food and beverage	7,136	9,369
Hotel	1,173	2,420
Other operations	562	769
Selling, general and administrative	12,981	12,660
Project development costs	56	133
Depreciation and amortization	2,040	2,091
Gain on disposal of assets, net	—	(1)
	34,281	39,226
Operating (loss) income	(3,428)	1,268
Other (expense) income		
Interest expense, net of \$220 and \$47 capitalized	(2,491)	(2,703)
Adjustment to fair value of warrants	1,656	(40)
	(835)	(2,743)
Loss before income taxes	(4,263)	(1,475)
Income tax provision	95	142
Net loss	\$ (4,358)	\$ (1,617)
Basic loss per share	\$ (0.16)	\$ (0.06)
Diluted loss per share	\$ (0.22)	\$ (0.06)

See condensed notes to consolidated financial statements.

FULL HOUSE RESORTS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (Unaudited)
(In thousands, except share data)

	March 31, 2020	December 31, 2019
ASSETS		
Current assets		
Cash and equivalents	\$ 24,317	\$ 28,851
Restricted cash	—	1,000
Accounts receivable, net of allowance of \$149 and \$141	524	2,206
Inventories	2,101	2,292
Prepaid expenses and other	3,200	3,340
	<u>30,142</u>	<u>37,689</u>
Property and equipment, net	120,193	121,487
Operating lease right-of-use assets, net	19,674	19,171
Goodwill	21,286	21,286
Other intangible assets, net	11,033	11,056
Deposits and other	612	646
	<u>\$ 202,940</u>	<u>\$ 211,335</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$ 5,309	\$ 5,216
Accrued payroll and related	2,102	3,044
Other accrued expenses and other	8,580	10,613
Current portion of operating lease obligations	3,113	2,707
Current portion of finance lease obligation	473	448
Current portion of long-term debt	1,100	1,100
Common stock warrant liability	399	2,055
	<u>21,076</u>	<u>25,183</u>
Operating lease obligations, net of current portion	16,794	16,706
Finance lease obligation, net of current portion	3,708	3,829
Long-term debt, net	102,874	102,923
Deferred income taxes, net	807	712
Contract liabilities, net of current portion	5,860	5,886
	<u>151,119</u>	<u>155,239</u>
Commitments and contingencies (Note 8)		
Stockholders' equity		
Common stock, \$0.0001 par value, 100,000,000 shares authorized; 28,345,525 shares issued and 27,075,962 shares outstanding	3	3
Additional paid-in capital	64,485	64,402
Treasury stock, 1,269,563 common shares	(1,548)	(1,548)
Accumulated deficit	(11,119)	(6,761)
	<u>51,821</u>	<u>56,096</u>
	<u>\$ 202,940</u>	<u>\$ 211,335</u>

See condensed notes to consolidated financial statements.

FULL HOUSE RESORTS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (Unaudited)
(In thousands)

	<u>Common Stock</u>		<u>Additional Paid-in Capital</u>	<u>Treasury Stock</u>		<u>Accumulated Deficit</u>	<u>Total Stockholders' Equity</u>
	<u>Shares</u>	<u>Dollars</u>		<u>Shares</u>	<u>Dollars</u>		
Balance, January 1, 2020	28,346	\$ 3	\$ 64,402	1,270	\$ (1,548)	\$ (6,761)	\$ 56,096
Stock-based compensation	—	—	83	—	—	—	83
Net loss	—	—	—	—	—	(4,358)	(4,358)
Balance, March 31, 2020	<u>28,346</u>	<u>\$ 3</u>	<u>\$ 64,485</u>	<u>1,270</u>	<u>\$ (1,548)</u>	<u>\$ (11,119)</u>	<u>\$ 51,821</u>

	<u>Common Stock</u>		<u>Additional Paid-in Capital</u>	<u>Treasury Stock</u>		<u>Accumulated Deficit</u>	<u>Total Stockholders' Equity</u>
	<u>Shares</u>	<u>Dollars</u>		<u>Shares</u>	<u>Dollars</u>		
Balance, January 1, 2019	28,289	\$ 3	\$ 63,935	1,357	\$ (1,654)	\$ (939)	\$ 61,345
Exercise of stock options	26	—	45	—	—	—	45
Stock-based compensation	—	—	86	—	—	—	86
Net loss	—	—	—	—	—	(1,617)	(1,617)
Balance, March 31, 2019	<u>28,315</u>	<u>\$ 3</u>	<u>\$ 64,066</u>	<u>1,357</u>	<u>\$ (1,654)</u>	<u>\$ (2,556)</u>	<u>\$ 59,859</u>

See condensed notes to consolidated financial statements.

FULL HOUSE RESORTS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)
(In thousands)

	Three Months Ended	
	March 31,	
	2020	2019
Cash flows from operating activities:		
Net loss	\$ (4,358)	\$ (1,617)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	2,040	2,091
Amortization of debt issuance and warrant costs	225	190
Stock-based compensation	83	86
Change in fair value of stock warrants	(1,656)	40
Change in fair value of interest rate cap	—	69
Gain on disposal of assets	—	(1)
Increases and decreases in operating assets and liabilities:		
Accounts receivable	1,682	486
Prepaid expenses, inventories and other	331	(37)
Deferred taxes	95	143
Deferred revenue	(25)	—
Accounts payable and accrued expenses	(2,583)	(2,129)
Net cash used in operating activities	<u>(4,166)</u>	<u>(679)</u>
Cash flows from investing activities:		
Purchase of property and equipment	(1,031)	(1,256)
Other	33	4
Net cash used in investing activities	<u>(998)</u>	<u>(1,252)</u>
Cash flows from financing activities:		
Payment of debt discount and issuance costs	—	(3)
Repayment of Senior Secured Notes	(275)	(250)
Repayment of finance lease obligation	(95)	(125)
Proceeds from exercise of stock options	—	45
Net cash used in financing activities	<u>(370)</u>	<u>(333)</u>
Net decrease in cash, cash equivalents and restricted cash	(5,534)	(2,264)
Cash, cash equivalents and restricted cash, beginning of period	29,851	20,634
Cash, cash equivalents and restricted cash, end of period	\$ 24,317	\$ 18,370
SUPPLEMENTAL CASH FLOW INFORMATION:		
Cash paid for interest, net of amounts capitalized	\$ 2,248	\$ 2,353
NON-CASH INVESTING ACTIVITIES:		
Accounts payable related capital expenditures	\$ 80	\$ 459

See condensed notes to consolidated financial statements.

FULL HOUSE RESORTS, INC. AND SUBSIDIARIES
CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

1. ORGANIZATION

Organization. Formed as a Delaware corporation in 1987, Full House Resorts, Inc. owns, leases, operates, develops, manages, and/or invests in casinos and related hospitality and entertainment facilities. References in this document to “Full House,” the “Company,” “we,” “our,” or “us” refer to Full House Resorts, Inc. and its subsidiaries, except where stated or the context otherwise indicates.

The Company currently operates five casinos; four are part of real estate that it owns or leases, and one is located within a hotel owned by a third party. The following table identifies the properties along with their respective dates of acquisition and locations:

Property	Acquisition Date	Location
Silver Slipper Casino and Hotel	2012	Hancock County, MS (near New Orleans)
Bronco Billy’s Casino and Hotel	2016	Cripple Creek, CO (near Colorado Springs)
Rising Star Casino Resort	2011	Rising Sun, IN (near Cincinnati)
Stockman’s Casino	2007	Fallon, NV (one hour east of Reno)
Grand Lodge Casino (leased and part of the Hyatt Regency Lake Tahoe Resort, Spa and Casino)	2011	Incline Village, NV (North Shore of Lake Tahoe)

The Company manages its casinos based on geographic regions within the United States. See Note 11 for further information.

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation. As permitted by the rules and regulations of the Securities and Exchange Commission (“SEC”), certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles in the United States of America (“GAAP”) have been condensed or omitted. These consolidated financial statements should be read in conjunction with the Company’s 2019 annual consolidated financial statements and notes thereto included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2019.

The interim consolidated financial statements of the Company included herein reflect all adjustments (consisting of normal recurring adjustments) that are, in the opinion of management, necessary to present fairly the financial position and results of operations for the interim periods presented. The results of operations for the interim periods are not necessarily indicative of annualized results for an entire year.

The consolidated financial statements include the accounts of Full House and its wholly-owned subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation.

Liquidity, Going Concern and Management Plans. The consolidated financial statements have been prepared on the going concern basis of accounting, assuming the realization of assets and the satisfaction of liabilities and commitments in the normal course of business. The Company’s casinos are its primary sources of income and operating cash flows and they are relied upon to remain in compliance with debt covenants and meet the Company’s obligations when due. As described in Note 5, the Senior Secured Notes agreement requires the Company to maintain a total leverage ratio covenant, which measures Consolidated EBITDA (as defined in the indenture) against outstanding debt. As detailed in Notes 2 and 14 to the Company’s Annual Report on Form 10-K for the year ended December 31, 2019, in March 2020, the Company temporarily suspended

operations at its casinos and hotels pursuant to orders from governmental authorities as a precautionary measure against the ongoing spread of a highly contagious coronavirus that was declared a pandemic (“COVID-19”) by the World Health Organization. The Company currently believes that its properties will reopen to the public according to the following schedule: by May 22, 2020 for the Silver Slipper Casino and Hotel; late May 2020 for Stockman’s Casino and Grand Lodge Casino; early June 2020 for Bronco Billy’s Casino and Hotel; and June 14, 2020 for Rising Star Casino Resort. As COVID-19 is dynamic, such planned opening dates are subject to change. Management believes it has sufficient resources to fund its currently-reduced operations, consisting principally of preservation of assets and a core staff necessary to plan for reopening, beyond the currently-mandated closure periods. However, management does not control and is not qualified to predict the length of the closure of its casinos and hotels due to the pandemic, nor the impact on business volumes once they are open.

As described in Notes 2 and 14 to the Company’s Annual Report on Form 10-K for the year ended December 31, 2019, a significant period of closure or significant declines in business volumes upon reopening would negatively impact our ability to remain in compliance with our debt covenants. In the event that the Company would fail to meet its debt covenants in the next twelve months from the issuance of the consolidated financial statements, the Company would either seek covenant waivers or attempt to amend its covenants, though there is no certainty that the Company would be successful in such efforts. For example, the Company’s lenders agreed to amend our leverage covenant for the period ended March 31, 2020, and the parties collectively continue to discuss amending covenants for future quarters. ASC 205-40, Going Concern, calls for management to evaluate whether there are conditions and events, considered in the aggregate, that raise substantial doubt about the Company’s ability to continue as a going concern within twelve months after the date that the financial statements are issued. Because of the length of this look-forward period and the substantial items that are outside of its control, and despite its intent and best efforts to overcome the challenges in the current environment, management concluded that there is substantial doubt as to the Company’s ability to continue as a going concern. The Company is attempting to mitigate the impacts of COVID-19 on the Company through the plans described above. The consolidated financial statements do not include adjustments that might result from the outcome of this uncertainty.

Fair Value and the Fair Value Input Hierarchy. Fair value measurements affect the Company’s accounting for net assets acquired in acquisition transactions and certain financial assets and liabilities, such as its interest rate cap (“Interest Rate Cap”) agreement and common stock warrant liability. Fair value measurements are also used in the Company’s periodic assessments of long-lived tangible and intangible assets for possible impairment, including for property and equipment, goodwill, and other intangible assets. Fair value is defined as the expected price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

GAAP categorizes the inputs used for fair value into a three-level hierarchy:

- Level 1: Observable inputs, such as quoted prices in active markets for identical assets or liabilities;
- Level 2: Comparable inputs other than quoted prices that are observable for similar assets or liabilities in less active markets; and
- Level 3: Unobservable inputs which may include metrics that market participants would use to estimate values, such as revenue and earnings multiples and relative rates of return.

The Company utilizes Level 2 inputs when measuring the fair value of its Interest Rate Cap (see Note 5).

The Company utilizes Level 3 inputs when measuring the fair value of net assets acquired in business combination transactions, subsequent assessments for impairment, and most financial instruments, including but not limited to the estimated fair value of common stock warrants at issuance and for recurring changes in the related warrant liability (see Note 6).

Cash Equivalents and Restricted Cash. Cash equivalents include cash involved in operations and cash in excess of daily requirements that is invested in highly liquid, short-term investments with initial maturities of three months or less when purchased.

Restricted cash balances were funds received from certain sports wagering agreements that had not commenced and were contractually required to be separated from the Company’s operating cash. In March 2020, such cash was no longer categorized as restricted, as the Company was approved for its “master license” for sports betting by the Colorado Limited Gaming Control Commission on March 19, 2020.

Cash, cash equivalents and restricted cash consisted of the following:

<i>(In thousands)</i>	March 31, 2020	December 31, 2019
Cash and equivalents	\$ 24,317	\$ 28,851
Restricted cash	—	1,000
	<u>\$ 24,317</u>	<u>\$ 29,851</u>

Revenue Recognition of Accrued Club Points and Deferred Revenues

Accrued Club Points: Operating Revenues and Related Costs and Expenses. The Company's revenues consist primarily of casino gaming, food and beverage, hotel, and other revenues (such as entertainment). The majority of the Company's revenues are derived from casino gaming, principally slot machines.

Gaming revenue is the difference between gaming wins and losses, not the total amount wagered. The Company accounts for its gaming transactions on a portfolio basis as such wagers have similar characteristics and it would not be practical to view each wager on an individual basis.

The Company sometimes provides discretionary complimentary goods and services ("discretionary comps"). For these types of transactions, the Company allocates revenue to the department providing the complimentary goods or services based upon its estimated standalone selling price, offset by a reduction in casino revenues.

Many of the Company's customers choose to earn points under its customer loyalty programs. As points are accrued, the Company defers a portion of its gaming revenue based on the estimated standalone value of loyalty points being earned by the customer. The standalone value of loyalty points is derived from the retail value of food, beverages, hotel rooms, and other goods or services for which such points may be redeemed. A liability related to these customer loyalty points is recorded, net of estimated breakage and other factors, until the customer redeems these points, primarily for "free casino play/cash back," complimentary dining, or hotel stays. Such liabilities were approximately \$1.4 million each for March 31, 2020 and December 31, 2019. Upon redemption, the related revenue is recognized at retail value within the department providing the goods or services.

Revenue for food and beverage, hotel, and other revenue transactions is typically the net amount collected from the customer for such goods and services, plus the retail value of (i) discretionary comps and (ii) comps provided in return for redemption of loyalty points. The Company records such revenue as the good or service is transferred to the customer. Additionally, the Company may collect deposits in advance for future hotel reservations or entertainment, among other services, which represent obligations to the Company until the service is provided to the customer.

Deferred Revenues: Market Access Fees from Sports Wagering Agreements. These liabilities were created in the third quarter of 2019 when the Company entered into several agreements with various unaffiliated companies allowing for online/mobile sports wagering within Indiana and Colorado, as well as on-site sports wagering at Rising Star Casino Resort and at Bronco Billy's Casino and Hotel (the "Sports Agreements"). As part of these longer-term Sports Agreements, the Company received one-time market access fees in cash, which were recorded as a long-term liability in the same amount and will be recognized as revenue ratably over the initial term length of 10 years, beginning with the commencement of operations. The current and noncurrent portions of the deferred revenues balance totaling \$5.96 million for March 31, 2020 is included with "Other accrued expenses and other" and "Contract liabilities, net of current portion" on the consolidated balance sheets, respectively. Of the Company's Sports Agreements, on-site sports wagering commenced at Rising Star in the fourth quarter of 2019, as did one of the Company's three mobile sports wagering websites in Indiana.

Income Taxes. For interim income tax reporting for the three-months ended March 31, 2020, the Company estimates its annual effective tax rate and applies it to its year-to-date pretax income or loss.

Reclassifications. The Company made certain minor financial statement presentation reclassifications to prior-period amounts to conform to the current-period presentation. Such reclassifications had no effect on the previously reported results of operations or financial position.

Earnings (Loss) Per Share. Earnings (loss) per share is net income (loss) applicable to common stock divided by the weighted average number of common shares outstanding during the period. Diluted earnings per share reflects additional dilutive effects for all potentially-dilutive securities, including common stock options and warrants, using the treasury stock method.

Leases. The Company determines if a contract is or contains a lease at inception or modification of the agreement. A contract is or contains a lease if there are identified assets and the right to control the use of an identified asset is conveyed for a period of time in exchange for consideration. Control over the use of the identified asset means that the lessee has both the right to obtain substantially all of the economic benefits from the use of the asset and the right to direct the use of the asset. ASC 842 requires a dual approach for lessee accounting under which a lessee would classify and account for leases as either finance leases or operating leases, both of which result in the lessee recognizing a right-of-use (“ROU”) asset and a corresponding lease liability on the balance sheet, as measured on a discounted basis for leases with terms greater than a year. For finance leases, the lessee will recognize interest expense associated with the lease liability and depreciation expense associated with the ROU asset; for operating leases, the lessee will recognize straight-line rent expense.

The Company does not recognize ROU assets or lease liabilities for leases with a term of 12 months or less. However, costs related to short-term leases with terms greater than one month, which the Company deems material, are disclosed as a component of lease expenses when applicable. Additionally, the Company accounts for new and existing leases containing both lease and non-lease components (“embedded leases”) together as a single lease component by asset class for gaming-related equipment; therefore, the Company does not allocate contract consideration to the separate lease and non-lease components based on their relative standalone prices.

Finance and operating lease ROU assets and liabilities are recognized based on the present value of future minimum lease payments over the expected lease term at commencement. As the implicit rate is not determinable in most of the Company’s leases, management uses the Company’s incremental borrowing rate as estimated by third-party valuation specialists in determining the present value of future payments. The expected lease terms include options to extend or terminate the lease when it is reasonably certain that the Company will exercise such options. Lease expense for minimum lease payments is recognized on a straight-line basis over the expected lease term.

See Note 3 below regarding lease guidance relief that the Company has taken as they relate to COVID-19.

Recently Issued Accounting Standards. The Company believes that there are no other recently-issued accounting standards not yet effective that are currently likely to have a material impact on its financial statements.

3. LEASES

The Company has no material leases in which it is the lessor. As lessee, the Company has one finance lease for a hotel and various operating leases for land, casino and office space, equipment, buildings, and signage. The Company’s lease terms, including extensions, range from one month to approximately 38 years. The Company’s lease agreements do not contain any material residual value guarantees or material restrictive covenants, but the land lease at Silver Slipper does include contingent rent as further discussed below.

As a result of COVID-19, the Financial Accounting Standards Board (“FASB”), which governs U.S. GAAP, has offered companies the accounting election to apply guidance relief relating to lease concessions for business interruptions brought on by government-mandated closures. Normally, such rent deferrals or forgiveness of certain payments that have been granted outside the original contract terms would trigger lease remeasurements. However, without relief in applying the lease accounting guidance, these modifications in terms would require evaluations that would be considered both costly and complex for certain companies. Rather than analyzing each lease contract individually, companies can choose on a reasonable basis to either: (1) apply the modification framework for these concessions in accordance with the applicable codification (see Note 2)

to calculate lease remeasurements, or (2) forgo such remeasurements and account for the concessions as if they were made under the enforceable rights included in the original agreement.

In its efforts to preserve cash, the Company obtained rent concessions as a direct result of business disruptions from COVID-19 for certain material leases, as further discussed below and in Note 12. In summary, the Company has elected to apply guidance relief as granted by FASB for rent deferrals as these deferrals of payments only affect the timing of payments; the total rent amounts paid over the course of the original contract remain the same. As such, the Company will continue to accrue for related lease expenses during the deferral period and forgo remeasurement of those leases. In contrast, the Company did not apply the aforementioned election for the rent forgiveness that was granted for the land lease at Silver Slipper, since the amounts paid over the remaining term of the contract reflect an actual reduction from its original lease measurement.

Operating Leases

Silver Slipper Casino Land Lease through April 2058 and Options to Purchase. In 2004, the Company's subsidiary, Silver Slipper Casino Venture, LLC, entered into a land lease with Cure Land Company, LLC for approximately 31 acres of marshlands and a seven-acre parcel on which the Silver Slipper Casino and Hotel is situated. The agreement includes fixed, base monthly payments of \$77,500 plus contingent rents of 3% of monthly gross gaming revenue (as defined in the lease) in excess of \$3.65 million, with no scheduled base rent increases through the remaining lease term ending in 2058.

Effective March 2020, the Company later executed a fourth amendment to the original lease with the landlord, which granted a waiver of base rent for April and May of 2020. With such abatement totaling \$155,000 of undiscounted cash, the Company chose to remeasure this lease in order to more fairly represent the reduction in payments, as this was the only material lease in which the Company was able to obtain rent forgiveness to date. This amendment also delays the beginning of the Company's purchase option period for the leased land. The Company may exercise its purchase option from April 1, 2022 (as amended) through October 1, 2027, for \$15.5 million plus a seller-retained interest in Silver Slipper Casino and Hotel's operations of 3% of net income (as defined) for 10 years following the purchase date.

In the event that the Company sells or transfers either (i) substantially all of the assets of Silver Slipper Casino Venture, LLC, or (ii) its membership interests in Silver Slipper Casino Venture, LLC in its entirety, the purchase price will increase to \$17.1 million, plus the retained interest mentioned above. In either case, the Company also has an option to purchase a four-acre portion from the total 38 acres of leased land for \$2.0 million in connection with the development of an owned hotel, which may be exercised at any time and would accordingly reduce the purchase price of the remaining land by \$2.0 million. Following a buy-out of the lease, the property would have to purchase or otherwise provide for its drinking water, which is currently provided by the landlord as part of the lease.

Bronco Billy's Lease through January 2035 and Option to Purchase. Bronco Billy's leases certain parking lots and buildings, including a portion of the hotel and casino, under a long-term lease. The lease term includes six renewal options in three-year increments to 2035. Bronco Billy's exercised its first renewal option through January 2020, and currently pays \$30,000 per month in rent. In May 2019, Bronco Billy's also exercised its second renewal option to extend the lease term through January 31, 2023, which will increase the monthly rent to \$32,500 beginning in February 2021. The lease also contains a \$7.6 million purchase option exercisable at any time during the lease term, or as extended, and a right of first refusal on any sale of the property. See Note 12 regarding concessions granted for this lease, which are effective in the second quarter of 2020.

Christmas Casino at Bronco Billy's through August 2021 and Option to Purchase. As part of the Bronco Billy's expansion, the Company leased a closed casino in August 2018 and opened it as the rebranded Christmas Casino in November 2018. The lease includes a minimum three-year term with annual lease payments of \$0.2 million, and can be extended an additional two years with annual lease payments of \$0.3 million. The Company can also purchase the casino at any time during the lease term, or as extended. The purchase price is \$2.6 million if bought by October 31, 2020, increasing by \$0.1 million on each anniversary thereafter up to \$2.8 million. No concession was granted for this lease to date.

Grand Lodge Casino Lease through August 2023. The Company's subsidiary, Gaming Entertainment (Nevada), LLC, has a lease with Hyatt Equities, L.L.C. ("Hyatt") to operate the Grand Lodge Casino. The lease is collateralized by the Company's interests under the lease and property (as defined in the lease) and is subordinate to the liens of the senior secured notes due 2024 (see Note 5). Hyatt currently has an option to purchase the Company's leasehold interest and related operating assets of

the Grand Lodge Casino, subject to assumption of applicable liabilities. The option price is an amount equal to the Grand Lodge Casino's positive working capital, plus Grand Lodge Casino's earnings before interest, income taxes, depreciation and amortization ("EBITDA") for the twelve-month period preceding the acquisition (or pro-rated if less than twelve months remain on the lease), plus the fair market value of the Grand Lodge Casino's personal property. The current monthly rent of \$166,667 is applicable through the remaining lease term ending in August 2023. No concession was granted for this lease to date.

Corporate Office Lease through January 2025. In June 2017, the Company leased 4,479 square feet of office space in Las Vegas, Nevada. Annual rent is approximately \$0.2 million and the term of the office lease expires in January 2025. No concession was granted for this lease to date.

Finance Lease

Rising Star Casino Hotel Lease through October 2027 and Option to Purchase. The Company's Indiana subsidiary, Gaming Entertainment (Indiana) LLC, leases a 104-room hotel at Rising Star Casino Resort. At any time during the lease term, the Company has the option to purchase the hotel at a price based upon the project's actual cost of \$7.7 million (see Note 4), reduced by the cumulative principal payments made by the Company during the lease term. At March 31, 2020, such net amount was \$4.2 million. Upon expiration of the lease term in October 2027, (i) the landlord has the right to sell the hotel to the Company, and (ii) the Company has the option to purchase the hotel. In either case, the purchase price is \$1 plus closing costs. See Note 12 regarding concessions granted for this lease, which are effective in the second quarter of 2020.

Leases recorded on the balance sheet consist of the following:

(In thousands)

Leases	Balance Sheet Classification	March 31, 2020	December 31, 2019
Assets			
Operating lease assets	Operating Lease Right-of-Use Assets, Net	\$ 19,674	\$ 19,171
Finance lease assets	Property and Equipment, Net ⁽¹⁾	4,997	5,037
Total lease assets		<u>\$ 24,671</u>	<u>\$ 24,208</u>
Liabilities			
Current			
Operating	Current Portion of Operating Lease Obligations	\$ 3,113	\$ 2,707
Finance	Current Portion of Finance Lease Obligation	473	448
Noncurrent			
Operating	Operating Lease Obligations, Net of Current Portion	16,794	16,706
Finance	Finance Lease Obligation, Net of Current Portion	3,708	3,829
Total lease liabilities		<u>\$ 24,088</u>	<u>\$ 23,690</u>

(1) Finance lease assets are recorded net of accumulated amortization of \$2.7 million as of March 31, 2020.

The components of lease expense are as follows:

(In thousands)

Lease Costs	Statement of Operations Classification	Three Months Ended March 31,	
		2020	2019
Operating leases:			
Fixed/base rent	Selling, General and Administrative Expenses	\$ 1,200	\$ 960
Variable payments	Selling, General and Administrative Expenses	154	184
Finance lease:			
Amortization of leased assets	Depreciation and Amortization	40	40
Interest on lease liabilities	Interest Expense, Net	32	54
Total lease costs		\$ 1,426	\$ 1,238

Maturities of lease liabilities as of March 31, 2020 are summarized as follows:

(In thousands)

Year Ending December 31,	Operating Leases	Financing Lease ⁽¹⁾
2020 (excluding the three months ended March 31, 2020)	\$ 3,451	\$ 488
2021	4,684	652
2022	4,468	652
2023	2,876	652
2024	1,135	652
Thereafter	31,017	1,847
Total future minimum lease payments	47,631	4,943
Less: Amount representing interest	(27,724)	(762)
Present value of lease liabilities	19,907	4,181
Less: Current lease obligations	(3,113)	(473)
Long-term lease obligations	\$ 16,794	\$ 3,708

(1)The Company's only material finance lease is at Rising Star Casino Resort for a 104-room hotel.

Other information related to lease term and discount rate is as follows:

Lease Term and Discount Rate	March 31, 2020	December 31, 2019
Weighted-average remaining lease term		
Operating leases	19.3 years	20.2 years
Finance lease	7.5 years	7.8 years
Weighted-average discount rate		
Operating leases ⁽¹⁾	9.38 %	9.40 %
Finance lease	4.50 %	4.50 %

(1) Upon adoption of the new lease standard, discount rates used for existing operating leases were established on January 1, 2019.

Supplemental cash flow information related to leases is as follows:

(In thousands)

	Three Months Ended March 31,	
	2020	2019
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows for operating leases	\$ 1,209	\$ 961
Operating cash flows for finance lease	\$ 32	\$ 54
Financing cash flows for finance lease	\$ 95	\$ 125

4. PROPERTY AND EQUIPMENT

Property and equipment, including finance lease assets, consists of the following:

(In thousands)

	March 31, 2020	December 31, 2019
Land and improvements	\$ 16,144	\$ 16,144
Buildings and improvements	107,139	106,946
Furniture and equipment	48,138	47,886
Finance lease assets (see Note 3)	7,726	7,726
Construction in progress	11,112	10,856
	190,259	189,558
Less: Accumulated depreciation	(70,066)	(68,071)
	<u>\$ 120,193</u>	<u>\$ 121,487</u>

5. LONG-TERM DEBT

Long-term debt, related discounts and issuance costs consist of the following:

(In thousands)

	March 31, 2020	December 31, 2019
Senior Secured Notes	\$ 107,650	\$ 107,925
Less: Unamortized discounts and debt issuance costs	(3,676)	(3,902)
	103,974	104,023
Less: Current portion of long-term debt	(1,100)	(1,100)
	<u>\$ 102,874</u>	<u>\$ 102,923</u>

Senior Secured Notes and Waiver. On April 28, 2020, the Company executed the Third Amendment to Indenture dated as of April 28, 2020 (the "Amendment") to amend the Indenture dated as of February 2, 2018 (as amended and supplemented, the "Indenture"), which governs the senior secured notes due 2024 issued by the Company in the aggregate principal amount of \$110.0 million (collectively, the "Notes"). Reflecting the impact of the temporary closures of the Company's properties due to COVID-19, the Amendment (i) deleted the total leverage ratio covenant as of March 31, 2020, and (ii) resolved any potential ambiguities regarding a qualified auditor opinion in the Company's Annual Report on Form 10-K for the year ended December 31, 2019. The Company paid an amendment fee of 0.35%, or \$376,775 to the holders of its Notes, based on the outstanding balance of the aggregate principal amount as of March 31, 2020. Additionally, as set forth below, the Amendment increased the optional premiums by 15 basis points, plus accrued and applicable unpaid interest, if the Company chooses to redeem all or a part of the Notes prior to maturity:

Redemption Periods	Percentage Premium
On February 2, 2020 to February 1, 2021	1.65 %
On February 2, 2021 to February 1, 2022	0.65 %
On or after February 2, 2022	0.15 %

The Notes bear interest at the greater of the three-month London Interbank Offered Rate (“LIBOR”) or 1.0%, plus a margin rate of 7.0%. Interest on the Notes is payable quarterly in arrears, on March 31, June 30, September 30 and December 31 of each year until the Notes mature on February 2, 2024. On each interest payment date, the Company is required to make principal payments of \$275,000 with a balloon payment for the remaining \$103.7 million due upon maturity. Excluding the exercise of any optional early redemptions as detailed above, this increase to the original balloon payment of an additional \$165,000 includes 0.15% applied to the aggregate principal amount of the Notes repaid according to the Amendment.

The Notes are collateralized by substantially all of the Company’s assets and are guaranteed by all of its material subsidiaries.

Interest Rate Cap Agreement. The Company maintains an Interest Rate Cap from Capital One, N.A. (“Capital One”) in order to manage expected interest rate increases on the Notes. The agreement is for a notional amount of \$50 million and expires on March 31, 2021. The Interest Rate Cap has a strike rate of 3.00% and resets every three months at the end of March, June, September, and December. If the three-month LIBOR exceeds the strike rate at the end of any covered period, the Company will receive cash payments from Capital One. For details regarding fair value measurements, see Note 2.

Covenants. The Indenture governing the Notes contains customary representations and warranties, events of default, and positive and negative covenants, including financial covenants. The Company is required to maintain a total leverage ratio, which measures Consolidated EBITDA (as defined in the Indenture) against outstanding debt. The Company is allowed to deduct up to \$15 million of its cash and equivalents (beyond estimated cash utilized in daily operations) in calculating the numerator of such ratio. The Amendment deleted the total leverage ratio covenant for the period ended March 31, 2020. For the remainder of the year, the total leverage ratio maximum is 5.75x through September 30, 2020 and 5.50x through December 31, 2020. Due to the impact of COVID-19, the Company is currently in discussions with its lenders regarding amendments with respect to leverage ratio covenants in future periods. However, there can be no assurances that the Company will remain in compliance with all covenants and/or that it would be successful in obtaining waivers or modifications in the event of noncompliance in the future.

6. COMMON STOCK WARRANT LIABILITY

As part of the Company’s former Second Lien Credit Facility, on May 13, 2016, the Company granted the Second Lien Credit Facility lenders 1,006,568 warrants, which have an exercise price of \$1.67 and expire on May 13, 2026. The warrants also provide for redemption rights, preemptive rights under certain circumstances to maintain their ownership interest in the Company, piggyback registration rights and mandatory registration rights. In addition to a refinancing, the redemption rights allow the warrant-holders, at their option, to require the Company to repurchase all or a portion of the warrants upon the occurrence of certain events, including: (i) a liquidity event, as defined in the warrant purchase agreement, or (ii) the Company’s insolvency. The repurchase value is the 21-day average price of the Company’s common stock at the time of such liquidity event, net of the warrant exercise price. If the redemption rights are exercised, the repurchase amount is payable by the Company in cash or through the issuance of an unsecured note with a four-year term and a minimum interest rate of 13.25%, as further defined in the warrant purchase agreement, and would be guaranteed by the Company’s subsidiaries. Alternatively, the warrant-holders may choose to have the Company register and sell the shares related to the warrants through a public stock offering.

The Company’s debt refinancing of the Second Lien Credit Facility during 2018 was considered a “triggering event” for the possible redemption or registration of the warrants. The Company’s warrant-holders have not yet requested the redemption or registration of their outstanding warrants, though they may do so on any six-month anniversary of the refinancing date prior to warrant expiration. Accordingly, the obligation is reflected as a current liability.

The Company measures the fair value of the warrants at each reporting period (see Note 2). At March 31, 2020, the estimated fair value was determined using the following assumptions: an expected contractual term of 6.12 years, an expected stock price volatility rate of 58.85%, an expected dividend yield of 0%, and an expected risk-free interest rate of 0.47%.

7. INCOME TAXES

The Company's effective income tax rate for the three-months ended March 31, 2020 and 2019 was (2.2%) and (9.6%), respectively. The Company's tax rate differs from the statutory rate of 21.0% primarily due to the effects of valuation allowances against net deferred tax assets, as well as certain permanent item differences between tax and financial reporting purposes.

On March 18, 2020, the Families First Coronavirus Response Act (the "FFCR Act"), and on March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") were each enacted in response to COVID-19. The FFCR Act and the CARES Act contain numerous income tax provisions, such as relaxing limitations on the deductibility of interest and the use of net operating losses arising in taxable years beginning after December 31, 2017; however, these benefits do not impact the Company's current tax provision.

8. COMMITMENTS AND CONTINGENCIES

Litigation

The Company is party to a number of pending legal proceedings related to matters that occurred in the normal course of business. Management does not expect that the outcome of any such proceedings, either individually or in the aggregate, will have a material effect on the Company's financial position, results of operations and cash flows.

Options to Purchase or Lease Land

La Posada del Llano Racetrack Proposal in New Mexico. During July 2018, the Company paid \$125,000 for options to purchase approximately 520 acres of adjoining land in Clovis, New Mexico as part of its racetrack casino proposal to the New Mexico Racing Commission. The proposal was in response to the New Mexico Racing Commission's request for proposals related to the potential issuance of the state's sixth racing license. During July 2019, the Company paid an additional \$125,000 in total to renew these two options, as detailed below. In August 2019, the New Mexico Racing Commission announced that it would not issue the sixth racing license at this time, but may do so in the future. The New Mexico options consisted of:

- A \$75,000 option to purchase 200 acres of land, which ended on the earlier of either July 2019 or 60 days following the granting of the sixth license to conduct horseracing by the New Mexico Racing Commission and New Mexico Gaming Control Board ("License Award") and all related approvals, permits, and other licenses. In July 2019, the Company extended the purchase option by one year for another \$75,000 under the same terms. Prior to the end of this first option extension, the Company may extend the purchase option by one year for an additional \$75,000 under the same terms. Additionally, prior to the end of this first extension period, or as further extended, the Company may purchase the land for \$1.4 million, which can be reduced by the option payments.
- A \$50,000 option to purchase 320 acres of land, which ended on the earlier of either July 2019 or 60 days following the granting of the License Award and all related approvals, permits, and other licenses. In July 2019, the Company extended the purchase option by one year for another \$50,000 under the same terms. Prior to the end of this option extension, the Company may purchase the land for \$1.6 million, which can be reduced by the option payments.

9. EARNINGS (LOSS) PER SHARE

The table below reconciles basic and diluted loss per share of common stock:

<i>(In thousands)</i>	Three Months Ended March 31,	
	2020	2019
Numerator:		
Net loss - basic	\$ (4,358)	\$ (1,617)
Adjustment for assumed conversion of warrants	(1,656)	—
Net loss - diluted	<u>\$ (6,014)</u>	<u>\$ (1,617)</u>
Denominator:		
Weighted-average common and common share equivalents - basic	27,076	26,940
Potential dilution from assumed conversion of warrants	364	—
Weighted-average common and common share equivalents - diluted	<u>27,440</u>	<u>26,940</u>
Anti-dilutive share-based awards and warrants excluded from the calculation of diluted loss per share	<u>2,844</u>	<u>3,556</u>

10. SHARE-BASED COMPENSATION

As of March 31, 2020, the Company had 489,635 share-based awards authorized by shareholders and available for grant from the 2015 Equity Incentive Plan (the “2015 Plan”).

The following table summarizes information related to the Company’s common stock options as of March 31, 2020:

	Number of Stock Options	Weighted Average Exercise Price
Options outstanding at January 1, 2020	2,844,405	\$ 1.71
Granted	—	—
Exercised	—	—
Canceled/Forfeited	—	—
Expired	—	—
Options outstanding at March 31, 2020	<u>2,844,405</u>	<u>\$ 1.71</u>
Options exercisable at March 31, 2020	<u>2,211,671</u>	<u>\$ 1.57</u>

Share-based compensation expense totaled \$83,000 and \$86,000 for the three-months ended March 31, 2020 and 2019, respectively. As of March 31, 2020, there was approximately \$0.4 million of unrecognized compensation cost related to unvested stock options previously granted that is expected to be recognized over a weighted-average period of approximately 1.9 years.

11. SEGMENT REPORTING AND DISAGGREGATED REVENUE

The Company manages its casinos based on geographic regions within the United States. The casino/resort operations include four segments: Silver Slipper Casino and Hotel (Hancock County, Mississippi); Rising Star Casino Resort, consisting of Rising Star Casino Resort (Rising Sun, Indiana) and its ferry boat operations (connecting Rising Sun, Indiana with Boone County, Kentucky); Bronco Billy’s Casino and Hotel (including the Christmas Casino & Inn, both in Cripple Creek, Colorado); and the Northern Nevada segment, consisting of Grand Lodge Casino (Incline Village, Nevada) and Stockman’s Casino (Fallon, Nevada).

The Company utilizes Adjusted Property EBITDA as the measure of segment profit in assessing performance and allocating resources at the reportable segment level. Adjusted Property EBITDA is defined as earnings before interest and other non-operating income (expense), taxes, depreciation and amortization, pre-opening expenses, impairment charges, asset write-offs, recoveries, gain (loss) from asset disposals, project development and acquisition costs, non-cash share-based compensation expense, and corporate-related costs and expenses that are not allocated to each property.

The following tables present the Company's segment information:

(In thousands)

	Three Months Ended March 31, 2020					
	Silver Slipper Casino and Hotel	Rising Star Casino Resort	Bronco Billy's Casino and Hotel	Northern Nevada Casinos	Corporate	Total
Net Revenues						
Casino	\$ 9,070	\$ 5,028	\$ 4,005	\$ 2,648	\$ —	\$ 20,751
Food and beverage	4,679	1,153	767	391	—	6,990
Hotel	969	858	147	—	—	1,974
Other operations	374	632	63	69	—	1,138
	<u>\$ 15,092</u>	<u>\$ 7,671</u>	<u>\$ 4,982</u>	<u>\$ 3,108</u>	<u>\$ —</u>	<u>\$ 30,853</u>
Adjusted Property EBITDA	\$ 1,831	\$ (1,093)	\$ (478)	\$ (390)	\$ —	\$ (130)
Other operating costs and expenses:						
Depreciation and amortization						(2,040)
Corporate expenses						(1,119)
Project development costs						(56)
Stock-based compensation						(83)
Operating loss						<u>(3,428)</u>
Other (expense) income:						
Interest expense, net						(2,491)
Adjustment to fair value of warrants						1,656
						<u>(835)</u>
Loss before income taxes						<u>(4,263)</u>
Income tax provision						95
Net loss						<u>\$ (4,358)</u>

(In thousands)

	Three Months Ended March 31, 2019					
	Silver Slipper Casino and Hotel	Rising Star Casino Resort	Bronco Billy's Casino and Hotel	Northern Nevada Casinos	Corporate	Total
Net Revenues						
Casino	\$ 12,379	\$ 7,343	\$ 5,243	\$ 3,333	\$ —	\$ 28,298
Food and beverage	5,371	1,813	974	500	—	8,658
Hotel	1,144	1,423	148	—	—	2,715
Other operations	387	289	75	72	—	823
	<u>\$ 19,281</u>	<u>\$ 10,868</u>	<u>\$ 6,440</u>	<u>\$ 3,905</u>	<u>\$ —</u>	<u>\$ 40,494</u>
Adjusted Property EBITDA	\$ 3,845	\$ 404	\$ 615	\$ (9)	\$ —	\$ 4,855
Other operating costs and expenses:						
Depreciation and amortization						(2,091)
Corporate expenses						(1,278)
Project development costs						(133)
Gain on disposal of assets, net						1
Stock-based compensation						(86)
Operating income						<u>1,268</u>
Other (expense) income:						
Interest expense, net						(2,703)
Adjustment to fair value of warrants						(40)
						<u>(2,743)</u>
Loss before income taxes						<u>(1,475)</u>
Income tax provision						142
Net loss						<u>\$ (1,617)</u>

(In thousands)

	March 31, 2020	December 31, 2019
Total Assets		
Silver Slipper Casino and Hotel	\$ 83,574	\$ 87,980
Rising Star Casino Resort	34,917	40,277
Bronco Billy's Casino and Hotel	42,470	45,034
Northern Nevada Casinos	14,469	18,612
Corporate and Other	27,510	19,432
	<u>\$ 202,940</u>	<u>\$ 211,335</u>

12. SUBSEQUENT EVENTS

Continuation of Temporary Casino Closures. As a precautionary measure against the ongoing spread of COVID-19, various state governments ordered the temporary closure of all casinos in their respective states. As previously disclosed in the Company's Annual Report on Form 10-K for the year ended December 31, 2019, all of the Company's casinos and related operations temporarily closed in mid-March 2020. While these closures are expected to be temporary, the current circumstances are dynamic and the impacts of COVID-19 on the Company's business operations, including the duration and impact on overall customer demand, the timing of the reopening of its casinos, the timing of the launch of mobile sports wagering in Indiana and Colorado by the Company's contracted parties, new information which may emerge concerning the severity of COVID-19, and the actions to contain COVID-19 or treat its impact, among others, cannot be reasonably estimated at this time and the Company anticipates this could have a material adverse impact on its business, results of operations, financial position and cash flows.

We currently believe that our properties will reopen to the public according to the following schedule: by May 22, 2020 for the Silver Slipper Casino and Hotel; late May 2020 for Stockman's Casino and Grand Lodge Casino; early June 2020 for Bronco Billy's Casino and Hotel; and June 14, 2020 for Rising Star Casino Resort. As COVID-19 is dynamic, such planned opening dates are subject to change.

The Company currently believes that, through its current cash balances, it has the liquidity necessary to sustain closure beyond the currently-mandated closure periods. To preserve liquidity, upon the temporary closure of its properties in March 2020, the Company significantly reduced staffing levels at each of its properties and at its corporate office to a small group of essential employees. The Company also elected to suspend construction of the Phase One parking garage at Bronco Billy's, allowing it to use the cash designated for such construction to provide the Company with additional liquidity until its casinos are permitted to reopen. No assurance can be given that, should the casino closures extend for a prolonged period or if business volumes are significantly impacted after opening and require it to seek additional liquidity, the Company will be able to successfully raise additional funds. As stated above, the Company will work diligently to reopen its casinos as soon as it is permitted to do so.

Waiver and Amendment of Debt Covenants. On April 28, 2020, the Company executed the Amendment dated as of April 28, 2020 to amend the Indenture to the Notes, which deleted the total leverage covenant for the period ended March 31, 2020, amongst other items (see Note 5).

Sports Wagering in Indiana and Colorado. The Colorado Limited Gaming Control Commission approved the Company for its three permitted "Sports Betting Master Licenses" in March 2020. Additionally, in April 2020, the Company's three providers for mobile sports wagering were approved for their "Temporary Internet Sports Betting Operator Licenses." On May 1, 2020, online/mobile sports wagering in Colorado went live, though without significant sporting events and games to wager on. The Company currently expects that at least one of its contracted sports wagering websites will launch in Colorado in the second quarter of 2020, and that all three contracted websites will have launched in Colorado by the end of the third quarter of 2020.

In Indiana, one of the Company's three providers for sports wagering websites launched operations on December 30, 2019. The remaining two companies await licensure.

Contractually, these six sports betting agreements in Colorado and Indiana are expected to result in a combined minimum of \$7 million per year in revenues for the Company after their launch of operations, with minimal expected related costs.

Unsecured Loans Under the CARES Act. On May 8, 2020, two wholly-owned subsidiaries of the Company executed promissory notes (the "Promissory Notes") evidencing unsecured loans in the aggregate amount of \$5,606,200 through programs established under the CARES Act and administered by the U.S. Small Business Administration (the "SBA"). Such funds will be used principally to rehire several hundred employees at Rising Star and Bronco Billy's in preparation for the reopening of these businesses. The Loans are being made through Zions Bancorporation, N.A. dba Nevada State Bank (the "Lender"), have a two-year term, bear interest at a rate of 1.00% per annum, and mature on May 3, 2022. Monthly principal and interest payments are deferred for six months. Beginning in December 2020, the Company is required to make monthly payments of principal and interest to the Lender. The Loans may be prepaid at any time prior to maturity with no prepayment penalties. Such Loans may be forgiven, either in whole or in part, depending on the amount of such proceeds that are used for certain eligible expenses, including primarily the payroll and health benefits of employees who would otherwise be without jobs or health benefits. The details of such potential loan forgiveness are still being developed by the SBA and there is no certainty that any or all of such Loans will be forgiven.

Concessions Obtained for Certain Leases. In the second quarter of 2020, the Company was able to obtain deferments as a direct result of business disruptions from COVID-19 for its operating lease at Bronco Billy's and its finance lease at Rising Star. Effective March 2020, the Company also obtained rent abatements for April and May of 2020 of its casino land lease at Silver Slipper. For details and discussion of accounting treatment, see Note 3.

Subsequently in April 2020 at Bronco Billy's, the Company executed a letter agreement to the original lease with the landlord, which granted partial lease deferrals for specified amounts (separately, the "First Deferral Amount" and "Second Deferral Amount"). For each of May, June and July of 2020, the First Deferral Amount would reduce the base rent by \$8,000. Also, for each of August, September and October of 2020, the Second Deferral Amount would reduce the base rent by \$5,300. Altogether, the deferrals totaling \$39,900 of undiscounted cash require the Company to make such payments in full no later

than December 1, 2021. As the Company determined that this concession affected only the timing of payments, it took the guidance relief of not remeasuring the lease liability and corresponding ROU asset, which would have been required under the existing modification framework in ASC 842. Additionally, the Company will accrue for the full amount of lease expenses corresponding to the respective periods as if no changes to rent payments were made.

At Rising Star, the Company was able to obtain approvals from the landlord for deferments of payments due for April and May 2020 until its reopening. As COVID-19 is dynamic, the Company believes Rising Star will reopen to the public on June 14, 2020, with such planned opening dates subject to change. Altogether, the deferrals amount to approximately \$109,000 of undiscounted cash. As the Company determined that this concession affected only the timing of payments, it took the guidance relief of not remeasuring the lease liability and corresponding ROU asset, which would have been required under the existing modification framework in ASC 842. Additionally, the Company will accrue for the full amount of interest expenses corresponding to the respective periods as if no changes to rent payments were made.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

This management's discussion and analysis of financial condition and results of operations contains forward-looking statements that involve risks and uncertainties. Please see "Forward-Looking Statements" for a discussion of the uncertainties, risks and assumptions that may cause our actual results to differ materially from those discussed in the forward-looking statements. This discussion should be read in conjunction with our historical financial statements and related notes thereto and the other disclosures contained elsewhere in this Quarterly Report on Form 10-Q, and the audited consolidated financial statements and notes for the fiscal year ended December 31, 2019, which were included in our Annual Report on Form 10-K, filed with the Securities and Exchange Commission ("SEC") on March 30, 2020. The results of operations for the periods reflected herein are not necessarily indicative of results that may be expected for future periods. Full House Resorts, Inc., together with its subsidiaries, may be referred to as "Full House," the "Company," "we," "our" or "us," except where stated or the context otherwise indicates.

Executive Overview

Our primary business is the ownership and/or operation of casino and related hospitality and entertainment facilities, which includes offering casino gambling, hotel accommodations, dining, golfing, RV camping, sports betting, entertainment and retail outlets, among other amenities. We own or operate five casino properties in four states: Mississippi, Colorado, Indiana and Nevada. We view our Mississippi, Colorado and Indiana properties as distinct operating segments and both of our Nevada properties as one operating segment.

Our portfolio consists of the following:

Property	Acquisition Date	Location
Silver Slipper Casino and Hotel	2012	Hancock County, MS (near New Orleans)
Bronco Billy's Casino and Hotel	2016	Cripple Creek, CO (near Colorado Springs)
Rising Star Casino Resort	2011	Rising Sun, IN (near Cincinnati)
Stockman's Casino	2007	Fallon, NV (one hour east of Reno)
Grand Lodge Casino (leased and part of the Hyatt Regency Lake Tahoe Resort, Spa and Casino)	2011	Incline Village, NV (North Shore of Lake Tahoe)

Our financial results are dependent upon the number of patrons that we attract to our properties and the amounts those guests spend per visit. While we provide credit at some of our casinos where we are permitted to by gaming regulations, most of our revenues are cash-based, through customers wagering with cash or paying for non-gaming services with cash or credit cards. Our revenues are primarily derived from slot machines, but also include table games, keno, and sports betting. In addition, we derive a significant amount of revenue from our hotels and our food and beverage outlets. We also derive revenues from our golf course at Rising Star, our recreational vehicle parks ("RV parks") as owned at Rising Star and managed at Silver Slipper, and retail outlets and entertainment. We often provide hotel rooms and food and beverages to customers on a complimentary basis; the value of such services are included as revenue in those categories, offset by contra-revenue in the casino revenue category. As a result, the casino revenues in our financial statements reflect patron gaming wins and losses, reduced by the retail value of complimentary services, the value of free play provided to customers, the value of points earned by casino customers that can be redeemed for services or free play, and accruals for certain progressive jackpots offered by the Company.

We may experience significant fluctuations in our quarterly operating results due to seasonality, variations in gaming hold percentages and other factors. Consequently, our operating results for any quarter or year are not necessarily comparable and may not be indicative of future periods' results.

Our market environment is highly competitive and capital-intensive. We rely on the ability of our properties to generate operating cash flow to pay interest, repay debt, and fund maintenance and certain growth-related capital expenditures. We continuously focus on improving the operating margins of our existing properties through a combination of revenue growth and expense management. We also assess growth and development opportunities, which include capital investments at our existing properties, the development of new properties, and the acquisition of existing properties.

Recent Developments

COVID-19 Pandemic. In March 2020, the World Health Organization declared the outbreak of the novel coronavirus as a pandemic (“COVID-19”), which continues to be spread throughout the U.S. and the world. COVID-19 has driven the implementation of significant, government-imposed measures to prevent or reduce its spread, including travel restrictions, closing of borders, “shelter in place” orders and business closures. Pursuant to state government orders to prevent the spread of COVID-19, we temporarily closed all of our casino properties in March 2020. As a result, we have experienced a material decline in our revenues. While our business performed largely as expected in January, February and early March of 2020, the closure of our casinos during March 2020 resulted in our total operating revenues decreasing by 23.8% in the first quarter of 2020 as compared to the first quarter of 2019. While the length and severity of the impact on our operating results is uncertain, we presently expect the decline in revenue to increase in the second quarter of 2020. The extent to which our financial and operating results in future periods may be affected by COVID-19 will largely depend on future developments, which are highly uncertain and cannot be accurately predicted, including the timing of the reopening of our casinos, new information which may emerge concerning the severity of COVID-19 and the actions to contain COVID-19 or treat its impact, the level of customer demand upon reopening of our casinos, increased operating costs in light of social distancing requirements as a result of COVID-19 and general economic conditions, among others. We currently believe that our properties will reopen to the public according to the following schedule: by May 22, 2020 for the Silver Slipper Casino and Hotel; late May 2020 for Stockman’s Casino and Grand Lodge Casino; early June 2020 for Bronco Billy’s Casino and Hotel; and June 14, 2020 for Rising Star Casino Resort. As COVID-19 is dynamic, such planned opening dates are subject to change. For a further discussion regarding the impacts of COVID-19 on our business, see “Liquidity and Capital Resources – COVID-19 Impact on Liquidity” below.

Waiver and Amendment of Debt Covenants. In April 2020, we obtained a waiver and amendment (the “Waiver and Amendment”) to the indenture dated as of February 2, 2018 (as amended and supplemented, the “Indenture”), which governs the aggregate \$110.0 million of senior secured notes due 2024 (collectively, the “Notes”). The Waiver and Amendment was executed in recognition of the impacts of COVID-19 on our business and operations. Pursuant to the Waiver and Amendment, among other things, the noteholders agreed to delete the total leverage ratio covenant for the measurement period ending on March 31, 2020 and to waive the requirement to deliver a financial statement to each noteholder without a “going-concern” or like qualification or exception. In consideration for the amendment and one-time waiver, we paid the noteholders a waiver fee of 0.35%, or \$376,775. We also agreed to increase the call premium to noteholders upon optional redemption of the Notes by 15 basis points for all periods on or after February 2, 2020, as well as on any amounts outstanding at maturity. We continue to discuss the amendment of covenant levels for future quarters; however, there can be no assurance that we will be successful in our efforts to obtain such future waivers or amendments.

Bronco Billy’s Expansion Suspended. In March 2020, in light of COVID-19, we suspended construction of the Phase One parking garage at Bronco Billy’s. Whether or not we will be able to complete the parking garage in the near future will depend on the length of time that our casinos are closed, the operating results of our casinos when they reopen, and the capital markets that might be available to us at some future date. Phase Two of the Bronco Billy’s expansion project, which is expected to include a new luxury hotel tower, spa, convention and entertainment space, and two new restaurants, is contingent upon receipt of financing on acceptable terms, among other contingencies. We do not intend to commence construction of Phase Two until Phase One is completed.

Sports Wagering in Colorado and Indiana. In Colorado, the Colorado Limited Gaming Control Commission approved us for our three permitted “Sports Betting Master Licenses” in March 2020. Additionally, in April 2020, our three providers for mobile sports wagering were approved for their “Temporary Internet Sports Betting Operator Licenses.” On May 1, 2020, online/mobile sports wagering in Colorado went live, though without significant sporting events and games to wager on. We currently expect that at least one of our contracted sports wagering websites will launch in Colorado in the second quarter of 2020, and that all three contracted websites will have launched in Colorado by the end of the third quarter of 2020.

In Indiana, one of our three contracted websites for sports wagering launched operations on December 30, 2019. The remaining two companies await licensure.

Contractually, these six sports betting agreements in Colorado and Indiana are expected to result in a combined minimum of \$7 million per year in revenues for us after their launch of operations, with minimal expected related costs.

Unsecured Loans Under the CARES Act. On May 8, 2020, two wholly-owned subsidiaries executed promissory notes (the “Promissory Notes”) evidencing unsecured loans in the aggregate amount of \$5,606,200 through programs established under the CARES Act and administered by the U.S. Small Business Administration. Such funds will be used principally to rehire several hundred employees at Rising Star and Bronco Billy’s in preparation for the reopening of these businesses. The Loans are being made through Zions Bancorporation, N.A. dba Nevada State Bank (the “Lender”), have a two-year term, bear interest at a rate of 1.00% per annum, and mature on May 3, 2022. Monthly principal and interest payments are deferred for six months. Beginning in December 2020, we are required to make monthly payments of principal and interest to the Lender. The Loans may be prepaid at any time prior to maturity with no prepayment penalties. Such Loans may be forgiven, either in whole or in part, depending on the amount of such proceeds that are used for certain eligible expenses, including primarily the payroll and health benefits of employees who would otherwise be without jobs or health benefits. The details of such potential loan forgiveness are still being developed by the Small Business Administration and there is no certainty that any or all of such Loans will be forgiven.

Waukegan Proposal. While we remain focused on conserving capital and reopening our operations, we continue to be one of three bidders for the opportunity to build a new casino in Waukegan, Illinois, midway between Chicago and Milwaukee. If chosen, we anticipate developing this casino in a joint venture, employing project financing. There is no certainty that we will be chosen to develop such a casino, that we will find a suitable partner, or that project financing will be available.

Key Performance Indicators

We use several key performance indicators to evaluate the operations of our properties. These key performance indicators include the following:

Gaming revenue indicators:

Slot coin-in is the gross dollar amount wagered in slot machines and table game drop is the total amount of cash or credit exchanged into chips at table games for use by our customers. Slot coin-in and table game drop are indicators of volume.

Slot win is the difference between customer wagers and customer winnings on slot machines. Table game hold is the difference between the amount of money or markers exchanged into chips at the tables and customer winnings paid. Slot win and table game hold percentages represent the relationship between slot win and coin-in and table game win and drop.

Room revenue indicators:

Hotel occupancy rate is an indicator of the utilization of our available rooms. Complimentary room sales, or the retail value of accommodations gratuitously furnished to customers, are included in the calculation of the hotel occupancy rate.

Adjusted EBITDA, Adjusted Property EBITDA and Adjusted Property EBITDA Margin:

Management uses Adjusted EBITDA as a measure of our performance. For a description of Adjusted EBITDA, see “Non-GAAP Financial Measure.” We utilize Adjusted Property EBITDA, a financial measure in accordance with generally accepted accounting principles in the United States of America (“GAAP”), as the measure of segment profit in assessing performance and allocating resources at the reportable segment level. For information regarding our operating segments, see Note 11 of our Condensed Notes to Consolidated Financial Statements included in this quarterly report. In addition, we use Adjusted Property EBITDA Margin, which is calculated by dividing Adjusted Property EBITDA by the property’s net revenues.

Results of Operations*Consolidated operating results*

The following tables summarize our consolidated operating results for the three-months ended March 31, 2020 and 2019:

<i>(In thousands)</i>	Three Months Ended		Percent Change
	March 31,		
	2020	2019	
Net revenues	\$ 30,853	\$ 40,494	(23.8)%
Operating expenses	34,281	39,226	(12.6)%
Operating (loss) income	(3,428)	1,268	(370.3)%
Interest and other non-operating expenses, net	835	2,743	(69.6)%
Income tax provision	95	142	(33.1)%
Net loss	\$ (4,358)	\$ (1,617)	169.5 %

<i>(In thousands)</i>	Three Months Ended		Percent Change
	March 31,		
	2020	2019	
Casino revenues			
Slots	\$ 17,359	\$ 23,473	(26.0)%
Table games	2,751	4,120	(33.2)%
Other	641	705	(9.1)%
	<u>20,751</u>	<u>28,298</u>	<u>(26.7)%</u>
Non-casino revenues, net			
Food and beverage	6,990	8,658	(19.3)%
Hotel	1,974	2,715	(27.3)%
Other	1,138	823	38.3 %
	<u>10,102</u>	<u>12,196</u>	<u>(17.2)%</u>
Total net revenues	<u>\$ 30,853</u>	<u>\$ 40,494</u>	<u>(23.8)%</u>

The following discussion is based on our consolidated financial statements for the three-months ended March 31, 2020 and 2019.

Revenues. Consolidated net revenues for the three-month period decreased primarily due to suspended operations at all properties as mandated by state government orders in mid-March 2020, in response to COVID-19. This resulted in our revenues reflecting activities for approximately two-thirds of the first quarter, as compared to the prior-year period which reflects a full period of operations. Of note, “Other Non-casino Revenues” includes \$0.4 million of revenue related to our mobile sports operations. The first quarter of 2020 includes a full period of one of our six sports wagering websites, or “skins,” for which we contracted third parties to conduct operations in exchange for minimum annual revenue guarantees. This first sports wagering website commenced operations in Indiana on December 30, 2019. We currently expect at least one additional website to launch in the second quarter of 2020, and for all of our six contracted websites to have commenced operations by the end of the third quarter of 2020.

See further information within our reportable segments described below.

Operating Expenses. Consolidated operating expenses for the three-month period likewise decreased due to the temporary closures discussed above. A majority of this decrease, particularly in casino expenses, can be attributed to the lower gaming-related taxes at Rising Star and Silver Slipper as a result of decreased volume. Similarly, decreased volume corresponded to lower food and beverage expenses as there were fewer buffet guests and restaurant covers. The decrease in hotel expenses was due to the scaling back of our workforce and overhead costs, after a brief period of continued wages and health benefits beyond the casino closures. To a lesser extent, decreases in the gaming-related variable rent at Silver Slipper and marketing expenditures for the overall quarter attributed to the decrease in consolidated operating expenses.

See further information within our reportable segments described below.

Interest and Other Non-Operating Expenses.

Interest Expense

Interest expense consists of the following:

<i>(In thousands)</i>	March 31,	
	2020	2019
Interest cost (excluding loan fee amortization)	\$ 2,486	\$ 2,491
Amortization of debt issuance costs and discount	225	190
Change in fair value of interest rate cap agreement	—	69
Capitalized interest	(220)	(47)
	<u>\$ 2,491</u>	<u>\$ 2,703</u>

The decrease in interest expense for the three-month period is primarily due to the increase in capitalized interest for our expansion project at Bronco Billy's, which we suspended in March 2020 due to COVID-19.

Other Non-Operating Expenses, Net

For the three-month period ended March 31, 2020, we had approximately \$1.7 million of other non-operating income from the fair value adjustment to our outstanding warrants, which is a non-cash item related to changes in our stock price. Decreases in our share price result in decreases in the value of the warrants, causing a non-cash gain. Conversely, increases in our share price result in increases in the value of the warrants, causing a non-cash loss.

Income Tax Expense. We recognized income tax expense for the three-months ended March 31, 2020 and 2019, which resulted in effective income tax rates of (2.2%) and (9.6%), respectively.

We do not expect to pay any federal income taxes or receive any federal tax refunds related to our 2020 results. Tax losses incurred in 2020 may offset taxable income in future years. However, because of the level of uncertainty regarding sufficient prospective income, we currently maintain a valuation allowance against our remaining deferred tax assets.

Operating Results – Reportable Segments

We manage our casinos based on geographic regions within the United States. Accordingly, Stockman's and Grand Lodge Casino comprise our Northern Nevada business segment, while Silver Slipper, Bronco Billy's and Rising Star are distinct segments. Our Rising Star segment includes ferry boat operations between Indiana and Kentucky, and our Bronco Billy's segment includes the Christmas Casino & Inn, near Bronco Billy's in Cripple Creek, Colorado.

The following table presents detail by segment of our consolidated net revenue and Adjusted EBITDA; see "Non-GAAP Financial Measure" for additional information. Additionally, management uses Adjusted Property EBITDA as the measure of segment profit in accordance with GAAP.

(In thousands)

	Three Months Ended March 31,		Percent Change
	2020	2019	
Net revenues			
Silver Slipper Casino and Hotel	\$ 15,092	\$ 19,281	(21.7)%
Rising Star Casino Resort ⁽¹⁾	7,671	10,868	(29.4)%
Bronco Billy's Casino and Hotel	4,982	6,440	(22.6)%
Northern Nevada Casinos	3,108	3,905	(20.4)%
	<u>\$ 30,853</u>	<u>\$ 40,494</u>	<u>(23.8)%</u>
Adjusted Property EBITDA and Adjusted EBITDA			
Silver Slipper Casino and Hotel	\$ 1,831	\$ 3,845	(52.4)%
Rising Star Casino Resort ⁽¹⁾	(1,093)	404	(370.5)%
Bronco Billy's Casino and Hotel	(478)	615	(177.7)%
Northern Nevada Casinos	(390)	(9)	4,233.3 %
Adjusted Property EBITDA	(130)	4,855	(102.7)%
Corporate	(1,119)	(1,278)	(12.4)%
Adjusted EBITDA	<u>\$ (1,249)</u>	<u>\$ 3,577</u>	<u>(134.9)%</u>

(1) Includes amounts related to the property's sports revenue guarantees in 2020.

Silver Slipper Casino and Hotel

Net revenues during the quarter decreased by 21.7%, primarily due to impacts of COVID-19. On March 11, 2020, the state gaming commission officially declared a pandemic, which called for an emergency order of closure for all casinos operating in Mississippi by midnight on March 16, 2020. March is typically one of the strongest months of the year for guest counts, gross gaming revenue, and restaurant covers, due in part to out-of-town guests who come to the Gulf Coast hoping to escape the cold winter season in other parts of the country. The first 15 days of March in 2020 were no exception, until the state issuance for mandatory closures halted operations.

Casino revenue decreased by 26.7% for the quarter, with a strong performance through February 2020 being offset by the casino closure in March.

Non-casino revenue decreased by 12.8% for the quarter. Food and beverage revenues, which comprise the majority of our non-casino revenue, decreased by 12.9% during the quarter. Hotel revenues decreased 15.2%, despite a higher average daily room rate, with occupancy through the date of closure of 82.2%. In last year's quarter, hotel occupancy was 88.0%.

Adjusted Property EBITDA for the quarter decreased by 52.4% due to the reasons described above. Adjusted Property EBITDA Margin decreased to 12.1% for the quarter from 19.9% in the prior-year period.

We currently expect Silver Slipper to reopen to the public by May 22, 2020, in time for the important Memorial Day holiday weekend, potentially with gaming restrictions and limited amenities for the initial opening period.

Rising Star Casino Resort

Net revenues during the quarter (excluding \$0.4 million related to the property's sports revenue guarantees) decreased to \$7.3 million from \$10.9 million. This decrease was due to lower business volumes, primarily due to the impacts of COVID-19, as well as an increase in competition. Pursuant to an order from the state gaming commission, we temporarily suspended operations on March 16, 2020. A casino near Louisville opened a large new casino in mid-December, replacing its original casino boat. Additionally, on January 1, 2020, racetrack casinos near Indianapolis began offering live table games.

Casino revenue decreased by 31.5%. Food and beverage revenues decreased 36.4% and hotel revenues also decreased for the quarter, with lower occupancy offset by a higher average daily room rate and the implementation of the daily resort fee.

Adjusted Property EBITDA for the quarter (excluding \$0.4 million related to the property's sports revenue guarantees) decreased by approximately \$1.9 million due primarily to the property closure as mandated by the state gaming commission. Including the sports revenue guarantees, revenues and Adjusted Property EBITDA for the first quarter of 2020 were \$7.7 million and \$(1.1) million, respectively.

We currently expect Rising Star to reopen to the public on June 14, 2020, potentially with gaming restrictions and limited amenities for the initial opening period. We expect that our two remaining online/mobile sports wagering websites will commence operations in the third quarter of 2020, subject to the receipt of customary regulatory approvals.

During the fourth quarter of 2019, we installed a new slot system. This new system should improve both the customer experience and the effectiveness and efficiency of our marketing efforts. During this temporary casino closure, we have also prepared new marketing plans that we intend to implement upon the casino's reopening, which we believe will benefit the property's expense structure in the longer-term.

The new Indiana gaming legislation passed in 2019 approved a reduction in certain gaming taxes for casino operators in the state, including Rising Star, beginning on July 1, 2021. Based on activity levels in recent years, we estimate that the new gaming tax schedule will save us approximately \$2.5 million per year.

Bronco Billy's Casino and Hotel

Net revenues for the quarter decreased by 22.6%, which was also due to the impacts of COVID-19. Pursuant to state government orders, we temporarily closed Bronco Billy's on March 17, 2020. This resulted in a decrease of casino revenues in the quarter of 23.6% compared to the prior-year's quarter, reflecting the adverse effect of the casino closure on gaming volumes. Food and beverage revenues decreased during the quarter due to the closure, as did hotel revenues by 1.0%.

Adjusted Property EBITDA for the quarter decreased by \$1.1 million due to the state-mandated closure.

The market in Cripple Creek is seasonal, favoring the summer months.

We currently expect Bronco Billy's to reopen to the public in early June 2020, likely with gaming restrictions and limited amenities for the initial opening period.

Similar to Rising Star, during the fourth quarter of 2019, we installed a new slot system. This new system should improve both the customer experience and the effectiveness and efficiency of our marketing efforts. During this temporary casino closure, we have also prepared new marketing plans to implement upon the casino's reopening, which we believe will benefit the property's expense structure in the longer-term.

In April 2020, each of the three providers for our three permitted online/mobile sports wagering websites received their Colorado gaming licenses. We expect that at least one of these three websites will commence operations in the second quarter of 2020, and that all three websites will be operational before the end of the third quarter of 2020.

Northern Nevada

Our Northern Nevada operations have historically been seasonal, with the summer months accounting for a disproportionate share of annual revenues. Additionally, snowfall levels during the winter months also frequently have a positive or negative effect. Grand Lodge Casino is located near several ski resorts, including Alpine Meadows, Northstar and Squaw Valley. Normally, we benefit from a "good" snow year, resulting in extended periods of operation at the nearby ski areas.

Pursuant to state government orders on March 17, 2020, we temporarily closed both Grand Lodge Casino and Stockman's Casino. As a result, net revenues for the quarter decreased by 20.4%. Casino revenues decreased by 20.5%. Food and beverage revenue at Stockman's Casino decreased by \$0.1 million as compared to the prior-year quarter.

Adjusted Property EBITDA for the quarter decreased by \$0.4 million.

We currently expect both Grand Lodge Casino and Stockman's Casino to reopen to the public in late May 2020, likely with gaming restrictions and limited amenities for the initial opening period.

Corporate

Corporate expenses for the quarter decreased 12.4%, or \$0.2 million, primarily due to a decrease in professional fees, and to a lesser extent, a reduction in travel and related expenses.

Non-GAAP Financial Measure

"Adjusted EBITDA" is earnings before interest and other non-operating income (expense), taxes, depreciation and amortization, pre-opening expenses, impairment charges, asset write-offs, recoveries, gain (loss) from asset disposals, project development and acquisition costs, and non-cash share-based compensation expense. Adjusted EBITDA information is presented solely as supplemental disclosure to measures reported in accordance with generally accepted accounting principles in the United States of America ("GAAP") because management believes this measure is (i) a widely used measure of operating performance in the gaming and hospitality industries and (ii) a principal basis for valuation of gaming and hospitality companies. In addition, a version of Adjusted EBITDA (known as Consolidated EBITDA) is utilized in the covenants within our indenture, although not necessarily defined in the same way as above. Adjusted EBITDA is not, however, a measure of financial performance or liquidity under GAAP. Accordingly, this measure should be considered supplemental and not a substitute for net income (loss) or cash flows as an indicator of the Company's operating performance or liquidity.

The following table presents a reconciliation of net loss and operating (loss) income to Adjusted EBITDA:

<i>(In thousands)</i>	Three Months Ended	
	March 31,	
	2020	2019
Net loss	\$ (4,358)	\$ (1,617)
Income tax provision	95	142
Interest expense, net of amounts capitalized	2,491	2,703
Adjustment to fair value of warrants	(1,656)	40
Operating (loss) income	(3,428)	1,268
Project development costs	56	133
Depreciation and amortization	2,040	2,091
Gain on disposal of assets, net	—	(1)
Stock-based compensation	83	86
Adjusted EBITDA	\$ (1,249)	\$ 3,577

The following tables present reconciliations of operating income (loss) to Adjusted Property EBITDA and Adjusted EBITDA.

Three Months Ended March 31, 2020

(In thousands)

	Operating Income (Loss)	Depreciation and Amortization	Project Development Costs	Stock-Based Compensation	Adjusted Property EBITDA and Adjusted EBITDA
Casino properties					
Silver Slipper Casino and Hotel	\$ 988	\$ 843	\$ —	\$ —	\$ 1,831
Rising Star Casino Resort	(1,715)	622	—	—	(1,093)
Bronco Billy's Casino and Hotel	(865)	387	—	—	(478)
Northern Nevada Casinos	(540)	150	—	—	(390)
	<u>(2,132)</u>	<u>2,002</u>	<u>—</u>	<u>—</u>	<u>(130)</u>
Other operations					
Corporate	(1,296)	38	56	83	(1,119)
	<u>\$ (3,428)</u>	<u>\$ 2,040</u>	<u>\$ 56</u>	<u>\$ 83</u>	<u>\$ (1,249)</u>

Three Months Ended March 31, 2019

(In thousands)

	Operating Income (Loss)	Depreciation and Amortization	Gain on Disposal of Assets	Project Development Costs	Stock-Based Compensation	Adjusted Property EBITDA and Adjusted EBITDA
Casino properties						
Silver Slipper Casino and Hotel	\$ 2,999	\$ 847	\$ (1)	\$ —	\$ —	\$ 3,845
Rising Star Casino Resort	(202)	606	—	—	—	404
Bronco Billy's Casino and Hotel	168	447	—	—	—	615
Northern Nevada Casinos	(162)	153	—	—	—	(9)
	<u>2,803</u>	<u>2,053</u>	<u>(1)</u>	<u>—</u>	<u>—</u>	<u>4,855</u>
Other operations						
Corporate	(1,535)	38	—	133	86	(1,278)
	<u>\$ 1,268</u>	<u>\$ 2,091</u>	<u>\$ (1)</u>	<u>\$ 133</u>	<u>\$ 86</u>	<u>\$ 3,577</u>

Operating expenses deducted to arrive at operating income (loss) in the above tables for the three-month period ended March 31, 2020 and 2019 included facility rents related to: (i) Silver Slipper of \$0.4 million during 2020 and \$0.5 million for during 2019, (ii) Northern Nevada of \$0.5 million for both periods, and (iii) Bronco Billy's of \$0.2 million for both periods.

Liquidity and Capital Resources

Cash Flows

As of March 31, 2020, we had \$24.3 million of unrestricted cash and equivalents and we estimate that our cash burn rate while operations are closed is approximately \$3 million per month, including interest and debt principal payments. Historically, we have utilized approximately \$10 million to \$12 million of cash in our day-to-day operations, including for on-site cash in our slot machines, change and redemption kiosks, and cages. The balance of our cash was earmarked for completion

of our parking garage in Colorado, which was under construction when operations were required to close. Whether or not we will be able to complete the parking garage in the near future will depend on the length of time that our casinos are closed, the operating results of our casinos when they reopen, and the capital markets that might be available to us at some future date. Subsequent to the end of the first quarter, as discussed above, we received approximately \$5.6 million of loan proceeds under the CARES Act.

Our casinos are our primary sources of income and operating cash flows and they are all currently closed as a result of COVID-19. There can be no assurance that our business will generate sufficient cash flow from operations once our casinos have reopened or that future borrowings will be available in amounts sufficient to enable us to pay our indebtedness or fund our other liquidity needs. In this section, we have described actions with respect to our liquidity that we have taken as a result of COVID-19.

Cash flows – operating activities. On a consolidated basis, cash used in operations during the three months ended March 31, 2020 was \$4.2 million, compared to cash used in operations of \$0.7 million in the prior-year period. Trends in our operating cash flows tend to follow trends in operating income, excluding non-cash charges, but are also affected by changes in working capital. Comparing the 2020 and 2019 periods, our operating cash flows decreased primarily due to the unforeseen business interruption from the COVID-19 pandemic.

Cash flows – investing activities. On a consolidated basis, cash used in investing activities during the three months ended March 31, 2020 was \$1 million, which primarily related to the Phase One expansion at Bronco Billy's that was suspended in March 2020 amidst the COVID-19 pandemic. Cash used in investing activities during the prior-year period was \$1.3 million, which primarily related to capital expenditures for maintenance and certain growth-related projects, including the Phase One expansion at Bronco Billy's and the remodeling of the Silver Slipper casino.

Cash flows – financing activities. On a consolidated basis, cash used in financing activities during the three months ended March 31, 2020 was \$0.4 million, compared to cash used in financing activities of \$0.3 million in the prior-year period. Both amounts primarily related to payments for the Notes and the finance lease at Rising Star (see Note 3). Comparing the 2020 and 2019 periods, the higher Notes payment reflects the additional \$10 million of incremental debt sold in May 2019, while the lower finance lease payment at Rising Star in 2020 reflects a month of loan deferral in our efforts to preserve cash during the COVID-19 pandemic.

Other Factors Affecting Liquidity

We have significant outstanding debt and contractual obligations in addition to potential future capital expenditures. Our debt matures in February 2024 and we anticipate needing to refinance our debt prior to its maturity, as we are unlikely to generate sufficient cash flow in the interim to completely repay these obligations. Certain planned capital expenditures designed to grow the Company, if pursued, would likely require additional financing, including perhaps the issuance of additional debt and potentially some form of equity financing, if available at such time. Our operations are subject to financial, economic, competitive, regulatory and other factors, many of which are beyond our control. If we are unable to generate sufficient operating cash flow and/or access the capital markets, including as a result of COVID-19, we could be required to adopt one or more alternatives, such as reducing, delaying, or eliminating certain planned capital expenditures, selling assets, obtaining additional equity financing, or borrowing at higher costs of capital. See "Bronco Billy's Expansion Suspended" for measures that have been implemented as a result of COVID-19.

Long-term Debt. As discussed above in the "Executive Overview," we executed the Waiver and Amendment in April 2020 to amend the Indenture governing the Notes, which included an amendment to delete our total leverage covenant requirement for the period ended March 31, 2020, among other items.

On February 2, 2018, we issued \$100 million of Notes and on May 10, 2019, we issued an additional \$10 million of Notes. The Notes are collateralized by substantially all of our assets and are guaranteed by all of our material subsidiaries. The total \$110 million of Notes bear interest at the greater of the three-month LIBOR or 1.0%, plus a margin rate of 7.0%. The Indenture governing the Notes provides for a 50 basis point interest premium if Mr. Lee reduces his equity interests by 50% or more while serving as our CEO. Mr. Lee has no current intention to sell any shares. Interest on the Notes is payable quarterly in arrears, on March 31, June 30, September 30 and December 31 of each year until the Notes mature on February 2, 2024. On

each interest payment date (as amended), we are required to make principal payments of \$275,000 with a balloon payment for the remaining \$103.5 million due upon maturity. The Waiver and Amendment also increased the amount due upon prepayment or maturity by 15 basis points, applied to the aggregate principal amount of the Notes repaid. As of March 31, 2020, the total balance of the Notes was \$107.7 million, accruing interest at a rate of 8.45%. Mandatory prepayments of the Notes will be required upon the occurrence of certain events, including sales of certain assets. We may redeem the Notes, in whole or in part, at any time at the applicable redemption price plus accrued and unpaid interest. The redemption price (as amended) is currently 101.65% through February 1, 2021, 100.65% through February 1, 2022, and 100.15% thereafter.

The Indenture governing the Notes contains customary representations and warranties, events of default, and positive and negative covenants. We are required to maintain financial covenants, including a total leverage ratio, which measures Consolidated EBITDA (as defined in the Indenture) against outstanding debt. The total leverage ratio maximum is 5.75x through September 30, 2020 and 5.50x from October 1, 2020 through December 31, 2020. As discussed above, we amended the Indenture to delete the total leverage covenant as of March 31, 2020, and waived certain other covenants under the Indenture. We are currently in discussions to amend the total leverage covenant for future quarters, reflecting the effects of the temporary closure of our properties, but there is no guarantee that we will be successful in such efforts, in which case we may not be able to comply with such covenants in future periods. See Note 5 to the accompanying consolidated financial statements for more information about our Indenture governing the Notes.

Unsecured Loans Under the CARES Act. On May 8, 2020, through two wholly-owned subsidiaries, we executed promissory notes (the “Promissory Notes”) evidencing unsecured loans in the aggregate amount of \$5,606,200 through programs established under the CARES Act and administered by the U.S. Small Business Administration. Such funds will be used principally to rehire several hundred employees at Rising Star and Bronco Billy’s in preparation for the reopening of these businesses. The Loans were made through Zions Bancorporation, N.A. dba Nevada State Bank (the “Lender”), have a two-year term, bear interest at a rate of 1.00% per annum, and mature on May 3, 2022. Monthly principal and interest payments are deferred for six months. Beginning in December 2020, we are required to make monthly payments of principal and interest to the Lender. The Loans may be prepaid at any time prior to maturity with no prepayment penalties. Such Loans may be forgiven, either in whole or in part, depending on the amount of such proceeds that are used for certain eligible expenses, including primarily the payroll and health benefits of employees who would otherwise be without jobs or health benefits. The details of such potential loan forgiveness are still being developed by the Small Business Administration and there is no certainty that any or all of such Loans will be forgiven.

Interest Rate Cap Agreement. We maintain an interest rate cap (“Interest Rate Cap”) with Capital One, N.A. to minimize the effect of interest rate increases on roughly half of our outstanding borrowings with a notional amount of \$50 million and strike rate of 3.00%, which resets every three months at the end of March, June, September, and December. The Interest Rate Cap expires on March 31, 2021 and is presented accordingly on our consolidated balance sheet under “Deposits and other” as a non-current asset (see Note 5).

Common Stock Warrants. In connection with the former Second Lien Credit Facility, we have warrants outstanding, representing rights to purchase approximately 1.0 million shares of our common stock. The warrants include redemption rights which allow the warrant-holders, at their option, to require us to repurchase all or a portion of the warrants upon the occurrence of certain triggering events. The refinancing of the Second Lien Credit Facility qualified as a triggering event. Accordingly, we have reclassified the obligation to current. As of the date of this filing, the Second Lien Lenders have not exercised such redemption rights. If they do exercise their redemption rights, we have the option of paying them in cash or with a four-year note on terms stipulated in the warrant agreement, or by registering and selling the shares related to the warrants through a public offering. See Note 6 to the accompanying consolidated financial statements for further information about these warrants which could affect our liquidity and capital resources.

Hyatt Option to Purchase our Leasehold Interest and Related Assets. Our lease with Hyatt to operate the Grand Lodge Casino contains an option for Hyatt, which began on January 1, 2019, to purchase our leasehold interest and related casino operating assets. See Note 3 to the accompanying consolidated financial statements for further information about this option and related rental commitments that could affect our liquidity and capital resources, as well as our expanded lease disclosures in accordance with ASC 842 that was adopted on January 1, 2019.

Capital Investments. In addition to normal maintenance capital expenditures, we made significant capital investments through March 31, 2020, but have curtailed making any significant additional capital investments during the remainder of 2020 until we have a better understanding of our financial position in the midst of the COVID-19 pandemic, which halted our business operations in March 2020.

Bronco Billy's. As discussed above in the "Executive Overview," we began Phase One of the two-phase expansion of our Bronco Billy's property with our purchase of the Imperial Hotel in June 2018, along with other nearby parcels of land, and our lease of the Imperial Casino in August 2018. The remainder of Phase One includes the construction of a 319-space parking garage and connector building. In March 2020, in light of the COVID-19 pandemic, we suspended construction of the parking garage. We estimate that the remaining cost for Phase One's parking garage is approximately \$16 million. Whether or not we will be able to complete the parking garage in the near future will depend on the length of time that our casinos are closed, the operating results of our casinos when they reopen, and whether the capital markets are available to us at such future date.

Other Capital Expenditures. Additionally, we may fund various other capital expenditure projects, depending on our financial resources and subject to the impacts of the COVID-19 pandemic described herein. Our capital expenditures may fluctuate due to decisions regarding strategic capital investments in new or existing facilities, and the timing of capital investments to maintain the quality of our properties. No assurance can be given that any of our planned capital expenditure projects will be completed or that any completed projects will be successful.

We evaluate projects based on a number of factors, including profitability forecasts, length of the development period, the regulatory and political environment, and the ability to secure the funding necessary to complete the development or acquisition, among other considerations. No assurance can be given that any additional projects will be pursued or completed or that any completed projects will be successful.

COVID-19 Impact on Liquidity. As described in Notes 2 and 12, in March 2020, in their efforts to control the spread of COVID-19, various state governments temporarily closed each of our casinos, which are currently expected to re-open in the schedule discussed above, subject to future developments.

We currently believe that, through our current cash balances, we have the liquidity necessary to sustain closure beyond the currently-mandated closure periods. To preserve liquidity, upon the temporary closure of our properties in March 2020, we significantly reduced staffing levels at each of our properties and at our corporate office from approximately 1,600 to approximately 30, in addition to a small number of surveillance and security personnel. We also elected to suspend construction of the Phase One parking garage at Bronco Billy's, allowing us to use the cash designated for such construction to provide us with additional liquidity until our casinos are permitted to reopen. We also elected to defer one-third of management salaries until at least four of our casinos, including Silver Slipper Casino and Hotel, have reopened. In addition, to allow us to rehire several hundred employees at Rising Star and Bronco Billy's in preparation for the reopening of these businesses, we obtained the Loans pursuant to programs established under the CARES Act, as discussed above. We cannot assure you that, should the casino closures extend for a prolonged period and require us to seek additional liquidity, we will be able to successfully raise additional funds. We will work diligently to reopen our casinos as soon as we are permitted to do so, with all of our casinos expected to have reopened by June 14, 2020. In connection with reopening our casinos, we anticipate that implementation of measures as a result of social distancing requirements will result in additional expenditures.

Because of the length of the look-forward period and the substantial items that are outside of its control, and despite its intent and best efforts to overcome the challenges in the current environment, management concluded that there is substantial doubt as to our ability to continue as a going concern. We are attempting to mitigate the impacts of COVID-19 on us through the plans described above.

Concessions Obtained for Certain Leases. In our efforts to preserve cash, we were able to obtain rent concessions in the form of deferrals and abatements totaling approximately \$0.3 million. The \$155,000 in rent forgiveness for the casino land lease at Silver Slipper and the \$109,000 in deferrals for the finance lease at Rising Star would improve our liquidity through May 2020, while the remaining rent deferrals at Bronco Billy's would not be due until December 1, 2021. See Notes 3 and 12 to the accompanying consolidated financial statements for details.

Off-balance Sheet Arrangements

We have no off-balance sheet arrangements, as defined in Item 303(a)(4)(ii) of Regulation S-K, that have, or are reasonably likely to have, a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures, or capital resources that are material to investors.

Critical Accounting Estimates and Policies

We describe our critical accounting estimates and policies in Note 2, Basis of Presentation and Summary of Significant Accounting Policies, of the Notes to Consolidated Financial Statements included in our Form 10-K for the year ended December 31, 2019. We also discuss our critical accounting estimates and policies in Item 7, Management’s Discussion and Analysis of Financial Condition and Results of Operations, in our Form 10-K for the year ended December 31, 2019. There has been no significant change in our estimation methods since the end of 2019.

Accounting Election for Lease Deferments under COVID-19 Pandemic. As a result of COVID-19, the Financial Accounting Standards Board (“FASB”), which governs U.S. GAAP, has offered companies the accounting election to apply guidance relief relating to lease concessions for business interruptions brought on by government-mandated closures. Companies can choose on a reasonable basis to either: (1) apply the modification framework for these concessions in accordance with the applicable codification to calculate lease remeasurements, or (2) forgo such remeasurements and account for the concessions as if they were made under the enforceable rights included in the original agreement.

In summary, we have elected to apply guidance relief as granted by FASB for certain rent deferments, as these concessions affect only the timing of payments. However, we will remeasure material leases in which we have been granted rent forgiveness, as these abatements reflect an actual reduction in amounts paid over the remaining term from our original lease measurement. See Notes 3 and 12 to the accompanying consolidated financial statements for details.

Forward-Looking Statements

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), for which the Private Securities Litigation Reform Act of 1995 provides a safe harbor. These forward-looking statements include, but are not limited to, statements about our plans, objectives, representations and intentions. They are not historical facts and are typically identified by the use of terms such as “believes,” “expects,” “anticipates,” “estimates,” “plans,” “intends,” “objectives,” “goals,” “aims,” “projects,” “forecasts,” “possible,” “seeks,” “may,” “could,” “should,” “might,” “likely,” “enable,” or similar words or expressions, as well as statements containing phrases such as “in our view,” “there can be no assurance,” “although no assurance can be given,” or “there is no way to anticipate with certainty.” Specifically, this Quarterly Report on Form 10-Q contains forward-looking statements relating to (i) our expectations regarding our growth strategies; (ii) the impact of the COVID-19 pandemic and our expectations regarding timing of reopening of casinos in the respective states; (iii) our expectations regarding Loans obtained pursuant to programs established under the CARES Act, including our intended use of such Loans; (iv) our development and expansion plans, including a planned expansion of Bronco Billy’s, our budget and ability to obtain financing for such expansion and the timing for commencement (or recommencement in the case of Phase One) or completion of each phase of such expansion; (v) our investments in capital improvements and other projects; (vi) our sports wagering agreements, including expected revenues and expenses, duration of terms and expected timing for launch and commencement of sports betting operations in the respective locations; (vii) our expectations regarding the Waukegan proposal; (viii) our expectations regarding our intentions to implement new marketing plans upon certain casino reopenings and our beliefs regarding the benefit of such plans to the properties’ long-term expense structure; (ix) our estimated operating requirements, including as a result of the impact of COVID-19; (x) our belief that, through our current cash balances, we have the liquidity necessary to sustain closure beyond the currently-mandated closure periods; (xi) our expectations regarding improvements as a result of the new slot systems at Rising Star and Bronco Billy’s; (xii) our intention to focus on improving our operating margins; (xiii) anticipated expenditures as a result of COVID-19 upon reopening of our casinos ; (xiv) our belief regarding our CEO’s current intention not to sell his shares; (xv) our beliefs regarding the adequacy of our insurance; (xvi) our expectations regarding the outcome of legal matters and the impact of recently-issued accounting standards; and (xvii) our estimates and expectations regarding certain accounting and tax matters, including estimated savings as a result of the new gaming tax schedule, among others.

Various matters may affect the operation, performance, development and results of our business and could cause future outcomes to change significantly from those set forth in our forward-looking statements, including the following risks, uncertainties and other factors:

- our ability to repay our substantial indebtedness;
- the adverse impact of the COVID-19 pandemic on our business, constructions projects, financial condition and operating results, including on our ability to continue as a going concern;
- actions by government officials at the federal, state or local level with respect to steps to be taken, including, without limitation, temporary shutdowns, travel restrictions, social distancing and shelter-in place orders, in connection with the COVID-19 pandemic;
- our ability to effectively manage and control expenses during temporary or extended shutdown periods;
- the impact of temporary or extended shutdowns on our ability to maintain compliance with the terms and conditions of our indenture and other material contracts;
- our ability to maintain strong relationships with our regulators, employees, lenders, suppliers, customers, insurance carriers, and other stakeholders;
- our ability to successfully implement social distancing and other safety measures and to protect our workforce and guests upon the reopening of our casinos;
- changes by the SBA or other governmental authorities regarding the CARES Act, loan programs established under the CARES Act, or related administrative matters;
- our ability to comply with the terms of the Loans and the CARES Act and to use the Loans in a manner that results in forgiveness of some or all of the Loans;
- the availability of forgiveness of the Loans in whole or in part;
- the impact of any uninsured losses;
- disruptions in our supply chain;
- disruptions or shortages in our labor supply;
- the adverse impact of cancellations and/or postponements of hotel stays, live entertainment events and small meeting groups on our business, market position, growth, financial condition and operating results.
- changes in guest visitation or spending patterns due to health or other concerns;
- substantial dilution related to our outstanding stock warrants and options;
- implementation of our growth strategies, including the Bronco Billy's expansion, capital investments and potential acquisitions;
- risks related to development and construction activities (including disputes with and defaults by contractors and subcontractors; construction, equipment or staffing problems; shortages of materials or skilled labor; environment, health and safety issues; and unanticipated cost increases);

- risks related to entering into sports betting operations, including our ability to establish and maintain relationships with key partners or vendors, the ability and/or willingness of our sports wagering providers to sustain sports betting operations should they experience an extended period of unprofitability, and the ability to replace existing partners or vendors on similar terms as our existing revenue guarantees;
- our ability to successfully implement our sports betting operations in the anticipated time frame and to accurately forecast its impact on our cash flows;
- delays in timing for Colorado regulators to begin allowing sports betting;
- risks related to entering into the sports wagering agreements, including the ability of the parties to perform their obligations under the respective agreements;
- the impact that any discontinuance, modification or other reform of LIBOR, or the establishment of alternative reference rates, may have on our LIBOR-based debt instruments such as our senior secured notes;
- commerciality of our ferry boat service and risks associated with ferry boat operations;
- our ability to successfully integrate acquisitions;
- our ability to continue to comply with the covenants and terms of our debt instruments;
- the development and success of our expansion projects and the financial performance of completed projects;
- our ability to continue to comply with covenants and the terms of our debt instruments;
- some of our casinos being on leased property;
- changes to anticipated trends in the gaming industries;
- changes in patron demographics;
- general market and economic conditions including, but not limited to, the effects of housing and energy conditions on the economy in general and on the gaming and lodging industries in particular;
- our ability to access capital and credit upon reasonable terms, including our ability to finance future business requirements and to repay or refinance debt as it matures;
- our dependence on key personnel;
- our ability and the cost to hire, motivate and retain employees, given low unemployment rates and, in some jurisdictions, increases in minimum wages;
- availability of adequate levels of insurance;
- changes to federal, state, and local taxation and tax rates, and gaming, health and safety and environmental laws, regulations and legislation;
- any violations of the anti-money laundering laws;
- cyber-security risks, including misappropriation of customer information or other breaches of information security;

- our ability to obtain and maintain gaming and other licenses, and obtain entitlements and other regulatory approvals for projects;
- the impact of severe weather;
- lack of alternative routes to certain of our properties;
- the competitive environment, including increased competition in our target market areas;
- substantial dilution related to our outstanding stock warrants and options;
- the outcome of litigation matters;
- marine transportation risks, including disasters, accidents, damage, injury, death and spills;
- our ability to successfully estimate the impact of certain accounting and tax matters, including the effect on our company of adopting certain accounting pronouncements;
- the timing and effectiveness of the introduction of sports wagering in Indiana and Colorado, as well as the scale, speed and effectiveness that the parties with which we have contracted will introduce and market their respective sports wagering services;
- the potential for any of the parties with which we have contracted for sports wagering to terminate their agreements prior to the expiration of their term (such as through bankruptcy, sustained unprofitability of their online/mobile operations, a court ruling that overturns the legality of sports wagering in Indiana or Colorado, or their purchase of a physical casino in Indiana or Colorado with a competing online/mobile sports wagering application, subject to an extended non-compete period), and our ability to replace such party with another third-party on similar financial terms and in a timely manner; and
- other factors described from time to time in this and our other SEC filings and reports.

We undertake no obligation to publicly update or revise any forward-looking statements as a result of future developments, events or conditions, except as required by law. New risks emerge from time to time and it is not possible for us to predict all such risk factors, nor can we assess the impact of all such risk factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ significantly from those forecast in any forward-looking statements.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Not applicable.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures — As of March 31, 2020, we completed an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in the Exchange Act Rule 13a-15(e) and 15d-15(e)). Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that, as of March 31, 2020, our disclosure controls and procedures are effective at a reasonable assurance level in timely alerting them to material information relating to us, which is required to be included in our periodic SEC filings.

We have established controls and procedures designed at the reasonable assurance level to ensure that information required to be disclosed in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms and is accumulated

and communicated to management, including the principal executive officer and the principal financial officer, to allow timely decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting — There have been no changes in our internal control over financial reporting that occurred during the last fiscal quarter that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

We are subject to various legal and administrative proceedings relating to personal injuries, employment matters, commercial transactions and other matters arising in the normal course of business. We do not believe that the final outcome of these matters will have a material adverse effect on our consolidated financial position or results of operations. We maintain what we believe is adequate insurance coverage to further mitigate the risks of such proceedings.

Item 1A. Risk Factors

In addition to the risk factors previously disclosed in our Annual Report on Form 10-K for the year ended December 31, 2019, the following risk factor was identified:

Our loans under the CARES Act may be subject to regulatory review.

On May 8, 2020, two wholly-owned subsidiaries, each of which has less than 500 employees, executed promissory notes, each with a two-year term, evidencing unsecured loans in the aggregate amount of \$5,606,200 through programs established under the CARES Act and administered by the U.S. Small Business Administration. Such program was established for companies like ours, which have been heavily impacted by the pandemic, and encourages us to retain or rehire employees who would otherwise be unemployed, which we are doing. The application for the unsecured loans required us to certify, among other things, that the current economic uncertainty made the loan requests necessary to support our ongoing operations. We made this certification in good faith after analyzing, among other things, our financial situation (including our relatively small size and high leverage) and our lack of access to alternative forms of capital in light of the required closure of all of our operations, the uncertain dates at which we can open, and the uncertainty of business levels that will be obtained after we reopen. We believe that we satisfied all eligibility criteria for the loans. However, the certification required in the CARES Act application includes subjective criteria and is subject to interpretation. Others may interpret the criteria differently. If we are subsequently found to have been ineligible to receive the loans, we may be required to repay the loans prior to their maturity. We may also be subject to certain penalties with respect to the loans. In the event that we seek forgiveness of all or a portion of the loans, we will also be required to make certain certifications which will be subject to audit and review by governmental entities. The rules regarding such potential forgiveness are not yet clear and there is no certainty that any or all of the loans will be forgiven. Any of these events could harm our business, results of operations and financial condition.

Item 5. Other Information

Item 1.01 Entry into a Material Definitive Agreement.

On May 8, 2020, Gaming Entertainment (Indiana) LLC and FHR-Colorado LLC (“Borrowers”), subsidiaries of the Company, each executed a promissory note (collectively, the “Promissory Notes”) evidencing unsecured loans in the aggregate amount of \$5,606,200 through programs established under the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”) and administered by the U.S. Small Business Administration (“SBA”). Each of those subsidiaries had fewer than 500 employees on average over the 12 month period prior to shutdown and has an NAICS code beginning with 72. A provision of the CARES Act allows certain businesses with an NAICS code of 72 to qualify for SBA loans even if those businesses, when combined with their affiliates, have more than 500 employees. The Loans were made through Zions Bancorporation, N.A. dba Nevada State Bank (the “Lender”) and were funded on May 8, 2020.

The Loans have a two-year term and bear interest at a rate of 1.00% per annum. Monthly principal and interest payments are deferred for six months. Beginning in December 2020, the Borrower is required to make monthly payments of principal and interest to the Lender. The Loans may be prepaid at any time prior to maturity with no prepayment penalties. The Promissory Notes mature on May 3, 2022.

The Promissory Notes contain customary events of default relating to, among other things, payment defaults, making materially false and misleading representations to the SBA or Lender, or breaching the terms of the Loan documents. Upon an event of default, the Lender may require immediate payment of all amounts owing under the respective Promissory Notes, collect all amounts owing from the respective Borrowers, or file suit and obtain judgment.

Under the terms of the CARES Act, all or a portion of these loans may be forgiven. Such forgiveness will be determined, subject to certain limitations, based on the use of loan proceeds for payment of certain eligible expenses, including primarily the payroll and health benefits of employees who would otherwise be without jobs or health benefits, as well as payments of mortgage interest, rent, and utilities. Such limitations include reductions in forgivable amounts if the Borrowers reduce the number of employees or certain wages, as well as the limitation that no more than 25% of the amount forgiven can be attributable to non-payroll costs. We will be obligated to repay any portion of the principal amount of the Loans that are not forgiven, together with accrued interest. We intend to use the Loans for qualifying expenses, and will continue to assess whether to apply for forgiveness of the Loans in accordance with the terms of the CARES Act. However, we cannot assure you that we will be eligible for forgiveness of all or any portion of the Loans.

The foregoing description of the Promissory Notes does not purport to be complete and is qualified in its entirety by reference to the copy of the Promissory Notes attached as Exhibit 10.2 and Exhibit 10.3 to this Quarterly Report on Form 10-Q, which are incorporated herein by reference.

Item 2.03. Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.

The information set forth under Item 1.01 and Exhibit 10.2 and Exhibit 10.3 are incorporated herein by reference.

Item 6. Exhibits

Exhibit Number	Description
4.1	Waiver and Third Amendment to Indenture, dated as of April 28, 2020, by and among Full House Resorts, Inc., Wilmington Trust, National Association and the Guarantors (as named therein) (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K (SEC File No. 1-32583) filed on April 29, 2020).
10.1*	Fourth Amendment to Lease Agreement with Option to Purchase dated as of March 20, 2020, by and between Cure Land Company, LLC, as landlord, and Silver Slipper Casino Venture LLC, as tenant.
10.2*	Promissory Note, dated as of May 8, 2020, by Gaming Entertainment (Indiana) LLC in favor of Zions Bancorporation, N.A. dba Nevada State Bank.
10.3*	Promissory Note, dated as of May 8, 2020, by FHR-Colorado LLC in favor of Zions Bancorporation, N.A. dba Nevada State Bank.
31.1*	Certification of principal executive officer pursuant to Exchange Act Rule 13a-14(a)/15(d)-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2*	Certification of principal financial officer pursuant to Exchange Act Rule 13a-14(a)/15(d)-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1**	Certification of principal executive officer pursuant to 18 U.S.C. section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2**	Certification of principal financial officer pursuant to 18 U.S.C. section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS*	XBRL Instance
101.SCH*	XBRL Taxonomy Extension Schema
101.CAL*	XBRL Taxonomy Extension Calculation
101.DEF*	XBRL Taxonomy Extension Definition
101.LAB*	XBRL Taxonomy Extension Labels
101.PRE*	XBRL Taxonomy Extension Presentation

* Filed herewith.

** Furnished herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the Company has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

FULL HOUSE RESORTS, INC.

Date: May 13, 2020

By: /s/ DANIEL R. LEE
Daniel R. Lee
Chief Executive Officer
(on behalf of the Registrant and as principal executive officer)

Date: May 13, 2020

By: /s/ LEWIS A. FANGER
Lewis A. Fanger
Chief Financial Officer
(on behalf of the Registrant and as principal financial officer and as principal accounting officer)

**FOURTH AMENDMENT TO
LEASE AGREEMENT WITH OPTION TO PURCHASE**

THIS FOURTH AMENDMENT TO LEASE AGREEMENT WITH OPTION TO PURCHASE (the “Fourth Amendment”) is entered into as the 20th day of March, 2020, (the “Effective Date”) by and between CURE LAND COMPANY, LLC, a Mississippi limited liability company (together with any successor or assign “Landlord”) and Silver Slipper Casino Venture, LLC, a Delaware limited liability company (together with any successor assign “Tenant”).

WHEREAS, Landlord and Tenant have previously entered into a Lease Agreement with Option to Purchase, dated as of November 17, 2004 (“Original Lease”) pursuant to which the Tenant has leased the Premises from Cure Land Company, LLC, as Landlord. Capitalized terms used but not defined herein shall have the meanings assigned to them in the Original Lease. A Memorandum of Lease providing record notice of the Original Lease and certain terms thereof was executed by Landlord and Tenant effective November 17, 2004, (“Lease Memo”) and recorded in Deed Book BB 298 at Page 287 in the office of the Chancery Clerk of Hancock County, Mississippi.

WHEREAS, Landlord and Tenant executed a First Amendment to Lease Agreement with Option to Purchase, dated as of March 13, 2009, and recorded in Deed Book 2009 at page 3448 in the office of the Chancery Clerk of Hancock County, Mississippi, (“First Amendment” and together with the Original Lease, the “Lease, as amended March 13, 2009”) to reflect a change to the legal description of the Premises due to the abandonment of a portion of Shipyard Road adjacent to Parcels A, B, and C of the Premises and the relocation of the public roadway in that area. The full legal description of the Premises as revised by the First Amendment as surveyed is set forth in Exhibit A, hereto. The descriptions as set forth herein are intended to be one and the same as the descriptions set forth in the Lease and shall not limit any of the Tenant’s rights to the Premises as granted in the Lease.

WHEREAS, Full House Resorts, Inc., a Delaware corporation (“Full House”) entered into a Membership Purchase Agreement with Tenant’s members dated March 30, 2012, for the purchase of the limited liability company membership interests in Tenant, and Tenant and Landlord agreed to certain additional changes to the provisions of the Lease, as amended March 13, 2009, in anticipation the membership interest purchase, memorialized in that certain Second Amendment to Lease Agreement with Option to Purchase, dated September 26, 2012, (the “Second Amendment”, together with the Original Lease and the First Amendment, hereinafter “Lease, as amended March 30, 2012”) and recorded in Deed Book 2012, page 9835 in the office of the Chancery Clerk of Hancock County, Mississippi.

WHEREAS, Landlord and Tenant executed a Third Amendment to Lease Agreement with Option to Purchase, dated as of February 26, 2013, to extend the Term of the Lease, extend the deadline to exercise the Option to Purchase, and amend the monthly rent amount, (“Third Amendment” and together with the Original Lease, the First Amendment, and Second Amendment, hereinafter, “Lease as amended February 26, 2013”) and recorded in Deed Book 2013 at page 3807 in the office of the Chancery Clerk of Hancock County, Mississippi;

NOW THEREFORE, for and in consideration of the covenants and promises contained herein, and for other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, Landlord and Tenant hereby amend the Lease as follows:

1. **Section 3.1, Rent**, of the Lease as amended by the Second and Third Amendments, is hereby further amended by the addition of the following subsection:

(d) Upon execution of this Fourth Amendment, Landlord agrees Tenant shall have no obligation to pay the next two (2) monthly Base Rent payments (April 2020 and May 2020), each in the amount of \$77,500.00, and Tenant shall have no liability as a result thereof.

2. **Section 5.1(a), Option to Purchase** of the Lease as amended by the Second Amendment and Third Amendments, shall be amended as follows:

The deadline for the exercise of the Option is through October 1, 2027, the date of which was extended ten (10) years from the date as agreed upon in the Second Amendment, Section 4.

The Option may only be exercised from April 1, 2022 through October 1, 2027, unless exercised following a notice of termination pursuant to Section 17, as amended by the Second Amendment.

In the event the Option is exercised at any time from April 1, 2022 through October 1, 2027, the Option Purchase Price shall be the principal sum of \$15,500,000 (less, to the extent exercised, the 4 Acre Option Price), plus a retained interest of Landlord in Tenant's operations of three percent (3%) of Net Income.

In the event that Full House Resorts, Inc. sells or transfers, in its sole and exclusive discretion, substantially all of the assets of Silver Slipper Casino Venture, LLC or its membership interests in Silver Slipper Casino Venture, LLC, in its entirety, then the Option Purchase Price shall be increased by ten percent (10%), as provided for by Section 5.1(a) of the Lease.

All other provisions of Subsection 5.1(a) not inconsistent or in conflict with this Fourth Amendment shall remain in full force and effect.

The Lease is amended only as expressly set forth herein, and all other terms and conditions thereof shall remain in full force and effect. This Amendment may be executed in multiple counterparts which shall be enforceable as originals.

IN WITNESS WHEREOF, Landlord and Tenant, have executed this Fourth Amendment as of the date set forth in the paragraph above.

LANDLORD:

Cure Land Company, LLC

By: /s/ Michael D. Cure

Its: Manager / Member

Tenant:

Silver Slipper Casino Venture, LLC

By: /s/ John Ferrucci

Its: General Manager

PROMISSORY NOTE

Principal	Loan Date	Maturity	CL Transaction No	Product	Loan Account No
\$3,393,900.00	05-03-2020	05-03-2022		SBA Paycheck Protection	
References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "*****" has been omitted due to text length limitations.					

Borrower:	Gaming Entertainment (Indiana) LLC 1980 Festival Plaza Dr, Suite 680 Las Vegas, NV 89135	Lender:	Zions Bancorporation, N.A. dba Nevada State Bank NSB Small Business North East 2915 Mountain City Hwy Elko, NV 89801
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Principal Amount: \$3,393,900.00

Interest Rate: 1.000%

Date of Note: May 3, 2020

PROMISE TO PAY. Gaming Entertainment (Indiana) LLC ("Borrower") promises to pay to Zions Bancorporation, N.A. dba Nevada State Bank ("Lender"), or order, in lawful money of the United States of America, the principal amount of Three Million Three Hundred Ninety-three Thousand Nine Hundred & 00/100 Dollars (\$3,393,900.00), together with interest on the unpaid principal balance from May 3, 2020, calculated as described in the "INTEREST CALCULATION METHOD" paragraph using an interest rate of 1.000% per annum, until paid in full. The interest rate may change under the terms and conditions of the "INTEREST AFTER DEFAULT" section.

PAYMENT. Borrower will pay this loan in 18 payments of \$191,000.20 each payment. Borrower's first payment is due December 3, 2020, and all subsequent payments are due on the same day of each month after that. Borrower's final payment will be due on May 3, 2022, and will be for all principal and all accrued interest not yet paid. Payments include principal and interest. Unless otherwise agreed or required by applicable law, payments will be applied to first to any accrued unpaid interest; then to principal which is currently due; then to pay any late fees; and then to further reduce the principal balance. Borrower will pay Lender at Lender's address shown above or at such other place as Lender may designate in writing.

INITIAL DEFERMENT PERIOD. No payments are due on this loan for 6 months from the date of first disbursement of this loan. Interest will continue to accrue during the deferment period.

Loan Forgiveness. Borrower may apply to Lender for forgiveness of the amount due on this loan in an amount equal to the sum of the following costs incurred by Borrower during the 8-week period beginning on the date of first disbursement of this loan:

- a. Payroll costs
- b. Any payment of interest on a covered mortgage obligation (which shall not include any prepayment of or payment of principal on a covered mortgage obligation)
- c. Any payment on a covered rent obligation
- d. Any covered utility payment

The amount of loan forgiveness shall be calculated (and may be reduced) in accordance with the requirements of the Paycheck Protection Program, including the provisions of Section 1106 of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) (P.L. 116-136). Not more than 25% of the amount forgiven can be attributable to non-payroll costs.

Maturity. This Note will mature two years from date of first disbursement of this loan.

Repayment Terms. The interest rate on this Note is one percent per year. The interest rate is fixed and will not be changed during the life of the loan.

Non-Recourse. Lender and SBA shall have no recourse against any individual shareholder, member or partner of Borrower for non-payment of the loan, except to the extent that such shareholder, member or partner uses the loan proceeds for an unauthorized purpose.

INTEREST RATE MODIFICATION. Notwithstanding anything to the contrary contained herein, if the Small Business Administration ("SBA") purchases the guaranteed portion of the unpaid principal balance of this Note, the interest rate on this Note shall be fixed at the rate in effect at the time of the earliest uncured payment default hereunder. If there is no uncured payment default, the rate shall become fixed at the rate in effect at the time of said purchase by the SBA.

INTEREST CALCULATION METHOD. Interest on this Note is computed on a 365/365 simple interest basis; that is, by applying the ratio of the interest rate over the number of days in a year (365 for all years, including leap years), multiplied by

the outstanding principal balance, multiplied by the actual number of days the principal balance is outstanding. All interest payable under this Note is computed using this method.

PREPAYMENT; MINIMUM INTEREST CHARGE. In any event, even upon full prepayment of this Note, Borrower understands that Lender is entitled to a **minimum interest charge of \$50.00**. Other than Borrower's obligation to pay any minimum interest charge, Borrower may pay without penalty all or a portion of the amount owed earlier than it is due. Early payments will not, unless agreed to by Lender in writing, relieve Borrower of Borrower's obligation to continue to make payments under the payment schedule. Rather, early payments will reduce the principal balance due and may result in Borrower's making fewer payments. Borrower agrees not to send Lender payments marked "paid in full", "without recourse", or similar language. If Borrower sends such a payment, Lender may accept it without losing any of Lender's rights under this Note, and Borrower will remain obligated to pay any further amount owed to Lender. **All written communications concerning disputed amounts, including any check or other payment instrument that indicates that the payment constitutes "payment in full" of the amount owed or that is tendered with other conditions or limitations or as full satisfaction of a disputed amount must be mailed or delivered to: Zions Bancorporation, N.A. dba Nevada State Bank, Enterprise Loan Operations, UT-RDWG-1970, PO Box 27181 Salt Lake City, UT 84127-0181.**

LOAN PREPAYMENT.

Notwithstanding any provision in this Note to the contrary:

Borrower may prepay this note. Borrower may prepay 20 percent or less of the unpaid principal balance at any time without notice. If Borrower prepays more than 20 percent and the Loan has been sold on the secondary market, Borrower must:

- a. Give Lender written notice;
- b. Pay all accrued interest; and
- c. If the prepayment is received less than 21 days from the date the Lender receives the notice, pay an amount equal to 21 days' interest from the date Lender receives the notice, less any interest accrued during the 21 days and paid under subparagraph b., above.

If Borrower does not prepay within 30 days from the date Lender receives the notice, Borrower must give Lender a new notice.

LATE CHARGE. If a payment is 10 days or more late, Borrower will be charged **5.000% of the unpaid portion of the regularly scheduled payment.**

INTEREST AFTER DEFAULT. Upon default, including failure to pay upon final maturity, the total sum due under this Note will continue to accrue interest at the interest rate under this Note.

DEFAULT. Each of the following shall constitute an event of default ("Event of Default") under this Note:

Payment Default. Borrower fails to make any payment when due under this Note.

Other Defaults. Borrower fails to comply with or to perform any other term, obligation, covenant or condition contained in this Note or in any of the related documents or to comply with or to perform any term, obligation, covenant or condition contained in any other agreement between Lender and Borrower.

Default in Favor of Third Parties. Borrower or any Grantor defaults under any loan, extension of credit, security agreement, purchase or sales agreement, or any other agreement, in favor of any other creditor or person that may materially affect any of Borrower's property or Borrower's ability to repay this Note or perform Borrower's obligations under this Note or any of the related documents.

False Statements. Any warranty, representation or statement made or furnished to Lender by Borrower or on Borrower's behalf under this Note or the related documents is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time thereafter.

Death or Insolvency. The dissolution of Borrower (regardless of whether election to continue is made), any member withdraws from Borrower, or any other termination of Borrower's existence as a going business or the death of any member, the insolvency of Borrower, the appointment of a receiver for any part of Borrower's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Borrower.

Creditor or Forfeiture Proceedings. Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Borrower or by any governmental agency against any collateral securing the loan. This includes a garnishment of any of Borrower's accounts, including deposit accounts, with Lender. However, this Event of Default shall not apply if there is a good faith dispute by Borrower as to the validity or

reasonableness of the claim which is the basis of the creditor or forfeiture proceeding and if Borrower gives Lender written notice of the creditor or forfeiture proceeding and deposits with Lender monies or a surety bond for the creditor or forfeiture proceeding, in an amount determined by Lender, in its sole discretion, as being an adequate reserve or bond for the dispute.

Events Affecting Guarantor. Any of the preceding events occurs with respect to any guarantor, endorser, surety, or accommodation party of any of the indebtedness or any guarantor, endorser, surety, or accommodation party dies or becomes incompetent, or revokes or disputes the validity of, or liability under, any guaranty of the indebtedness evidenced by this Note.

Adverse Change. A material adverse change occurs in Borrower's financial condition, or Lender believes the prospect of payment or performance of this Note is impaired.

Cure Provisions. If any default, other than a default in payment, is curable and if Borrower has not been given a notice of a breach of the same provision of this Note within the preceding twelve (12) months, it may be cured if Borrower, after Lender sends written notice to Borrower demanding cure of such default: (1) cures the default within ten (10) days; or (2) if the cure requires more than ten (10) days, immediately initiates steps which Lender deems in Lender's sole discretion to be sufficient to cure the default and thereafter continues and completes all reasonable and necessary steps sufficient to produce compliance as soon as reasonably practical.

LENDER'S RIGHTS. Upon default, Lender may declare the entire unpaid principal balance under this Note and all accrued unpaid interest immediately due, and then Borrower will pay that amount.

WHEN FEDERAL LAW APPLIES. When SBA is the holder, this Note will be interpreted and enforced under federal law, including SBA regulations. Lender or SBA may use state or local procedures for filing papers, recording documents, giving notice, foreclosing liens, and other purposes. By using such procedures, SBA does not waive any federal immunity from state or local control, penalty, tax, or liability. As to this Note, Borrower may not claim or assert against SBA any local or state law to deny any obligation, defeat any claim of SBA, or preempt federal law.

ATTORNEYS' FEES; EXPENSES. Lender may hire or pay someone else to help collect this Note if Borrower does not pay. Borrower will pay Lender that amount. This includes, subject to any limits under applicable law, Lender's attorneys' fees and Lender's legal expenses, whether or not there is a lawsuit, including attorneys' fees, expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), and appeals. If not prohibited by applicable law, Borrower also will pay any court costs, in addition to all other sums provided by law.

GOVERNING LAW. This Note will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the State of Nevada without regard to its conflicts of law provisions. This Note has been accepted by Lender in the State of Nevada.

CHOICE OF VENUE. If there is a lawsuit, Borrower agrees upon Lender's request to submit to the jurisdiction of the courts of Clark County, State of Nevada. (Initial Here ___)

DISHONORED ITEM FEE. Borrower will pay a fee to Lender of \$20.00 if Borrower makes a payment on Borrower's loan and the check or preauthorized charge with which Borrower pays is later dishonored.

RIGHT OF SETOFF. To the extent permitted by applicable law, Lender reserves a right of setoff in all Borrower's accounts with Lender (whether checking, savings, or some other account). This includes all accounts Borrower holds jointly with someone else and all accounts Borrower may open in the future. However, this does not include any IRA or Keogh accounts, any trust accounts for which setoff would be prohibited by law, or monies in any accounts that were received pursuant to the federal Social Security Act, including, without limitation, retirement and survivors' benefits, supplemental security income benefits and disability insurance benefits. Borrower authorizes Lender, to the extent permitted by applicable law, to charge or setoff all sums owing on the debt against any and all such accounts, and, at Lender's option, to administratively freeze all such accounts to allow Lender to protect Lender's charge and setoff rights provided in this paragraph.

REPORTING NEGATIVE INFORMATION. We (Lender) may report information about your (Borrower's) account to credit bureaus. Late payments, missed payments, or other defaults on your account may be reflected in your credit report. (Initial Here ___).

DISPUTE RESOLUTION PROVISION. This Dispute Resolution Provision contains a jury waiver, a class action waiver, and an arbitration clause (or judicial reference agreement, as applicable), set out in four Sections. READ IT CAREFULLY.

This dispute resolution provision shall supersede and replace any prior "Jury Waiver," "Judicial Reference," "Class Action Waiver," "Arbitration," "Dispute Resolution," or similar alternative dispute agreement or provision between or among the parties.

Notwithstanding anything to the contrary herein, the parties acknowledge and agree that the Dispute Resolution Provision contained herein is not enforceable at any time that the SBA is the holder of the Promissory Note which evidences the Loan.

SECTION 1. GENERAL PROVISIONS GOVERNING ALL DISPUTES.

1.1 PRIOR DISPUTE RESOLUTION AGREEMENTS SUPERSEDED. This Dispute Resolution Provision shall supersede and replace any prior “Jury Waiver,” “Judicial Reference,” “Class Action Waiver,” “Arbitration,” “Dispute Resolution,” or similar alternative dispute agreement or provision between or among the parties.

1.2 “DISPUTE” defined. As used herein, the word “Dispute” includes, without limitation, any claim by either party against the other party related to this Agreement, any Related Document, and the Loan evidenced hereby. In addition, “Dispute” also includes any claim by either party against the other party regarding any other agreement or business relationship between any of them, whether or not related to the Loan or other subject matter of this Agreement. “Dispute” includes, but is not limited to, matters arising from or relating to a deposit account, an application for or denial of credit, warranties and representations made by a party, the adequacy of a party’s disclosures, enforcement of any and all of the obligations a party hereto may have to another party, compliance with applicable laws and/or regulations, performance or services provided under any agreement by a party, including without limitation disputes based on or arising from any alleged tort or matters involving the employees, officers, agents, affiliates, or assigns of a party hereto.

If a third party is a party to a Dispute (such as a credit reporting agency, merchant accepting a credit card, junior lienholder or title company), each party hereto agrees to including that third party in any arbitration or judicial reference proceeding for resolving the Dispute with that party.

1.3 Jury Trial Waiver. Each party waives their respective rights to a trial before a jury in connection with any Dispute, and all Disputes shall be resolved by a judge sitting without a jury. If a court determines that this jury trial waiver is not enforceable for any reason, then at any time prior to trial of the Dispute, but not later than 30 days after entry of the order determining this provision is unenforceable, any party shall be entitled to move the court for an order, as applicable: (A) compelling arbitration and staying or dismissing such litigation pending arbitration (“Arbitration Order”) under Section 2 hereof, or (B) staying such litigation and compelling judicial reference under Section 3 hereof.

1.4 CLASS ACTION WAIVER. If permitted by applicable law, each party waives the right to litigate in court or an arbitration proceeding any Dispute as a class action, either as a member of a class or as a representative, or to act as a private attorney general.

1.5 SURVIVAL. This Dispute Resolution Provision shall survive any termination, amendment or expiration of this Agreement, or any other relationship between the parties.

SECTION 2. Arbitration IF JURY WAIVER UNENFORCEABLE (EXCEPT CALIFORNIA). If (but only if) a state or federal court located outside the state of California determines for any reason that the jury trial waiver in this Dispute Resolution Provision is not enforceable with respect to a Dispute, then any party hereto may require that said Dispute be resolved by binding arbitration pursuant to this Section 2 before a single arbitrator. An arbitrator shall have no authority to determine matters (i) regarding the validity, enforceability, meaning, or scope of this Dispute Resolution Provision, or (ii) class action claims brought by either party as a class representative on behalf of others and claims by a class representative on either party’s behalf as a class member, which matters may be determined only by a court without a jury. By agreeing to arbitrate a Dispute, each party gives up any right that party may have to a jury trial, as well as other rights that party would have in court that are not available or are more limited in arbitration, such as the rights to discovery and to appeal.

Arbitration shall be commenced by filing a petition with, and in accordance with the applicable arbitration rules of, National Arbitration Forum (“NAF”) or Judicial Arbitration and Mediation Service, Inc. (“JAMS”) (“Administrator”) as selected by the initiating party. However, if the parties agree, arbitration may be commenced by appointment of a licensed attorney who is selected by the parties and who agrees to conduct the arbitration without an Administrator. If NAF and JAMS both decline to administer arbitration of the Dispute, and if the parties are unable to mutually agree upon a licensed attorney to act as arbitrator with an Administrator, then either party may file a lawsuit (in a court of appropriate venue outside the state of California) and move for an Arbitration Order. The arbitrator, howsoever appointed, shall have expertise in the subject matter of the Dispute. Venue for the arbitration proceeding shall be at a location determined by mutual agreement of the parties or, if no agreement, in the city and state where Lender or Bank is headquartered. The arbitrator shall apply the law of the state specified in the agreement giving rise to the Dispute.

After entry of an Arbitration Order, the non-moving party shall commence arbitration. The moving party shall, at its discretion, also be entitled to commence arbitration but is under no obligation to do so, and the moving party shall not in any way be adversely prejudiced by electing not to commence arbitration. The arbitrator: (i) will hear and rule on appropriate dispositive motions for

judgment on the pleadings, for failure to state a claim, or for full or partial summary judgment; (ii) will render a decision and any award applying applicable law; (iii) will give effect to any limitations period in determining any Dispute or defense; (iv) shall enforce the doctrines of compulsory counterclaim, res judicata, and collateral estoppel, if applicable; (v) with regard to motions and the arbitration hearing, shall apply rules of evidence governing civil cases; and (vi) will apply the law of the state specified in the agreement giving rise to the Dispute. Filing of a petition for arbitration shall not prevent any party from (i) seeking and obtaining from a court of competent jurisdiction (notwithstanding ongoing arbitration) provisional or ancillary remedies including but not limited to injunctive relief, property preservation orders, foreclosure, eviction, attachment, replevin, garnishment, and/or the appointment of a receiver, (ii) pursuing non-judicial foreclosure, or (iii) availing itself of any self-help remedies such as setoff and repossession. The exercise of such rights shall not constitute a waiver of the right to submit any Dispute to arbitration.

Judgment upon an arbitration award may be entered in any court having jurisdiction except that, if the arbitration award exceeds \$4,000,000, any party shall be entitled to a de novo appeal of the award before a panel of three arbitrators. To allow for such appeal, if the award (including Administrator, arbitrator, and attorney's fees and costs) exceeds \$4,000,000, the arbitrator will issue a written, reasoned decision supporting the award, including a statement of authority and its application to the Dispute. A request for de novo appeal must be filed with the arbitrator within 30 days following the date of the arbitration award; if such a request is not made within that time period, the arbitration decision shall become final and binding. On appeal, the arbitrators shall review the award de novo, meaning that they shall reach their own findings of fact and conclusions of law rather than deferring in any manner to the original arbitrator. Appeal of an arbitration award shall be pursuant to the rules of the Administrator or, if the Administrator has no such rules, then the JAMS arbitration appellate rules shall apply.

Arbitration under this provision concerns a transaction involving interstate commerce and shall be governed by the Federal Arbitration Act, 9 U.S.C. § 1 et seq. If the terms of this Section 2 vary from the Administrator's rules, this Section 2 shall control.

SECTION 3. JUDICIAL REFERENCE IF JURY WAIVER UNENFORCEABLE (CALIFORNIA ONLY). If (but only if) a Dispute is filed in a state or federal court located within the state of California, and said court determines for any reason that the jury trial waiver in this Dispute Resolution Provision is not enforceable with respect to that Dispute, then any party hereto may require that Dispute be resolved by judicial reference in accordance with California Code of Civil Procedure, Sections 638, et seq., including without limitation whether the Dispute is subject to a judicial reference proceeding **By agreeing to resolve Disputes by judicial reference, each party is giving up any right that party may have to a jury trial.** The referee shall be a retired judge, agreed upon by the parties, from either the American Arbitration Association (AAA) or Judicial Arbitration and Mediation Service, Inc. (JAMS). If the parties cannot agree on the referee, the party who initially selected the reference procedure shall request a panel of ten retired judges from either AAA or JAMS, and the court shall select the referee from that panel. (If AAA and JAMS are unavailable to provide this service, the court may select a referee by such other procedures as are used by that court.) The referee shall be appointed to sit with all of the powers provided by law, including the power to hear and determine any or all of the issues in the proceeding, whether of fact or of law, and to report a statement of decision. The parties agree that time is of the essence in conducting the judicial reference proceeding set forth herein. The costs of the judicial reference proceeding, including the fee for the court reporter, shall be borne equally by the parties as the costs are incurred, unless otherwise awarded by the referee. The referee shall hear all pre-trial and post-trial matters (including without limitation requests for equitable relief), prepare a statement of decision with written findings of fact and conclusions of law, and apportion costs as appropriate. The referee shall be empowered to enter equitable relief as well as legal relief, provide all temporary or provisional remedies, enter equitable orders that are binding on the parties and rule on any motion that would be authorized in a trial, including without limitation motions for summary adjudication. Only for this Section 3, "Dispute" includes matters regarding the validity, enforceability, meaning, or scope of this Section, and (ii) class action claims brought by either party as a class representative on behalf of others and claims by a class representative on either party's behalf as a class member. Judgment upon the award shall be entered in the court in which such proceeding was commenced and all parties shall have full rights of appeal. This provision will not be deemed to limit or constrain Bank or Lender's right of offset, to obtain provisional or ancillary remedies, to interplead funds in the event of a dispute, to exercise any security interest or lien Bank or Lender may hold in property or to comply with legal process involving accounts or other property held by Bank or Lender.

Nothing herein shall preclude a party from moving (prior to the court ordering judicial reference) to dismiss, stay or transfer the suit to a forum outside California on grounds that California is an improper, inconvenient or less suitable venue. If such motion is granted, this Section 3 shall not apply to any proceedings in the new forum.

This Section 3 may be invoked only with regard to Disputes filed in state or federal courts located in the State of California. In no event shall the provisions in this Section 3 diminish the force or effect of any venue selection or jurisdiction provision in this Agreement or any Related Document.

SECTION 4. Reliance. Each party (i) certifies that no one has represented to such party that the other party would not seek to enforce a jury waiver, class action waiver, arbitration provision or judicial reference provision in the event of suit, and (ii) acknowledges that it and the other party have been induced to enter into this Agreement by, among other things, material reliance upon the mutual waivers, agreements, and certifications in the four Sections of this DISPUTE RESOLUTION PROVISION.

WAIVER OF DEFENSES AND RELEASE OF CLAIMS. The undersigned hereby (i) represents that neither the undersigned nor any affiliate or principal of the undersigned has any defenses to or setoffs against any indebtedness or other obligations owing by the undersigned, or by the undersigned's affiliates or principals, to Lender or Lender's affiliates (the "Obligations"), nor any claims against Lender or Lender's affiliates for any matter whatsoever, related or unrelated to the Obligations, and (ii) releases Lender and Lender's affiliates, officers, directors, employees and agents from all claims, causes of action, and costs, in law or equity, known or unknown, whether or not matured or contingent, existing as of the date hereof that the undersigned has or may have by reason of any matter of any conceivable kind or character whatsoever, related or unrelated to the Obligations, including the subject matter of this Agreement. The foregoing release does not apply, however, to claims for future performance of express contractual obligations that mature after the date hereof that are owing to the undersigned by Lender or Lender's affiliates. As used in this paragraph, the word "undersigned" does not include Lender or any individual signing on behalf of Lender. The undersigned acknowledges that Lender has been induced to enter into or continue the Obligations by, among other things, the waivers and releases in this paragraph.

ON-LINE BANKING -- ADVANCES. From time to time, Lender may (but shall not be required to) permit advances to be requested or drawn through its online banking website. Lender may impose and change limitations on online advance requests, such as minimum or maximum advance dollar amounts, and the types of accounts into which advances may be transferred. Whether online advances are permitted, and Lender's applicable terms and restrictions if such advances are permitted, will be reflected in the features available online when a user logs into the online banking website.

ON-LINE BANKING -- LOAN PAYMENTS. From time to time, Lender may (but shall not be required to) permit loan payments to be made through its online banking website. Lender may impose and change limitations on making online loan payments, such as minimum or maximum payment amounts, the types of accounts from which loan payments may be made, and the types of payments that may be made online (i.e., ordinary installment payments, principal-only payments, or other types of payments). Whether online payments are permitted, and Lender's applicable terms and restrictions if such payments are permitted, will be reflected in the features available online when a user logs into the online banking website.

SUCCESSOR INTERESTS. The terms of this Note shall be binding upon Borrower, and upon Borrower's heirs, personal representatives, successors and assigns, and shall inure to the benefit of Lender and its successors and assigns.

GENERAL PROVISIONS. If any part of this Note cannot be enforced, this fact will not affect the rest of the Note. Lender may delay or forgo enforcing any of its rights or remedies under this Note without losing them. Borrower and any other person who signs, guarantees or endorses this Note, to the extent allowed by law, waive presentment, demand for payment, and notice of dishonor. Upon any change in the terms of this Note, and unless otherwise expressly stated in writing, no party who signs this Note, whether as maker, guarantor, accommodation maker or endorser, shall be released from liability. All such parties agree that Lender may renew or extend (repeatedly and for any length of time) this loan or release any party or guarantor or collateral; or impair, fail to realize upon or perfect Lender's security interest in the collateral; and take any other action deemed necessary by Lender without the consent of or notice to anyone. All such parties also agree that Lender may modify this loan without the consent of or notice to anyone other than the party with whom the modification is made. The obligations under this Note are joint and several.

PRIOR TO SIGNING THIS NOTE, BORROWER READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS NOTE. BORROWER AGREES TO THE TERMS OF THE NOTE.

BORROWER ACKNOWLEDGES RECEIPT OF A COMPLETED COPY OF THIS PROMISSORY NOTE.

BORROWER:

GAMING ENTERTAINMENT (INDIANA) LLC

By: /s/ Lewis Fanger
Lewis Fanger, Official of Gaming Entertainment (Indiana) LLC

BUSINESS LOAN AGREEMENT

Principal	Loan Date	Maturity	CL Transaction No	Product	Loan Account No
\$3,393,900.00	05-03-2020	05-03-2022		SBA Paycheck Protection	
References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item.					
Any item above containing "****" has been omitted due to text length limitations.					

Borrower: Gaming Entertainment (Indiana) LLC
1980 Festival Plaza Dr, Suite 680
Las Vegas, NV 89135

Lender: Zions Bancorporation, N.A. dba Nevada State Bank
NSB Small Business North East
2915 Mountain City Hwy
Elko, NV 89801

THIS BUSINESS LOAN AGREEMENT dated May 3, 2020, is made and executed between Gaming Entertainment (Indiana) LLC ("Borrower") and Zions Bancorporation, N.A. dba Nevada State Bank ("Lender") on the following terms and conditions. Borrower has applied to Lender for a commercial loan under the SBA Paycheck Protection Program, ("SBA Paycheck Protection Program") authorized by the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") (P.L. 116-136). Borrower understands and agrees that: (A) in granting, renewing, or extending any Loan, Lender is relying upon Borrower's representations, warranties, and agreements as set forth in this Agreement and any Related Documents; (B) the granting, renewing, or extending of a Loan by Lender at all times shall be subject to Lender's sole judgment and discretion; and (C) all such Loans shall be and remain subject to the terms and conditions of this Agreement.

TERM. This Agreement shall be effective as of May 3, 2020, and shall continue in full force and effect until such time as Borrower's Loan in favor of Lender has been paid in full, including principal, interest, costs, expenses, attorneys' fees, and other fees and charges, or until such time as the parties may agree in writing to terminate this Agreement.

CONDITIONS PRECEDENT TO EACH ADVANCE. Lender's obligation to make the initial Advance and each subsequent Advance under this Agreement shall be subject to the fulfillment to Lender's satisfaction of all of the conditions set forth in this Agreement and in the Related Documents.

Loan Documents. Borrower shall provide to Lender the following documents for the Loan: (1) the Note; (2) together with all such Related Documents as Lender may require for the Loan; all in form and substance satisfactory to Lender and Lender's counsel.

Borrower's Authorization. Borrower shall have provided in form and substance satisfactory to Lender properly certified resolutions, duly authorizing the execution and delivery of this Agreement, the Note and the Related Documents. In addition, Borrower shall have provided such other resolutions, authorizations, documents and instruments as Lender or its counsel, may require.

Representations and Warranties. The representations and warranties set forth in this Agreement, in the Related Documents, and in any document or certificate delivered to Lender under this Agreement are true and correct.

No Event of Default. There shall not exist at the time of any Advance a condition which would constitute an Event of Default under this Agreement or under any Related Document.

REPRESENTATIONS AND WARRANTIES. Borrower represents and warrants to Lender, as of the date of this Agreement, as of the date of each disbursement of loan proceeds, as of the date of any renewal, extension or modification of any Loan, and at all times any Indebtedness exists:

Organization. Borrower is an entity type designated in the application for this Loan, and at all times shall be, duly organized, validly existing, and in good standing under and by virtue of the laws of the State of organization identified in Borrower's application for this Loan. Borrower is duly authorized to transact business in all other states in which Borrower is doing business, having obtained all necessary filings, governmental licenses and approvals for each state in which Borrower is doing business. Specifically, Borrower is, and at all times shall be, duly qualified as a foreign corporation in all states in which the failure to so qualify would have a material adverse effect on its business or financial condition. Borrower has the full power and authority to own its properties and to transact the business in which it is presently engaged or presently proposes to engage. Unless Borrower has designated otherwise in writing, the principal office is the office at which Borrower keeps its books and records. Borrower will notify Lender prior to any change in the location of Borrower's state of organization or any change in Borrower's name. Borrower shall do all things necessary to preserve and to keep in full force and effect its existence, rights and privileges, and shall comply with all regulations, rules, ordinances, statutes, orders and decrees of any governmental or quasi-governmental authority or court applicable to Borrower and Borrower's business activities.

Deviations in Borrower's Name. Borrower hereby acknowledges that if a typographical error exists in Borrower's name, including but not limited to, missing the words limited liability company, LLC, corporation, incorporated, inc., or corp., or the name corporation or incorporated are abbreviated, or the name is missing a period or comma after a letter or word, or an apostrophe in the name is

missing, or there is some other deviation in Borrower's name, Borrower agrees that all references to Borrower in this Agreement, the Note and the Related Documents shall mean the Borrower as such name may appear on the records of the department where entities are registered in the State of Borrower's organization. Borrower further waives any defenses against enforceability of this Agreement, the Note and the Related Documents based on any deviation in Borrower's name with the records of the state of organization and Borrower agrees that this Agreement, the Note and Related Documents bind Borrower regardless of any such deviation of Borrower's name and that all of the debts, obligations, liabilities, matured or unmatured, undisputed or disputed, and regardless of how evidenced (whether by loan agreement, promissory note, other loan document, deposit agreement, operation of law, or otherwise), are the debts, obligations and liabilities of the Borrower. Borrower agrees to pay and perform the debts, obligations and liabilities as set forth in this Agreement, the Note and Related Documents pursuant to the same terms and conditions, and at the times and in the manner, as if they had been originally made, executed, delivered or incurred by and in the name of Borrower as Borrower's name appears on the records of the State of Borrower's organization. This Agreement, the Note, and Related Documents are hereby amended to reflect the foregoing.

Assumed Business Names. Borrower has filed or recorded all documents or filings required by law relating to all assumed business names used by Borrower.

Authorization. Borrower's execution, delivery, and performance of this Agreement and all the Related Documents have been duly authorized by all necessary action by Borrower and do not conflict with, result in a violation of, or constitute a default under (1) any provision of (a) Borrower's articles of incorporation or organization, or bylaws, or (b) any agreement or other instrument binding upon Borrower or (2) any law, governmental regulation, court decree, or order applicable to Borrower or to Borrower's properties.

Legal Effect. This Agreement constitutes, and any instrument or agreement Borrower is required to give under this Agreement when delivered will constitute legal, valid, and binding obligations of Borrower enforceable against Borrower in accordance with their respective terms.

Litigation and Claims. No litigation, claim, investigation, administrative proceeding or similar action (including those for unpaid taxes) against Borrower is pending or threatened, other than litigation, claims, or other events, if any, that have been disclosed to and acknowledged by Lender in writing.

Taxes. To the best of Borrower's knowledge, all of Borrower's tax returns and reports that are or were required to be filed, have been filed, and all taxes, assessments and other governmental charges have been paid in full, except those presently being or to be contested by Borrower in good faith in the ordinary course of business and for which adequate reserves have been provided. The tax, payroll and other documents supplied to Lender to support the Loan amount are true and accurate.

Eligible Borrower. Borrower is an eligible recipient of this Loan under the SBA Paycheck Protection Program of the CARES Act. Borrower certifies that the Average Monthly Payroll amount set forth in Borrower's application made in connection with this Loan is true and correct. Borrower further certifies that Borrower is entitled to receive the amount of the Loan pursuant to the terms and conditions of the SBA Paycheck Protection Program. Borrower acknowledges and agrees that all rules and regulations applicable to the SBA Paycheck Protection Program, as such may be amended, apply to the Loan. Borrower agrees to deliver all certifications, documents, information and agreement the SBA or Lender may require in connection with the Paycheck Protection Program. Borrower understands that Lender is relying on Borrower's certifications made in connection with this Loan and Borrower's determination that Borrower is eligible to receive this Loan. Lender assumes no responsibility for determining Borrower's eligibility or the loan amount. If it is later determined that Borrower is ineligible to receive this Loan or Borrower is not entitled to receive the loan amount, Borrower and its owners may be subject to penalties under the SBA Paycheck Protection Program. Borrower and its owners agree to hold Lender harmless for any certification made by Borrower or an owner in connection with this Loan that is determined to be incorrect or for any remedial action taken as a result of such certifications that are incorrect.

Binding Effect. This Agreement, the Note, and all Related Documents are binding upon the signers thereof, as well as upon their successors, representatives and assigns, and are legally enforceable in accordance with their respective terms.

AFFIRMATIVE COVENANTS. Borrower covenants and agrees with Lender that, so long as this Agreement remains in effect, Borrower will:

Notices of Claims and Litigation. Promptly inform Lender in writing of (1) all existing and all threatened litigation, claims, investigations, administrative proceedings or similar actions affecting Borrower which could materially affect the financial condition of Borrower.

Financial Records. Maintain its books and records in accordance with GAAP or other accounting method acceptable to Lender, applied on a consistent basis, and permit Lender to examine and audit Borrower's books and records at all reasonable times.

Additional Information. Furnish such additional information and statements, as Lender may request from time to time.

Insurance. Maintain fire and other risk insurance, public liability insurance, and such other insurance as Lender may require with respect to Borrower's properties and operations, in form, amounts, coverages and with insurance companies acceptable to Lender.

Other Agreements. Comply with all terms and conditions of all other agreements, whether now or hereafter existing, between Borrower and any other party and notify Lender immediately in writing of any default in connection with any other such agreements.

Loan Proceeds. Use all Loan proceeds solely for permitted uses under the SBA Paycheck Protection Program and according to Borrower's certifications in the application for this Loan and in the Disbursement Request and Authorization executed in connection with this Loan, unless specifically consented to the contrary by Lender in writing.

Taxes, Charges and Liens. Pay and discharge when due all of its indebtedness and obligations, including without limitation all assessments, taxes, governmental charges, levies and liens, of every kind and nature, imposed upon Borrower or its properties, income, or profits, prior to the date on which penalties would attach, and all lawful claims that, if unpaid, might become a lien or charge upon any of Borrower's properties, income, or profits. Provided however, Borrower will not be required to pay and discharge any such assessment, tax, charge, levy, lien or claim so long as (1) the legality of the same shall be contested in good faith by appropriate proceedings, and (2) Borrower shall have established on Borrower's books adequate reserves with respect to such contested assessment, tax, charge, levy, lien, or claim in accordance with GAAP.

Performance. Perform and comply, in a timely manner, with all terms, conditions, and provisions set forth in this Agreement, in the Related Documents, and in all other instruments and agreements between Borrower and Lender. Borrower shall notify Lender immediately in writing of any default in connection with any agreement.

Operations. Maintain executive and management personnel with substantially the same qualifications and experience as the present executive and management personnel; provide written notice to Lender of any change in executive and management personnel; conduct its business affairs in a reasonable and prudent manner.

Compliance with Governmental Requirements. Comply with all laws, ordinances, and regulations, now or hereafter in effect, of all governmental authorities applicable to the conduct of Borrower's properties, businesses and operations, and to the use or occupancy of the Collateral, including without limitation, the Americans With Disabilities Act. Borrower may contest in good faith any such law, ordinance, or regulation and withhold compliance during any proceeding, including appropriate appeals, so long as Borrower has notified Lender in writing prior to doing so and so long as, in Lender's sole opinion, Lender's interests in the Collateral are not jeopardized. Lender may require Borrower to post adequate security or a surety bond, reasonably satisfactory to Lender, to protect Lender's interest.

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

Environmental Compliance and Reports. Borrower shall comply in all respects with any and all Environmental Laws; not cause or permit to exist, as a result of an intentional or unintentional action or omission on Borrower's part or on the part of any third party, on property owned and/or occupied by Borrower, any environmental activity where damage may result to the environment, unless such environmental activity is pursuant to and in compliance with the conditions of a permit issued by the appropriate federal, state or local governmental authorities; shall furnish to Lender promptly and in any event within thirty (30) days after receipt thereof a copy of any notice, summons, lien, citation, directive, letter or other communication from any governmental agency or instrumentality concerning any intentional or unintentional action or omission on Borrower's part in connection with any environmental activity whether or not there is damage to the environment and/or other natural resources.

Additional Assurances. Make, execute and deliver to Lender such promissory notes, financing statements, instruments, documents and other agreements as Lender or its attorneys may reasonably request to evidence and secure the Loans and to perfect all Security Interests.

Financial Statements. Furnish Lender with such financial statements and any and all other information or documentation related thereto at such frequencies and in such detail as Lender may reasonably request.

Tax Returns. Furnish Lender with such tax returns, or extensions thereof, and any and all other information or documentation related thereto at such frequencies and in such detail as Lender may reasonably request.

RECOVERY OF ADDITIONAL COSTS. If the imposition of or any change in any law, rule, regulation, guideline, or generally accepted accounting principle, or the interpretation or application of any thereof by any court, administrative or governmental authority, or standard-setting organization (including any request or policy not having the force of law) shall impose, modify or make

applicable any taxes (except federal, state or local income or franchise taxes imposed on Lender), reserve requirements, capital adequacy requirements or other obligations which would (A) increase the cost to Lender for extending or maintaining the credit facilities to which this Agreement relates, (B) reduce the amounts payable to Lender under this Agreement or the Related Documents, or (C) reduce the rate of return on Lender's capital as a consequence of Lender's obligations with respect to the credit facilities to which this Agreement relates, then Borrower agrees to pay Lender such additional amounts as will compensate Lender therefor, within five (5) days after Lender's written demand for such payment, which demand shall be accompanied by an explanation of such imposition or charge and a calculation in reasonable detail of the additional amounts payable by Borrower, which explanation and calculations shall be conclusive in the absence of manifest error.

LENDER'S EXPENDITURES. If Borrower fails to comply with any provision of this Agreement or any Related Documents, including but not limited to Borrower's failure to discharge or pay when due any amounts Borrower is required to discharge or pay under this Agreement or any Related Documents. All such expenditures incurred or paid by Lender for such purposes will then bear interest at the rate charged under the Note from the date incurred or paid by Lender to the date of repayment by Borrower. All such expenses will become a part of the Indebtedness and, at Lender's option, will (A) be payable on demand; (B) be added to the balance of the Note and be apportioned among and be payable with any installment payments to become due during either (1) the term of any applicable insurance policy; or (2) the remaining term of the Note; or (C) be treated as a balloon payment which will be due and payable at the Note's maturity.

NEGATIVE COVENANTS. Borrower covenants and agrees with Lender that while this Agreement is in effect, Borrower shall not, without the prior written consent of Lender:

Continuity of Operations. (1) Engage in any business activities substantially different than those in which Borrower is presently engaged, (2) cease operations, liquidate, merge or restructure as a legal entity (whether by division or otherwise), consolidate with or acquire any other entity, change its name, convert to another type of entity or redomesticate, or dissolve.

Agreements. Enter into any agreement containing any provisions which would be violated or breached by the performance of Borrower's obligations under this Agreement or in connection herewith.

CESSATION OF ADVANCES. If Lender has made any commitment to make any Loan to Borrower, whether under this Agreement or under any other agreement, Lender shall have no obligation to make Loan Advances or to disburse Loan proceeds if: (A) Borrower is in default under the terms of this Agreement or any of the Related Documents or any other agreement that Borrower has with Lender; (B) Borrower or any Guarantor dies, becomes incompetent or becomes insolvent, files a petition in bankruptcy or similar proceedings, or is adjudged a bankrupt; or (C) there occurs a material adverse change in Borrower's financial condition.

RIGHT OF SETOFF. To the extent permitted by applicable law, Lender reserves a right of setoff in all Borrower's accounts with Lender (whether checking, savings, or some other account). This includes all accounts Borrower holds jointly with someone else and all accounts Borrower may open in the future. However, this does not include any IRA or Keogh accounts, or any trust accounts for which setoff would be prohibited by law. Borrower authorizes Lender, to the extent permitted by applicable law, to charge or setoff all sums owing on the Indebtedness against any and all such accounts.

DEFAULT. Each of the following shall constitute an Event of Default under this Agreement:

Payment Default. Borrower fails to make any payment when due under the Loan.

Other Defaults. Borrower fails to comply with or to perform any other term, obligation, covenant or condition contained in this Agreement or in any of the Related Documents or to comply with or to perform any term, obligation, covenant or condition contained in any other agreement between Lender and Borrower.

False Statements. Any warranty, representation or statement made or furnished to Lender by Borrower or on Borrower's behalf under this Agreement or the Related Documents is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time thereafter.

Insolvency. The dissolution or termination of Borrower's existence as a going business, the insolvency of Borrower, the appointment of a receiver for any part of Borrower's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Borrower.

Creditor or Forfeiture Proceedings. Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Borrower or by any governmental agency against any collateral securing the Loan. This includes a garnishment of any of Borrower's accounts, including deposit accounts, with Lender. However, this Event of Default shall not apply if there is a good faith dispute by Borrower as to the validity or reasonableness of the claim which is the basis of the creditor or forfeiture proceeding and if Borrower gives Lender written notice of the creditor or forfeiture proceeding and

deposits with Lender monies or a surety bond for the creditor or forfeiture proceeding, in an amount determined by Lender, in its sole discretion, as being an adequate reserve or bond for the dispute.

Change in Ownership. Any change in ownership of twenty-five percent (25%) or more of the common stock of Borrower.

Adverse Change. A material adverse change occurs in Borrower's financial condition, or Lender believes the prospect of payment or performance of the Loan is impaired.

Right to Cure. If any default, other than a default on Indebtedness, is curable and if Borrower or Grantor, as the case may be, has not been given a notice of a similar default within the preceding twelve (12) months, it may be cured if Borrower or Grantor, as the case may be, after Lender sends written notice to Borrower or Grantor, as the case may be, demanding cure of such default: (1) cure the default within the time set forth in the Note; or (2) if the cure requires more than the time to cure a default set forth in the Note, immediately initiate steps which Lender deems in Lender's sole discretion to be sufficient to cure the default and thereafter continue and complete all reasonable and necessary steps sufficient to produce compliance as soon as reasonably practical.

EFFECT OF AN EVENT OF DEFAULT. If any Event of Default shall occur, except where otherwise provided in this Agreement or the Related Documents, all commitments and obligations of Lender under this Agreement or the Related Documents or any other agreement immediately will terminate (including any obligation to make further Loan Advances or disbursements), and, at Lender's option, all Indebtedness immediately will become due and payable, all without notice of any kind to Borrower, except that in the case of an Event of Default of the type described in the "Insolvency" subsection above, such acceleration shall be automatic and not optional. In addition, Lender shall have all the rights and remedies provided in the Related Documents or available at law, in equity, or otherwise. Except as may be prohibited by applicable law, all of Lender's rights and remedies shall be cumulative and may be exercised singularly or concurrently. Election by Lender to pursue any remedy shall not exclude pursuit of any other remedy, and an election to make expenditures or to take action to perform an obligation of Borrower or of any Grantor shall not affect Lender's right to declare a default and to exercise its rights and remedies.

DISPUTE RESOLUTION PROVISION. This Dispute Resolution Provision contains a jury waiver, a class action waiver, and an arbitration clause (or judicial reference agreement, as applicable), set out in four Sections. **READ IT CAREFULLY.**

This dispute resolution provision shall supersede and replace any prior "Jury Waiver," "Judicial Reference," "Class Action Waiver," "Arbitration," "Dispute Resolution," or similar alternative dispute agreement or provision between or among the parties.

Notwithstanding anything to the contrary herein, the parties acknowledge and agree that the Dispute Resolution Provision contained herein is not enforceable at any time that the SBA is the holder of the Promissory Note which evidences the Loan.

SECTION 1. GENERAL PROVISIONS GOVERNING ALL DISPUTES.

1.1 PRIOR DISPUTE RESOLUTION AGREEMENTS SUPERSEDED. This Dispute Resolution Provision shall supersede and replace any prior "Jury Waiver," "Judicial Reference," "Class Action Waiver," "Arbitration," "Dispute Resolution," or similar alternative dispute agreement or provision between or among the parties.

1.2 "DISPUTE" defined. As used herein, the word "Dispute" includes, without limitation, any claim by either party against the other party related to this Agreement, any Related Document, and the Loan evidenced hereby. In addition, "Dispute" also includes any claim by either party against the other party **regarding any other agreement or business relationship between any of them, whether or not related to the Loan or other subject matter of this Agreement.** "Dispute" includes, but is not limited to, matters arising from or relating to a deposit account, an application for or denial of credit, warranties and representations made by a party, the adequacy of a party's disclosures, enforcement of any and all of the obligations a party hereto may have to another party, compliance with applicable laws and/or regulations, performance or services provided under any agreement by a party, including without limitation disputes based on or arising from any alleged tort or matters involving the employees, officers, agents, affiliates, or assigns of a party hereto.

If a third party is a party to a Dispute (such as a credit reporting agency, merchant accepting a credit card, junior lienholder or title company), each party hereto agrees to including that third party in any arbitration or judicial reference proceeding for resolving the Dispute with that party.

1.3 Jury Trial Waiver. Each party **waives their respective rights to a trial before a jury in connection with any Dispute**, and all **Disputes shall be resolved by a judge sitting without a jury.** If a court determines that this jury trial waiver is not enforceable for any reason, **then at any time prior to trial of the Dispute, but not later than 30 days after entry of the order determining this provision is unenforceable**, any party shall be entitled to move the court for an order, as applicable: (A) compelling arbitration and staying or dismissing such litigation pending arbitration ("Arbitration Order") under Section 2 hereof, or (B) staying such litigation and compelling judicial reference under Section 3 hereof.

1.4 CLASS ACTION WAIVER. If permitted by applicable law, each party waives the right to litigate in court or an arbitration proceeding any Dispute as a class action, either as a member of a class or as a representative, or to act as a private attorney general.

1.5 SURVIVAL. This Dispute Resolution Provision shall survive any termination, amendment or expiration of this Agreement, or any other relationship between the parties.

SECTION 2. Arbitration IF JURY WAIVER UNENFORCEABLE (EXCEPT CALIFORNIA). If (but only if) a state or federal court located outside the state of California determines for any reason that the jury trial waiver in this Dispute Resolution Provision is not enforceable with respect to a Dispute, then any party hereto may require that said Dispute be resolved by binding arbitration pursuant to this Section 2 before a single arbitrator. An arbitrator shall have no authority to determine matters (i) regarding the validity, enforceability, meaning, or scope of this Dispute Resolution Provision, or (ii) class action claims brought by either party as a class representative on behalf of others and claims by a class representative on either party's behalf as a class member, which matters may be determined only by a court without a jury. By agreeing to arbitrate a Dispute, each party gives up any right that party may have to a jury trial, as well as other rights that party would have in court that are not available or are more limited in arbitration, such as the rights to discovery and to appeal.

Arbitration shall be commenced by filing a petition with, and in accordance with the applicable arbitration rules of, National Arbitration Forum ("NAF") or Judicial Arbitration and Mediation Service, Inc. ("JAMS") ("Administrator") as selected by the initiating party. However, if the parties agree, arbitration may be commenced by appointment of a licensed attorney who is selected by the parties and who agrees to conduct the arbitration without an Administrator. If NAF and JAMS both decline to administer arbitration of the Dispute, and if the parties are unable to mutually agree upon a licensed attorney to act as arbitrator with an Administrator, then either party may file a lawsuit (in a court of appropriate venue outside the state of California) and move for an Arbitration Order. The arbitrator, howsoever appointed, shall have expertise in the subject matter of the Dispute. Venue for the arbitration proceeding shall be at a location determined by mutual agreement of the parties or, if no agreement, in the city and state where Lender or Bank is headquartered. The arbitrator shall apply the law of the state specified in the agreement giving rise to the Dispute.

After entry of an Arbitration Order, the non-moving party shall commence arbitration. The moving party shall, at its discretion, also be entitled to commence arbitration but is under no obligation to do so, and the moving party shall not in any way be adversely prejudiced by electing not to commence arbitration. The arbitrator: (i) will hear and rule on appropriate dispositive motions for judgment on the pleadings, for failure to state a claim, or for full or partial summary judgment; (ii) will render a decision and any award applying applicable law; (iii) will give effect to any limitations period in determining any Dispute or defense; (iv) shall enforce the doctrines of compulsory counterclaim, res judicata, and collateral estoppel, if applicable; (v) with regard to motions and the arbitration hearing, shall apply rules of evidence governing civil cases; and (vi) will apply the law of the state specified in the agreement giving rise to the Dispute. Filing of a petition for arbitration shall not prevent any party from (i) seeking and obtaining from a court of competent jurisdiction (notwithstanding ongoing arbitration) provisional or ancillary remedies including but not limited to injunctive relief, property preservation orders, foreclosure, eviction, attachment, replevin, garnishment, and/or the appointment of a receiver, (ii) pursuing non-judicial foreclosure, or (iii) availing itself of any self-help remedies such as setoff and repossession. The exercise of such rights shall not constitute a waiver of the right to submit any Dispute to arbitration.

Judgment upon an arbitration award may be entered in any court having jurisdiction except that, if the arbitration award exceeds \$4,000,000, any party shall be entitled to a de novo appeal of the award before a panel of three arbitrators. To allow for such appeal, if the award (including Administrator, arbitrator, and attorney's fees and costs) exceeds \$4,000,000, the arbitrator will issue a written, reasoned decision supporting the award, including a statement of authority and its application to the Dispute. A request for de novo appeal must be filed with the arbitrator within 30 days following the date of the arbitration award; if such a request is not made within that time period, the arbitration decision shall become final and binding. On appeal, the arbitrators shall review the award de novo, meaning that they shall reach their own findings of fact and conclusions of law rather than deferring in any manner to the original arbitrator. Appeal of an arbitration award shall be pursuant to the rules of the Administrator or, if the Administrator has no such rules, then the JAMS arbitration appellate rules shall apply.

Arbitration under this provision concerns a transaction involving interstate commerce and shall be governed by the Federal Arbitration Act, 9 U.S.C. § 1 et seq. If the terms of this Section 2 vary from the Administrator's rules, this Section 2 shall control.

SECTION 3. JUDICIAL REFERENCE IF JURY WAIVER UNENFORCEABLE (CALIFORNIA ONLY). If (but only if) a Dispute is filed in a state or federal court located within the state of California, and said court determines for any reason that the jury trial waiver in this Dispute Resolution Provision is not enforceable with respect to that Dispute, then any party hereto may require that Dispute be resolved by judicial reference in accordance with California Code of Civil Procedure, Sections 638, et seq., including without limitation whether the Dispute is subject to a judicial reference proceeding. By agreeing to resolve Disputes by judicial reference, each party is giving up any right that party may have to a jury trial. The referee shall be a retired judge, agreed upon by the parties, from either the American Arbitration Association (AAA) or Judicial Arbitration and Mediation Service, Inc. (JAMS). If

the parties cannot agree on the referee, the party who initially selected the reference procedure shall request a panel of ten retired judges from either AAA or JAMS, and the court shall select the referee from that panel. (If AAA and JAMS are unavailable to provide this service, the court may select a referee by such other procedures as are used by that court.) The referee shall be appointed to sit with all of the powers provided by law, including the power to hear and determine any or all of the issues in the proceeding, whether of fact or of law, and to report a statement of decision. The parties agree that time is of the essence in conducting the judicial reference proceeding set forth herein. The costs of the judicial reference proceeding, including the fee for the court reporter, shall be borne equally by the parties as the costs are incurred, unless otherwise awarded by the referee. The referee shall hear all pre-trial and post-trial matters (including without limitation requests for equitable relief), prepare a statement of decision with written findings of fact and conclusions of law, and apportion costs as appropriate. The referee shall be empowered to enter equitable relief as well as legal relief, provide all temporary or provisional remedies, enter equitable orders that are binding on the parties and rule on any motion that would be authorized in a trial, including without limitation motions for summary adjudication. Only for this Section 3, "Dispute" includes matters regarding the validity, enforceability, meaning, or scope of this Section, and (ii) class action claims brought by either party as a class representative on behalf of others and claims by a class representative on either party's behalf as a class member. Judgment upon the award shall be entered in the court in which such proceeding was commenced and all parties shall have full rights of appeal. This provision will not be deemed to limit or constrain Bank or Lender's right of offset, to obtain provisional or ancillary remedies, to interplead funds in the event of a dispute, to exercise any security interest or lien Bank or Lender may hold in property or to comply with legal process involving accounts or other property held by Bank or Lender.

Nothing herein shall preclude a party from moving (prior to the court ordering judicial reference) to dismiss, stay or transfer the suit to a forum outside California on grounds that California is an improper, inconvenient or less suitable venue. If such motion is granted, this Section 3 shall not apply to any proceedings in the new forum.

This Section 3 may be invoked only with regard to Disputes filed in state or federal courts located in the State of California. In no event shall the provisions in this Section 3 diminish the force or effect of any venue selection or jurisdiction provision in this Agreement or any Related Document.

SECTION 4. Reliance. Each party (i) certifies that no one has represented to such party that the other party would not seek to enforce a jury waiver, class action waiver, arbitration provision or judicial reference provision in the event of suit, and (ii) acknowledges that it and the other party have been induced to enter into this Agreement by, among other things, material reliance upon the mutual waivers, agreements, and certifications in the four Sections of this DISPUTE RESOLUTION PROVISION.

SCOPE OF AGREEMENT. Except as provided in the Section of this Agreement entitled "Dispute Resolution" (including the jury waiver, arbitration, and class action waiver provisions), this Agreement shall not be interpreted to supersede or amend any other credit agreement between Borrower and Lender.

MULTIPLE LOAN AGREEMENTS (INDEPENDENT LOAN AGREEMENTS). Borrower and Lender acknowledge that Borrower may have more than one outstanding loan with Lender, and may be granted additional loans by Lender in the future. Borrower and Lender agree that (a) the loan agreement executed in connection with each loan shall govern that particular loan; (b) execution or amendment of a loan agreement for one loan shall not be interpreted to supersede or amend any loan agreement previously executed in connection with another loan; and (c) any present or future loan for which no separate loan agreement is executed shall always be governed by the most recently executed loan agreement then outstanding between Borrower and Lender, whether executed before or after the granting of said loan. This section shall not diminish any cross-default term in any loan agreement, promissory note or related loan document. (This section supersedes any contrary provision in this Agreement.)

Notwithstanding the preceding paragraph of this section, every loan agreement between Borrower and Lender (together with all related loan documents associated therewith) shall be deemed amended to adopt the dispute resolution provisions that are now or hereafter set forth in the most recently executed loan agreement. In this paragraph, "dispute resolution provision" includes any provision, or omission thereof, in the nature of a class action waiver, a jury trial waiver, or alternative dispute resolution term (such as resolution by arbitration or judicial reference).

REPLACEMENT DEFINITION OF "LOAN". The definition of "Loan" in the Definitions section of this Agreement is hereby deleted. The word "Loan", when capitalized, shall have the following meaning:

- (a) the Note (if any) identified in the Definitions section of this Agreement,
 - (b) any other present or future promissory note or credit agreement that is identified in that instrument or in this Agreement as being subject to this Business Loan Agreement;
 - (c) the specific loan or other financial accommodation now or hereafter made by Lender to Borrower in consideration of, among other things, Borrower executing this Business Loan Agreement
 - (d) any other present or future promissory note or credit agreement that is made subject to this Business Loan Agreement pursuant to the section herein entitled "Multiple Loan Agreements (independent loan agreements)"; and
 - (e) the Borrower's liabilities and obligations arising under the Related Documents associated with any of the foregoing.
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UNLAWFUL USE MARIJUANA, CONTROLLED SUBSTANCES AND PROHIBITED ACTIVITIES. The undersigned shall not use, occupy, or permit the use or occupancy of any Property or Collateral by the undersigned or any lessee, tenant, licensee, permittee, agent, or any other person in any manner that would be a violation of any applicable federal, state or local law or regulation, regardless of whether such use or occupancy is lawful under any conflicting law, including without limitation any law relating to the use, sale, possession, cultivation, manufacture, distribution or marketing of any controlled substances or other contraband (whether for commercial, medical, or personal purposes), or any law relating to the use or distribution of marijuana (collectively, "Prohibited Activities"). Any lease, license, sublease or other agreement for use, occupancy or possession of any Property or Collateral (collectively a "lease") with any third person ("lessee") shall expressly prohibit the lessee from engaging or permitting others to engage in any Prohibited Activities. The undersigned shall upon demand provide Lender with a written statement setting forth its compliance with this section and stating whether any Prohibited Activities are or may be occurring in, on or around the Property or Collateral. If the undersigned becomes aware that any lessee is likely engaged in any Prohibited Activities, The undersigned shall, in compliance with applicable law, terminate the applicable lease and take all actions permitted by law to discontinue such activities. The undersigned shall keep Lender fully advised of its actions and plans to comply with this section and to prevent Prohibited Activities.

This section is a material consideration and inducement upon which Lender relies in extending credit and other financial accommodations to the undersigned. Failure by the undersigned to comply with this section shall constitute a material non-curable Event of Default. Notwithstanding anything in this agreement, the Note or Related Documents regarding rights to cure Events of Default, Lender is entitled upon breach of this section to immediately exercise any and all remedies under this agreement, the Note the Related Documents, and by law.

In addition and not by way of limitation, the undersigned shall indemnify, defend and hold Lender harmless from and against any loss, claim, damage, liability, fine, penalty, cost or expense (including attorneys' fees and expenses) arising from, out of or related to any Prohibited Activities at or on the Property or Collateral, Prohibited Activities by the undersigned or any lessee of the Property or Collateral, or the undersigned's breach, violation, or failure to enforce or comply with any of the covenants set forth in this section. This indemnity includes, without limitation any claim by any governmental entity or agency, any lessee, or any third person, including any governmental action for seizure or forfeiture of any Property or Collateral (with or without compensation to Lender, and whether or not Property or Collateral is taken free of or subject to Lender's lien or security interest). As used in this section, the word "undersigned" does not include Lender or any individual signing on behalf of Lender.

COMPLIANCE CERTIFICATES. At such intervals and in such format as Lender may designate from time to time, Borrower shall provide Lender with written certification by Borrower and its attesting principal financial or accounting officer: that all of Borrower's representations and warranties under this Agreement continue to be true, accurate and complete in all material respects; that Borrower is in compliance with all of its affirmative covenants, negative covenants, financial covenants, reporting covenants, and other covenants in this Agreement; that the information in all financial statements Borrower has submitted to Lender, and the computations provided with Borrower's current and prior certificates accurately represent Borrower's financial position as of the dates thereof; that Borrower's submitted financial statements were prepared in accordance with generally accepted accounting principles (except as otherwise disclosed therein); that no event has occurred and no condition exists that constitutes (or with the passage of time and giving of any necessary notice would constitute) an Event of Default under this Agreement.

CREATION OF TRUSTS, AND TRANSFERS TO TRUSTS. This paragraph shall apply in instances where this Agreement is governed by Utah law. Neither Borrower nor any Guarantor shall create as settlor any trust, or transfer any assets into any trust, without giving written notice to Lender at least ninety (90) days prior to such creation or transfer. That notice shall describe in reasonable detail the trust to be created and/or the asset transfer to be made. Failure by any such settlor to provide that notice shall be an event of default under this instrument and the Loan.

Neither Borrower nor any Guarantor shall create as settlor any actual or purported spendthrift trust, asset protection trust or any other trust intended by its terms or purpose (or having the effect) to protect assets from creditors or to limit the rights of existing or future creditors (an "Asset Protection Trust") without the prior written consent of Lender. Lender may withhold that consent in its sole discretion. Creation of any Asset Protection Trust, and each transfer of assets thereto, by any such settlor without Lender's prior written consent:

- (a) shall be an event of default under this instrument and the Loan,
- (b) shall have the effect of, and shall be deemed as a matter of law, regardless of that settlor's solvency, of having been made by that settlor with the actual intent of hindering and delaying and defrauding Lender as that settlor's creditor, and
- (c) shall constitute a fraudulent transfer that is unenforceable and void (not merely voidable) as against Lender.

With respect to each such fraudulent transfer, Lender shall have all the rights and remedies provided by state fraudulent transfer laws, or otherwise provided at law or equity. Lender shall have the right to obtain an ex parte court order directing the trustee of the Asset Protection Trust to give Lender written notice a reasonable time (of no less than ten business days) prior to making any distribution from said trust. Nothing in this paragraph shall limit or affect any rights or remedies otherwise provided to Lender by law, equity or any contract.

DOCUMENT IMAGING. Lender shall be entitled, in its sole discretion, to image or make copies of all or any selection of the agreements, instruments, documents, and items and records governing, arising from or relating to any of Borrower's loans, including, without limitation, this document and the Related Documents, and Lender may destroy or archive the paper originals. The parties hereto (i) waive any right to insist or require that Lender produce paper originals, (ii) agree that such images shall be accorded the same force and effect as the paper originals, (iii) agree that Lender is entitled to use such images in lieu of destroyed or archived originals for any purpose, including as admissible evidence in any demand, presentment or other proceedings, and (iv) further agree that any executed facsimile (faxed), scanned, or other imaged copy of this document or any Related Document shall be deemed to be of the same force and effect as the original manually executed document.

ADDITIONAL BORROWER CERTIFICATIONS AND AGREEMENTS. Borrower certifies that (a) Borrower acknowledges that if Borrower defaults on the loan, SBA may be required to pay Lender under the SBA guarantees, and SBA may then seek recovery on the loan (to the extent any balance remains after loan forgiveness); (b) Borrower will keep books and records in a manner satisfactory to Lender, furnish financial statements as requested by Lender, and allow Lender and SBA to inspect and audit books, records and papers relating to Borrower's financial or business condition; and (c) Borrower will not, without Lender's consent, change its ownership structure, make any distribution of company assets that would adversely affect its financial condition, or transfer (including pledging) or dispose of any assets, except in the ordinary course of business. Borrower further agrees to comply with requirements of the SBA Paycheck Protection Program, rules, directives and regulations issued by the SBA in connection with the SBA Paycheck Protection Program.

WAIVER OF DEFENSES AND RELEASE OF CLAIMS. The undersigned hereby (i) represents that neither the undersigned nor any affiliate or principal of the undersigned has any defenses to or setoffs against any Indebtedness or other obligations owing by the undersigned, or by the undersigned's affiliates or principals, to Lender or Lender's affiliates (the "Obligations"), nor any claims against Lender or Lender's affiliates for any matter whatsoever, related or unrelated to the Obligations, and (ii) releases Lender and Lender's affiliates, officers, directors, employees and agents from all claims, causes of action, and costs, in law or equity, known or unknown, whether or not matured or contingent, existing as of the date hereof that the undersigned has or may have by reason of any matter of any conceivable kind or character whatsoever, related or unrelated to the Obligations, including the subject matter of this Agreement. The foregoing release does not apply, however, to claims for future performance of express contractual obligations that mature after the date hereof that are owing to the undersigned by Lender or Lender's affiliates. As used in this paragraph, the word "undersigned" does not include Lender or any individual signing on behalf of Lender. The undersigned acknowledges that Lender has been induced to enter into or continue the Obligations by, among other things, the waivers and releases in this paragraph.

ON-LINE BANKING -- ADVANCES. From time to time, Lender may (but shall not be required to) permit advances to be requested or drawn through its online banking website. Lender may impose and change limitations on online advance requests, such as minimum or maximum advance dollar amounts, and the types of accounts into which advances may be transferred. Whether online advances are permitted, and Lender's applicable terms and restrictions if such advances are permitted, will be reflected in the features available online when a user logs into the online banking website.

ON-LINE BANKING -- LOAN PAYMENTS. From time to time, Lender may (but shall not be required to) permit loan payments to be made through its online banking website. Lender may impose and change limitations on making online loan payments, such as minimum or maximum payment amounts, the types of accounts from which loan payments may be made, and the types of payments that may be made online (i.e., ordinary installment payments, principal-only payments, or other types of payments). Whether online payments are permitted, and Lender's applicable terms and restrictions if such payments are permitted, will be reflected in the features available online when a user logs into the online banking website.

BENEFICIAL OWNERSHIP. Borrower agrees to promptly notify Lender (A) of any change in direct or indirect ownership interests in the Borrower as reported in any beneficial ownership certification provided to Lender in connection with the execution of this Agreement or the Loan (the "Certification"), or (B) if the individual with significant managerial responsibility identified in the Certification ceases to have that responsibility or if the information reported about that individual changes. Borrower hereby agrees to provide such information and documentation as Lender may request during the term of the Loan to confirm or update the continued accuracy of the any information provided in connection with the foregoing.

LOAN FORGIVENESS UNDER THE SBA PAYCHECK PROTECTION PROGRAM. Loan forgiveness of any portion of the Loan shall be subject to all requirements of the CARES Act, the SBA Paycheck Protection Program and other rules, directives and regulations of the SBA. In order for Borrower to receive any loan forgiveness, Borrower's request for loan forgiveness must include the following: (a) documentation verifying the number of full-time equivalent employees on payroll and pay rates for the required period, including payroll tax filings reported to the IRS and state income, payroll and unemployment insurance filings; (b) documentation, including cancelled checks, payment receipts, transcripts of accounts, or other documents verifying payments on covered mortgage obligations, payments on covered lease obligations, and covered utility payments; (c) a certification from an authorized representative of the Borrower that the documentation presented is true and correct, and the amount for which forgiveness is requested was used to retain employees, make interest payments on a covered mortgage obligation, make payments on a covered

rent obligation or make covered utility payments; and (d) any other documentation SBA determines necessary. If Borrower received an EIDL advance, the amount of the EIDL advance shall be deducted from the loan forgiveness amount.

MISCELLANEOUS PROVISIONS. The following miscellaneous provisions are a part of this Agreement:

Amendments. This Agreement, together with any Related Documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Agreement. No alteration of or amendment to this Agreement shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.

Attorneys' Fees; Expenses. Borrower agrees to pay upon demand all of Lender's costs and expenses, including Lender's reasonable attorneys' fees and Lender's legal expenses, incurred in connection with the enforcement of this Agreement. Lender may hire or pay someone else to help enforce this Agreement, and Borrower shall pay the costs and expenses of such enforcement. Costs and expenses include Lender's reasonable attorneys' fees and legal expenses whether or not Lender's salaried employee and whether or not there is a lawsuit, including reasonable attorneys' fees and legal expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection services. Borrower also shall pay all court costs and such additional fees as may be directed by the court.

Caption Headings. Caption headings in this Agreement are for convenience purposes only and are not to be used to interpret or define the provisions of this Agreement.

Consent to Loan Participation. Borrower agrees and consents to Lender's sale or transfer, whether now or later, of one or more participation interests in the Loan to one or more purchasers, whether related or unrelated to Lender. Lender may provide, without any limitation whatsoever, to any one or more purchasers, or potential purchasers, any information or knowledge Lender may have about Borrower or about any other matter relating to the Loan, and Borrower hereby waives any rights to privacy Borrower may have with respect to such matters. Borrower additionally waives any and all notices of sale of participation interests, as well as all notices of any repurchase of such participation interests. Borrower also agrees that the purchasers of any such participation interests will be considered as the absolute owners of such interests in the Loan and will have all the rights granted under the participation agreement or agreements governing the sale of such participation interests. Borrower further waives all rights of offset or counterclaim that it may have now or later against Lender or against any purchaser of such a participation interest and unconditionally agrees that either Lender or such purchaser may enforce Borrower's obligation under the Loan irrespective of the failure or insolvency of any holder of any interest in the Loan. Borrower further agrees that the purchaser of any such participation interests may enforce its interests irrespective of any personal claims or defenses that Borrower may have against Lender.

Applicable Law. The Loan secured by this lien was made under a United States Small Business Administration (SBA) nationwide program which uses tax dollars to assist small business owners. If the United States is seeking to enforce this document, then under SBA regulations: (a) When SBA is the holder of the Note, this document and all documents evidencing or securing this Loan will be construed in accordance with federal law. (b) Lender or SBA may use local or state procedures for purposes such as filing papers, recording documents, giving notice, foreclosing liens, and other purposes. By using these procedures, SBA does not waive any federal immunity from local or state control, penalty, tax or liability. No Borrower or Guarantor may claim or assert against SBA any local or state law to deny any obligation of Borrower, or defeat any claim of SBA with respect to this Loan. (c) Any clause in this document requiring arbitration is not enforceable when SBA is the holder of the Note secured by this instrument.

No Waiver by Lender. Lender shall not be deemed to have waived any rights under this Agreement unless such waiver is given in writing and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver by Lender of a provision of this Agreement shall not prejudice or constitute a waiver of Lender's right otherwise to demand strict compliance with that provision or any other provision of this Agreement. No prior waiver by Lender, nor any course of dealing between Lender and Borrower, or between Lender and any Grantor, shall constitute a waiver of any of Lender's rights or of any of Borrower's or any Grantor's obligations as to any future transactions. Whenever the consent of Lender is required under this Agreement, the granting of such consent by Lender in any instance shall not constitute continuing consent to subsequent instances where such consent is required and in all cases such consent may be granted or withheld in the sole discretion of Lender.

Notices. Unless otherwise provided by applicable law, any notice required to be given under this Agreement or required by law shall be given in writing, and shall be effective when actually delivered in accordance with the law or with this Agreement, when actually received by telefacsimile (unless otherwise required by law), when deposited with a nationally recognized overnight courier, or, if mailed, when deposited in the United States mail, as first class, certified or registered mail postage prepaid, directed to the addresses shown near the beginning of this Agreement. Any party may change its address for notices under this Agreement by giving formal written notice to the other parties, specifying that the purpose of the notice is to change the party's address. For notice purposes, Borrower agrees to keep Lender informed at all times of Borrower's current address. Unless otherwise provided by applicable law, if there is more than one Borrower, any notice given by Lender to any Borrower is deemed to be notice given to all Borrowers.

Severability. If a court of competent jurisdiction finds any provision of this Agreement to be illegal, invalid, or unenforceable as to any circumstance, that finding shall not make the offending provision illegal, invalid, or unenforceable as to any other circumstance. If feasible, the offending provision shall be considered modified so that it becomes legal, valid and enforceable. If the offending provision cannot be so modified, it shall be considered deleted from this Agreement. Unless otherwise required by law, the illegality, invalidity, or unenforceability of any provision of this Agreement shall not affect the legality, validity or enforceability of any other provision of this Agreement.

Subsidiaries and Affiliates of Borrower. To the extent the context of any provisions of this Agreement makes it appropriate, including without limitation any representation, warranty or covenant, the word "Borrower" as used in this Agreement shall include all of Borrower's subsidiaries and affiliates. Notwithstanding the foregoing however, under no circumstances shall this Agreement be construed to require Lender to make any Loan or other financial accommodation to any of Borrower's subsidiaries or affiliates.

Successors and Assigns. All covenants and agreements by or on behalf of Borrower contained in this Agreement or any Related Documents shall bind Borrower's successors and assigns and shall inure to the benefit of Lender and its successors and assigns. Borrower shall not, however, have the right to assign Borrower's rights under this Agreement or any interest therein, without the prior written consent of Lender.

Survival of Representations and Warranties. Borrower understands and agrees that in making the Loan, Lender is relying on all representations, warranties, and covenants made by Borrower in this Agreement or in any certificate or other instrument delivered by Borrower to Lender under this Agreement or the Related Documents. Borrower further agrees that regardless of any investigation made by Lender, all such representations, warranties and covenants will survive the making of the Loan and delivery to Lender of the Related Documents, shall be continuing in nature, and shall remain in full force and effect until such time as Borrower's Indebtedness shall be paid in full, or until this Agreement shall be terminated in the manner provided above, whichever is the last to occur.

Time is of the Essence. Time is of the essence in the performance of this Agreement.

DEFINITIONS. The following capitalized words and terms shall have the following meanings when used in this Agreement. Unless specifically stated to the contrary, all references to dollar amounts shall mean amounts in lawful money of the United States of America. Words and terms used in the singular shall include the plural, and the plural shall include the singular, as the context may require. Words and terms not otherwise defined in this Agreement shall have the meanings attributed to such terms in the Uniform Commercial Code. Accounting words and terms not otherwise defined in this Agreement shall have the meanings assigned to them in accordance with generally accepted accounting principles as in effect on the date of this Agreement:

Advance. The word "Advance" means a disbursement of Loan funds made, or to be made, to Borrower or on Borrower's behalf on a line of credit or multiple advance basis under the terms and conditions of this Agreement.

Agreement. The word "Agreement" means this Business Loan Agreement, as this Business Loan Agreement may be amended or modified from time to time, together with all exhibits and schedules attached to this Business Loan Agreement from time to time.

Borrower. The word "Borrower" means Gaming Entertainment (Indiana) LLC and includes all co-signers and co-makers signing the Note and all their successors and assigns.

Environmental Laws. The words "Environmental Laws" mean any and all state, federal and local statutes, regulations and ordinances relating to the protection of human health or the environment, including without limitation the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, 42 U.S.C. Section 9601, et seq. ("CERCLA"), the Superfund Amendments and Reauthorization Act of 1986, Pub. L. No. 99-499 ("SARA"), the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801, et seq., the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, et seq., or other applicable state or federal laws, rules, or regulations adopted pursuant thereto.

Event of Default. The words "Event of Default" mean any of the events of default set forth in this Agreement in the default section of this Agreement.

GAAP. The word "GAAP" means generally accepted accounting principles.

Hazardous Substances. The words "Hazardous Substances" mean materials that, because of their quantity, concentration or physical, chemical or infectious characteristics, may cause or pose a present or potential hazard to human health or the environment when improperly used, treated, stored, disposed of, generated, manufactured, transported or otherwise handled. The words "Hazardous Substances" are used in their very broadest sense and include without limitation any and all hazardous or toxic substances, materials or waste as defined by or listed under the Environmental Laws. The term "Hazardous Substances" also includes, without limitation, petroleum and petroleum by-products or any fraction thereof and asbestos.

Indebtedness. The word "Indebtedness" means and includes without limitation all Loans, together with all other obligations, debts and liabilities of Borrower to Lender, or any one or more of them, as well as all claims by Lender against Borrower, or any one or more of them; whether now or hereafter existing, voluntary or involuntary, due or not due, absolute or contingent, liquidated or unliquidated; whether Borrower may be liable individually or jointly with others; whether Borrower may be obligated as a guarantor, surety, or otherwise; whether recovery upon such indebtedness may be or hereafter may become barred by any statute of limitations; and whether such indebtedness may be or hereafter may become otherwise unenforceable.

Lender. The word "Lender" means Zions Bancorporation, N.A. dba Nevada State Bank, its successors and assigns.

Loan. The word "Loan" means the loans and financial accommodations from Lender to Borrower made under the SBA Paycheck Protection Program, including without limitation the loan and financial accommodations described herein.

Note. The word "Note" means the Note dated May 3, 2020 and executed by Gaming Entertainment (Indiana) LLC in the principal amount of \$3,393,900.00, together with all renewals of, extensions of, modifications of, refinancings of, consolidations of, and substitutions for the note or credit agreement.

Permitted Liens. The words "Permitted Liens" mean (1) liens and security interests securing Indebtedness owed by Borrower to Lender; (2) liens for taxes, assessments, or similar charges either not yet due or being contested in good faith; (3) liens of materialmen, mechanics, warehousemen, or carriers, or other like liens arising in the ordinary course of business and securing obligations which are not yet delinquent; (4) purchase money liens or purchase money security interests upon or in any property acquired or held by Borrower in the ordinary course of business to secure indebtedness outstanding on the date of this Agreement or permitted to be incurred under the paragraph of this Agreement titled "Indebtedness and Liens"; (5) liens and security interests which, as of the date of this Agreement, have been disclosed to and approved by the Lender in writing; and (6) those liens and security interests which in the aggregate constitute an immaterial and insignificant monetary amount with respect to the net value of Borrower's assets.

Related Documents. The words "Related Documents" mean all promissory notes, credit agreements, loan agreements, Paycheck Protection Program Application forms, other application forms, and all other instruments, agreements and documents, whether now or hereafter existing, executed in connection with the Loan.

FINAL AGREEMENT. Borrower understands that this Agreement and the related loan documents are the final expression of the agreement between Lender and Borrower and may not be contradicted by evidence of any alleged oral agreement.

BORROWER ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS BUSINESS LOAN AGREEMENT AND BORROWER AGREES TO ITS TERMS. THIS BUSINESS LOAN AGREEMENT IS DATED May 3, 2020.

BORROWER:

GAMING ENTERTAINMENT (INDIANA) LLC

By: /s/ Lewis Fanger
Lewis Fanger, Official of Gaming Entertainment (Indiana) LLC

LENDER:

ZIONS BANCORPORATION, N.A. DBA NEVADA STATE BANK

/s/ Nabor Torres
Authorized Signer

PROMISSORY NOTE

Principal	Loan Date	Maturity	CL Transaction No	Product	Loan Account No
\$2,212,300.00	05-03-2020	05-03-2022		SBA Paycheck Protection	
References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "****" has been omitted due to text length limitations.					

Borrower:	FHR-Colorado LLC 1980 Festival Plaza Dr, Suite 680 Las Vegas, NV 89135	Lender:	Zions Bancorporation, N.A. dba Nevada State Bank NSB Small Business North East 2915 Mountain City Hwy Elko, NV 89801
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Principal Amount: \$2,212,300.00

Interest Rate: 1.000%

Date of Note: May 3, 2020

PROMISE TO PAY. FHR-Colorado LLC ("Borrower") promises to pay to Zions Bancorporation, N.A. dba Nevada State Bank ("Lender"), or order, in lawful money of the United States of America, the principal amount of Two Million Two Hundred Twelve Thousand Three Hundred & 00/100 Dollars (\$2,212,300.00), together with interest on the unpaid principal balance from May 3, 2020, calculated as described in the "INTEREST CALCULATION METHOD" paragraph using an interest rate of 1.000% per annum, until paid in full. The interest rate may change under the terms and conditions of the "INTEREST AFTER DEFAULT" section.

PAYMENT. Borrower will pay this loan in 18 payments of \$124,502.71 each payment. Borrower's first payment is due December 3, 2020, and all subsequent payments are due on the same day of each month after that. Borrower's final payment will be due on May 3, 2022, and will be for all principal and all accrued interest not yet paid. Payments include principal and interest. Unless otherwise agreed or required by applicable law, payments will be applied to first to any accrued unpaid interest; then to principal which is currently due; then to pay any late fees; and then to further reduce the principal balance. Borrower will pay Lender at Lender's address shown above or at such other place as Lender may designate in writing.

INITIAL DEFERMENT PERIOD. No payments are due on this loan for 6 months from the date of first disbursement of this loan. Interest will continue to accrue during the deferment period.

Loan Forgiveness. Borrower may apply to Lender for forgiveness of the amount due on this loan in an amount equal to the sum of the following costs incurred by Borrower during the 8-week period beginning on the date of first disbursement of this loan:

- a. Payroll costs
- b. Any payment of interest on a covered mortgage obligation (which shall not include any prepayment of or payment of principal on a covered mortgage obligation)
- c. Any payment on a covered rent obligation
- d. Any covered utility payment

The amount of loan forgiveness shall be calculated (and may be reduced) in accordance with the requirements of the Paycheck Protection Program, including the provisions of Section 1106 of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) (P.L. 116-136). Not more than 25% of the amount forgiven can be attributable to non-payroll costs.

Maturity. This Note will mature two years from date of first disbursement of this loan.

Repayment Terms. The interest rate on this Note is one percent per year. The interest rate is fixed and will not be changed during the life of the loan.

Non-Recourse. Lender and SBA shall have no recourse against any individual shareholder, member or partner of Borrower for non-payment of the loan, except to the extent that such shareholder, member or partner uses the loan proceeds for an unauthorized purpose.

INTEREST RATE MODIFICATION. Notwithstanding anything to the contrary contained herein, if the Small Business Administration ("SBA") purchases the guaranteed portion of the unpaid principal balance of this Note, the interest rate on this Note shall be fixed at the rate in effect at the time of the earliest uncured payment default hereunder. If there is no uncured payment default, the rate shall become fixed at the rate in effect at the time of said purchase by the SBA.

INTEREST CALCULATION METHOD. Interest on this Note is computed on a 365/365 simple interest basis; that is, by applying the ratio of the interest rate over the number of days in a year (365 for all years, including leap years), multiplied by

the outstanding principal balance, multiplied by the actual number of days the principal balance is outstanding. All interest payable under this Note is computed using this method.

PREPAYMENT; MINIMUM INTEREST CHARGE. In any event, even upon full prepayment of this Note, Borrower understands that Lender is entitled to a **minimum interest charge of \$50.00**. Other than Borrower's obligation to pay any minimum interest charge, Borrower may pay without penalty all or a portion of the amount owed earlier than it is due. Early payments will not, unless agreed to by Lender in writing, relieve Borrower of Borrower's obligation to continue to make payments under the payment schedule. Rather, early payments will reduce the principal balance due and may result in Borrower's making fewer payments. Borrower agrees not to send Lender payments marked "paid in full", "without recourse", or similar language. If Borrower sends such a payment, Lender may accept it without losing any of Lender's rights under this Note, and Borrower will remain obligated to pay any further amount owed to Lender. **All written communications concerning disputed amounts, including any check or other payment instrument that indicates that the payment constitutes "payment in full" of the amount owed or that is tendered with other conditions or limitations or as full satisfaction of a disputed amount must be mailed or delivered to: Zions Bancorporation, N.A. dba Nevada State Bank, Enterprise Loan Operations, UT-RDWG-1970, PO Box 27181 Salt Lake City, UT 84127-0181.**

LOAN PREPAYMENT.

Notwithstanding any provision in this Note to the contrary:

Borrower may prepay this note. Borrower may prepay 20 percent or less of the unpaid principal balance at any time without notice. If Borrower prepays more than 20 percent and the Loan has been sold on the secondary market, Borrower must:

- a. Give Lender written notice;
- b. Pay all accrued interest; and
- c. If the prepayment is received less than 21 days from the date the Lender receives the notice, pay an amount equal to 21 days' interest from the date Lender receives the notice, less any interest accrued during the 21 days and paid under subparagraph b., above.

If Borrower does not prepay within 30 days from the date Lender receives the notice, Borrower must give Lender a new notice.

LATE CHARGE. If a payment is 10 days or more late, Borrower will be charged **5.000% of the unpaid portion of the regularly scheduled payment.**

INTEREST AFTER DEFAULT. Upon default, including failure to pay upon final maturity, the total sum due under this Note will continue to accrue interest at the interest rate under this Note.

DEFAULT. Each of the following shall constitute an event of default ("Event of Default") under this Note:

Payment Default. Borrower fails to make any payment when due under this Note.

Other Defaults. Borrower fails to comply with or to perform any other term, obligation, covenant or condition contained in this Note or in any of the related documents or to comply with or to perform any term, obligation, covenant or condition contained in any other agreement between Lender and Borrower.

Default in Favor of Third Parties. Borrower or any Grantor defaults under any loan, extension of credit, security agreement, purchase or sales agreement, or any other agreement, in favor of any other creditor or person that may materially affect any of Borrower's property or Borrower's ability to repay this Note or perform Borrower's obligations under this Note or any of the related documents.

False Statements. Any warranty, representation or statement made or furnished to Lender by Borrower or on Borrower's behalf under this Note or the related documents is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time thereafter.

Death or Insolvency. The dissolution of Borrower (regardless of whether election to continue is made), any member withdraws from Borrower, or any other termination of Borrower's existence as a going business or the death of any member, the insolvency of Borrower, the appointment of a receiver for any part of Borrower's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Borrower.

Creditor or Forfeiture Proceedings. Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Borrower or by any governmental agency against any collateral securing the loan. This includes a garnishment of any of Borrower's accounts, including deposit accounts, with Lender. However, this Event of Default shall not apply if there is a good faith dispute by Borrower as to the validity or

reasonableness of the claim which is the basis of the creditor or forfeiture proceeding and if Borrower gives Lender written notice of the creditor or forfeiture proceeding and deposits with Lender monies or a surety bond for the creditor or forfeiture proceeding, in an amount determined by Lender, in its sole discretion, as being an adequate reserve or bond for the dispute.

Events Affecting Guarantor. Any of the preceding events occurs with respect to any guarantor, endorser, surety, or accommodation party of any of the indebtedness or any guarantor, endorser, surety, or accommodation party dies or becomes incompetent, or revokes or disputes the validity of, or liability under, any guaranty of the indebtedness evidenced by this Note.

Adverse Change. A material adverse change occurs in Borrower's financial condition, or Lender believes the prospect of payment or performance of this Note is impaired.

Cure Provisions. If any default, other than a default in payment, is curable and if Borrower has not been given a notice of a breach of the same provision of this Note within the preceding twelve (12) months, it may be cured if Borrower, after Lender sends written notice to Borrower demanding cure of such default: (1) cures the default within ten (10) days; or (2) if the cure requires more than ten (10) days, immediately initiates steps which Lender deems in Lender's sole discretion to be sufficient to cure the default and thereafter continues and completes all reasonable and necessary steps sufficient to produce compliance as soon as reasonably practical.

LENDER'S RIGHTS. Upon default, Lender may declare the entire unpaid principal balance under this Note and all accrued unpaid interest immediately due, and then Borrower will pay that amount.

WHEN FEDERAL LAW APPLIES. When SBA is the holder, this Note will be interpreted and enforced under federal law, including SBA regulations. Lender or SBA may use state or local procedures for filing papers, recording documents, giving notice, foreclosing liens, and other purposes. By using such procedures, SBA does not waive any federal immunity from state or local control, penalty, tax, or liability. As to this Note, Borrower may not claim or assert against SBA any local or state law to deny any obligation, defeat any claim of SBA, or preempt federal law.

ATTORNEYS' FEES; EXPENSES. Lender may hire or pay someone else to help collect this Note if Borrower does not pay. Borrower will pay Lender that amount. This includes, subject to any limits under applicable law, Lender's attorneys' fees and Lender's legal expenses, whether or not there is a lawsuit, including attorneys' fees, expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), and appeals. If not prohibited by applicable law, Borrower also will pay any court costs, in addition to all other sums provided by law.

GOVERNING LAW. This Note will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the State of Nevada without regard to its conflicts of law provisions. This Note has been accepted by Lender in the State of Nevada.

CHOICE OF VENUE. If there is a lawsuit, Borrower agrees upon Lender's request to submit to the jurisdiction of the courts of Clark County, State of Nevada. (Initial Here ___)

DISHONORED ITEM FEE. Borrower will pay a fee to Lender of \$20.00 if Borrower makes a payment on Borrower's loan and the check or preauthorized charge with which Borrower pays is later dishonored.

RIGHT OF SETOFF. To the extent permitted by applicable law, Lender reserves a right of setoff in all Borrower's accounts with Lender (whether checking, savings, or some other account). This includes all accounts Borrower holds jointly with someone else and all accounts Borrower may open in the future. However, this does not include any IRA or Keogh accounts, any trust accounts for which setoff would be prohibited by law, or monies in any accounts that were received pursuant to the federal Social Security Act, including, without limitation, retirement and survivors' benefits, supplemental security income benefits and disability insurance benefits. Borrower authorizes Lender, to the extent permitted by applicable law, to charge or setoff all sums owing on the debt against any and all such accounts, and, at Lender's option, to administratively freeze all such accounts to allow Lender to protect Lender's charge and setoff rights provided in this paragraph.

REPORTING NEGATIVE INFORMATION. We (Lender) may report information about your (Borrower's) account to credit bureaus. Late payments, missed payments, or other defaults on your account may be reflected in your credit report. (Initial Here ___).

DISPUTE RESOLUTION PROVISION. This Dispute Resolution Provision contains a jury waiver, a class action waiver, and an arbitration clause (or judicial reference agreement, as applicable), set out in four Sections. READ IT CAREFULLY.

This dispute resolution provision shall supersede and replace any prior "Jury Waiver," "Judicial Reference," "Class Action Waiver," "Arbitration," "Dispute Resolution," or similar alternative dispute agreement or provision between or among the parties.

Notwithstanding anything to the contrary herein, the parties acknowledge and agree that the Dispute Resolution Provision contained herein is not enforceable at any time that the SBA is the holder of the Promissory Note which evidences the Loan.

SECTION 1. GENERAL PROVISIONS GOVERNING ALL DISPUTES.

1.1 PRIOR DISPUTE RESOLUTION AGREEMENTS SUPERSEDED. This Dispute Resolution Provision shall supersede and replace any prior “Jury Waiver,” “Judicial Reference,” “Class Action Waiver,” “Arbitration,” “Dispute Resolution,” or similar alternative dispute agreement or provision between or among the parties.

1.2 “DISPUTE” defined. As used herein, the word “Dispute” includes, without limitation, any claim by either party against the other party related to this Agreement, any Related Document, and the Loan evidenced hereby. In addition, “Dispute” also includes any claim by either party against the other party regarding any other agreement or business relationship between any of them, whether or not related to the Loan or other subject matter of this Agreement. “Dispute” includes, but is not limited to, matters arising from or relating to a deposit account, an application for or denial of credit, warranties and representations made by a party, the adequacy of a party’s disclosures, enforcement of any and all of the obligations a party hereto may have to another party, compliance with applicable laws and/or regulations, performance or services provided under any agreement by a party, including without limitation disputes based on or arising from any alleged tort or matters involving the employees, officers, agents, affiliates, or assigns of a party hereto.

If a third party is a party to a Dispute (such as a credit reporting agency, merchant accepting a credit card, junior lienholder or title company), each party hereto agrees to including that third party in any arbitration or judicial reference proceeding for resolving the Dispute with that party.

1.3 Jury Trial Waiver. Each party waives their respective rights to a trial before a jury in connection with any Dispute, and all Disputes shall be resolved by a judge sitting without a jury. If a court determines that this jury trial waiver is not enforceable for any reason, then at any time prior to trial of the Dispute, but not later than 30 days after entry of the order determining this provision is unenforceable, any party shall be entitled to move the court for an order, as applicable: (A) compelling arbitration and staying or dismissing such litigation pending arbitration (“Arbitration Order”) under Section 2 hereof, or (B) staying such litigation and compelling judicial reference under Section 3 hereof.

1.4 CLASS ACTION WAIVER. If permitted by applicable law, each party waives the right to litigate in court or an arbitration proceeding any Dispute as a class action, either as a member of a class or as a representative, or to act as a private attorney general.

1.5 SURVIVAL. This Dispute Resolution Provision shall survive any termination, amendment or expiration of this Agreement, or any other relationship between the parties.

SECTION 2. Arbitration IF JURY WAIVER UNENFORCEABLE (EXCEPT CALIFORNIA). If (but only if) a state or federal court located outside the state of California determines for any reason that the jury trial waiver in this Dispute Resolution Provision is not enforceable with respect to a Dispute, then any party hereto may require that said Dispute be resolved by binding arbitration pursuant to this Section 2 before a single arbitrator. An arbitrator shall have no authority to determine matters (i) regarding the validity, enforceability, meaning, or scope of this Dispute Resolution Provision, or (ii) class action claims brought by either party as a class representative on behalf of others and claims by a class representative on either party’s behalf as a class member, which matters may be determined only by a court without a jury. By agreeing to arbitrate a Dispute, each party gives up any right that party may have to a jury trial, as well as other rights that party would have in court that are not available or are more limited in arbitration, such as the rights to discovery and to appeal.

Arbitration shall be commenced by filing a petition with, and in accordance with the applicable arbitration rules of, National Arbitration Forum (“NAF”) or Judicial Arbitration and Mediation Service, Inc. (“JAMS”) (“Administrator”) as selected by the initiating party. However, if the parties agree, arbitration may be commenced by appointment of a licensed attorney who is selected by the parties and who agrees to conduct the arbitration without an Administrator. If NAF and JAMS both decline to administer arbitration of the Dispute, and if the parties are unable to mutually agree upon a licensed attorney to act as arbitrator with an Administrator, then either party may file a lawsuit (in a court of appropriate venue outside the state of California) and move for an Arbitration Order. The arbitrator, howsoever appointed, shall have expertise in the subject matter of the Dispute. Venue for the arbitration proceeding shall be at a location determined by mutual agreement of the parties or, if no agreement, in the city and state where Lender or Bank is headquartered. The arbitrator shall apply the law of the state specified in the agreement giving rise to the Dispute.

After entry of an Arbitration Order, the non-moving party shall commence arbitration. The moving party shall, at its discretion, also be entitled to commence arbitration but is under no obligation to do so, and the moving party shall not in any way be adversely prejudiced by electing not to commence arbitration. The arbitrator: (i) will hear and rule on appropriate dispositive motions for

judgment on the pleadings, for failure to state a claim, or for full or partial summary judgment; (ii) will render a decision and any award applying applicable law; (iii) will give effect to any limitations period in determining any Dispute or defense; (iv) shall enforce the doctrines of compulsory counterclaim, res judicata, and collateral estoppel, if applicable; (v) with regard to motions and the arbitration hearing, shall apply rules of evidence governing civil cases; and (vi) will apply the law of the state specified in the agreement giving rise to the Dispute. Filing of a petition for arbitration shall not prevent any party from (i) seeking and obtaining from a court of competent jurisdiction (notwithstanding ongoing arbitration) provisional or ancillary remedies including but not limited to injunctive relief, property preservation orders, foreclosure, eviction, attachment, replevin, garnishment, and/or the appointment of a receiver, (ii) pursuing non-judicial foreclosure, or (iii) availing itself of any self-help remedies such as setoff and repossession. The exercise of such rights shall not constitute a waiver of the right to submit any Dispute to arbitration.

Judgment upon an arbitration award may be entered in any court having jurisdiction except that, if the arbitration award exceeds \$4,000,000, any party shall be entitled to a de novo appeal of the award before a panel of three arbitrators. To allow for such appeal, if the award (including Administrator, arbitrator, and attorney's fees and costs) exceeds \$4,000,000, the arbitrator will issue a written, reasoned decision supporting the award, including a statement of authority and its application to the Dispute. A request for de novo appeal must be filed with the arbitrator within 30 days following the date of the arbitration award; if such a request is not made within that time period, the arbitration decision shall become final and binding. On appeal, the arbitrators shall review the award de novo, meaning that they shall reach their own findings of fact and conclusions of law rather than deferring in any manner to the original arbitrator. Appeal of an arbitration award shall be pursuant to the rules of the Administrator or, if the Administrator has no such rules, then the JAMS arbitration appellate rules shall apply.

Arbitration under this provision concerns a transaction involving interstate commerce and shall be governed by the Federal Arbitration Act, 9 U.S.C. § 1 et seq. If the terms of this Section 2 vary from the Administrator's rules, this Section 2 shall control.

SECTION 3. JUDICIAL REFERENCE IF JURY WAIVER UNENFORCEABLE (CALIFORNIA ONLY). If (but only if) a Dispute is filed in a state or federal court located within the state of California, and said court determines for any reason that the jury trial waiver in this Dispute Resolution Provision is not enforceable with respect to that Dispute, then any party hereto may require that Dispute be resolved by judicial reference in accordance with California Code of Civil Procedure, Sections 638, et seq., including without limitation whether the Dispute is subject to a judicial reference proceeding **By agreeing to resolve Disputes by judicial reference, each party is giving up any right that party may have to a jury trial.** The referee shall be a retired judge, agreed upon by the parties, from either the American Arbitration Association (AAA) or Judicial Arbitration and Mediation Service, Inc. (JAMS). If the parties cannot agree on the referee, the party who initially selected the reference procedure shall request a panel of ten retired judges from either AAA or JAMS, and the court shall select the referee from that panel. (If AAA and JAMS are unavailable to provide this service, the court may select a referee by such other procedures as are used by that court.) The referee shall be appointed to sit with all of the powers provided by law, including the power to hear and determine any or all of the issues in the proceeding, whether of fact or of law, and to report a statement of decision. The parties agree that time is of the essence in conducting the judicial reference proceeding set forth herein. The costs of the judicial reference proceeding, including the fee for the court reporter, shall be borne equally by the parties as the costs are incurred, unless otherwise awarded by the referee. The referee shall hear all pre-trial and post-trial matters (including without limitation requests for equitable relief), prepare a statement of decision with written findings of fact and conclusions of law, and apportion costs as appropriate. The referee shall be empowered to enter equitable relief as well as legal relief, provide all temporary or provisional remedies, enter equitable orders that are binding on the parties and rule on any motion that would be authorized in a trial, including without limitation motions for summary adjudication. Only for this Section 3, "Dispute" includes matters regarding the validity, enforceability, meaning, or scope of this Section, and (ii) class action claims brought by either party as a class representative on behalf of others and claims by a class representative on either party's behalf as a class member. Judgment upon the award shall be entered in the court in which such proceeding was commenced and all parties shall have full rights of appeal. This provision will not be deemed to limit or constrain Bank or Lender's right of offset, to obtain provisional or ancillary remedies, to interplead funds in the event of a dispute, to exercise any security interest or lien Bank or Lender may hold in property or to comply with legal process involving accounts or other property held by Bank or Lender.

Nothing herein shall preclude a party from moving (prior to the court ordering judicial reference) to dismiss, stay or transfer the suit to a forum outside California on grounds that California is an improper, inconvenient or less suitable venue. If such motion is granted, this Section 3 shall not apply to any proceedings in the new forum.

This Section 3 may be invoked only with regard to Disputes filed in state or federal courts located in the State of California. In no event shall the provisions in this Section 3 diminish the force or effect of any venue selection or jurisdiction provision in this Agreement or any Related Document.

SECTION 4. Reliance. Each party (i) certifies that no one has represented to such party that the other party would not seek to enforce a jury waiver, class action waiver, arbitration provision or judicial reference provision in the event of suit, and (ii) acknowledges that it and the other party have been induced to enter into this Agreement by, among other things, material reliance upon the mutual waivers, agreements, and certifications in the four Sections of this DISPUTE RESOLUTION PROVISION.

WAIVER OF DEFENSES AND RELEASE OF CLAIMS. The undersigned hereby (i) represents that neither the undersigned nor any affiliate or principal of the undersigned has any defenses to or setoffs against any indebtedness or other obligations owing by the undersigned, or by the undersigned's affiliates or principals, to Lender or Lender's affiliates (the "Obligations"), nor any claims against Lender or Lender's affiliates for any matter whatsoever, related or unrelated to the Obligations, and (ii) releases Lender and Lender's affiliates, officers, directors, employees and agents from all claims, causes of action, and costs, in law or equity, known or unknown, whether or not matured or contingent, existing as of the date hereof that the undersigned has or may have by reason of any matter of any conceivable kind or character whatsoever, related or unrelated to the Obligations, including the subject matter of this Agreement. The foregoing release does not apply, however, to claims for future performance of express contractual obligations that mature after the date hereof that are owing to the undersigned by Lender or Lender's affiliates. As used in this paragraph, the word "undersigned" does not include Lender or any individual signing on behalf of Lender. The undersigned acknowledges that Lender has been induced to enter into or continue the Obligations by, among other things, the waivers and releases in this paragraph.

ON-LINE BANKING -- ADVANCES. From time to time, Lender may (but shall not be required to) permit advances to be requested or drawn through its online banking website. Lender may impose and change limitations on online advance requests, such as minimum or maximum advance dollar amounts, and the types of accounts into which advances may be transferred. Whether online advances are permitted, and Lender's applicable terms and restrictions if such advances are permitted, will be reflected in the features available online when a user logs into the online banking website.

ON-LINE BANKING -- LOAN PAYMENTS. From time to time, Lender may (but shall not be required to) permit loan payments to be made through its online banking website. Lender may impose and change limitations on making online loan payments, such as minimum or maximum payment amounts, the types of accounts from which loan payments may be made, and the types of payments that may be made online (i.e., ordinary installment payments, principal-only payments, or other types of payments). Whether online payments are permitted, and Lender's applicable terms and restrictions if such payments are permitted, will be reflected in the features available online when a user logs into the online banking website.

SUCCESSOR INTERESTS. The terms of this Note shall be binding upon Borrower, and upon Borrower's heirs, personal representatives, successors and assigns, and shall inure to the benefit of Lender and its successors and assigns.

GENERAL PROVISIONS. If any part of this Note cannot be enforced, this fact will not affect the rest of the Note. Lender may delay or forgo enforcing any of its rights or remedies under this Note without losing them. Borrower and any other person who signs, guarantees or endorses this Note, to the extent allowed by law, waive presentment, demand for payment, and notice of dishonor. Upon any change in the terms of this Note, and unless otherwise expressly stated in writing, no party who signs this Note, whether as maker, guarantor, accommodation maker or endorser, shall be released from liability. All such parties agree that Lender may renew or extend (repeatedly and for any length of time) this loan or release any party or guarantor or collateral; or impair, fail to realize upon or perfect Lender's security interest in the collateral; and take any other action deemed necessary by Lender without the consent of or notice to anyone. All such parties also agree that Lender may modify this loan without the consent of or notice to anyone other than the party with whom the modification is made. The obligations under this Note are joint and several.

PRIOR TO SIGNING THIS NOTE, BORROWER READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS NOTE. BORROWER AGREES TO THE TERMS OF THE NOTE.

BORROWER ACKNOWLEDGES RECEIPT OF A COMPLETED COPY OF THIS PROMISSORY NOTE.

BORROWER:

FHR-COLORADO LLC

By: /s/ Lewis Fanger
Lewis Fanger, Official of FHR-Colorado LLC

BUSINESS LOAN AGREEMENT

Principal	Loan Date	Maturity	CL Transaction No	Product	Loan Account No
\$2,212,300.00	05-03-2020	05-03-2022		SBA Paycheck Protection	
References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "****" has been omitted due to text length limitations.					

Borrower: FHR-Colorado LLC
1980 Festival Plaza Dr, Suite 680
Las Vegas, NV 89135

Lender: Zions Bancorporation, N.A. dba Nevada State Bank
NSB Small Business North East
2915 Mountain City Hwy
Elko, NV 89801

THIS BUSINESS LOAN AGREEMENT dated May 3, 2020, is made and executed between FHR-Colorado LLC ("Borrower") and Zions Bancorporation, N.A. dba Nevada State Bank ("Lender") on the following terms and conditions. Borrower has applied to Lender for a commercial loan under the SBA Paycheck Protection Program, ("SBA Paycheck Protection Program") authorized by the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") (P.L. 116-136). Borrower understands and agrees that: (A) in granting, renewing, or extending any Loan, Lender is relying upon Borrower's representations, warranties, and agreements as set forth in this Agreement and any Related Documents; (B) the granting, renewing, or extending of a Loan by Lender at all times shall be subject to Lender's sole judgment and discretion; and (C) all such Loans shall be and remain subject to the terms and conditions of this Agreement.

TERM. This Agreement shall be effective as of May 3, 2020, and shall continue in full force and effect until such time as Borrower's Loan in favor of Lender has been paid in full, including principal, interest, costs, expenses, attorneys' fees, and other fees and charges, or until such time as the parties may agree in writing to terminate this Agreement.

CONDITIONS PRECEDENT TO EACH ADVANCE. Lender's obligation to make the initial Advance and each subsequent Advance under this Agreement shall be subject to the fulfillment to Lender's satisfaction of all of the conditions set forth in this Agreement and in the Related Documents.

Loan Documents. Borrower shall provide to Lender the following documents for the Loan: (1) the Note; (2) together with all such Related Documents as Lender may require for the Loan; all in form and substance satisfactory to Lender and Lender's counsel.

Borrower's Authorization. Borrower shall have provided in form and substance satisfactory to Lender properly certified resolutions, duly authorizing the execution and delivery of this Agreement, the Note and the Related Documents. In addition, Borrower shall have provided such other resolutions, authorizations, documents and instruments as Lender or its counsel, may require.

Representations and Warranties. The representations and warranties set forth in this Agreement, in the Related Documents, and in any document or certificate delivered to Lender under this Agreement are true and correct.

No Event of Default. There shall not exist at the time of any Advance a condition which would constitute an Event of Default under this Agreement or under any Related Document.

REPRESENTATIONS AND WARRANTIES. Borrower represents and warrants to Lender, as of the date of this Agreement, as of the date of each disbursement of loan proceeds, as of the date of any renewal, extension or modification of any Loan, and at all times any Indebtedness exists:

Organization. Borrower is an entity type designated in the application for this Loan, and at all times shall be, duly organized, validly existing, and in good standing under and by virtue of the laws of the State of organization identified in Borrower's application for this Loan. Borrower is duly authorized to transact business in all other states in which Borrower is doing business, having obtained all necessary filings, governmental licenses and approvals for each state in which Borrower is doing business. Specifically, Borrower is, and at all times shall be, duly qualified as a foreign corporation in all states in which the failure to so qualify would have a material adverse effect on its business or financial condition. Borrower has the full power and authority to own its properties and to transact the business in which it is presently engaged or presently proposes to engage. Unless Borrower has designated otherwise in writing, the principal office is the office at which Borrower keeps its books and records. Borrower will notify Lender prior to any change in the location of Borrower's state of organization or any change in Borrower's name. Borrower shall do all things necessary to preserve and to keep in full force and effect its existence, rights and privileges, and shall comply with all regulations, rules, ordinances, statutes, orders and decrees of any governmental or quasi-governmental authority or court applicable to Borrower and Borrower's business activities.

Deviations in Borrower's Name. Borrower hereby acknowledges that if a typographical error exists in Borrower's name, including but not limited to, missing the words limited liability company, LLC, corporation, incorporated, inc., or corp., or the name corporation or incorporated are abbreviated, or the name is missing a period or comma after a letter or word, or an apostrophe in the name is

missing, or there is some other deviation in Borrower's name, Borrower agrees that all references to Borrower in this Agreement, the Note and the Related Documents shall mean the Borrower as such name may appear on the records of the department where entities are registered in the State of Borrower's organization. Borrower further waives any defenses against enforceability of this Agreement, the Note and the Related Documents based on any deviation in Borrower's name with the records of the state of organization and Borrower agrees that this Agreement, the Note and Related Documents bind Borrower regardless of any such deviation of Borrower's name and that all of the debts, obligations, liabilities, matured or unmatured, undisputed or disputed, and regardless of how evidenced (whether by loan agreement, promissory note, other loan document, deposit agreement, operation of law, or otherwise), are the debts, obligations and liabilities of the Borrower. Borrower agrees to pay and perform the debts, obligations and liabilities as set forth in this Agreement, the Note and Related Documents pursuant to the same terms and conditions, and at the times and in the manner, as if they had been originally made, executed, delivered or incurred by and in the name of Borrower as Borrower's name appears on the records of the State of Borrower's organization. This Agreement, the Note, and Related Documents are hereby amended to reflect the foregoing.

Assumed Business Names. Borrower has filed or recorded all documents or filings required by law relating to all assumed business names used by Borrower.

Authorization. Borrower's execution, delivery, and performance of this Agreement and all the Related Documents have been duly authorized by all necessary action by Borrower and do not conflict with, result in a violation of, or constitute a default under (1) any provision of (a) Borrower's articles of incorporation or organization, or bylaws, or (b) any agreement or other instrument binding upon Borrower or (2) any law, governmental regulation, court decree, or order applicable to Borrower or to Borrower's properties.

Legal Effect. This Agreement constitutes, and any instrument or agreement Borrower is required to give under this Agreement when delivered will constitute legal, valid, and binding obligations of Borrower enforceable against Borrower in accordance with their respective terms.

Litigation and Claims. No litigation, claim, investigation, administrative proceeding or similar action (including those for unpaid taxes) against Borrower is pending or threatened, other than litigation, claims, or other events, if any, that have been disclosed to and acknowledged by Lender in writing.

Taxes. To the best of Borrower's knowledge, all of Borrower's tax returns and reports that are or were required to be filed, have been filed, and all taxes, assessments and other governmental charges have been paid in full, except those presently being or to be contested by Borrower in good faith in the ordinary course of business and for which adequate reserves have been provided. The tax, payroll and other documents supplied to Lender to support the Loan amount are true and accurate.

Eligible Borrower. Borrower is an eligible recipient of this Loan under the SBA Paycheck Protection Program of the CARES Act. Borrower certifies that the Average Monthly Payroll amount set forth in Borrower's application made in connection with this Loan is true and correct. Borrower further certifies that Borrower is entitled to receive the amount of the Loan pursuant to the terms and conditions of the SBA Paycheck Protection Program. Borrower acknowledges and agrees that all rules and regulations applicable to the SBA Paycheck Protection Program, as such may be amended, apply to the Loan. Borrower agrees to deliver all certifications, documents, information and agreement the SBA or Lender may require in connection with the Paycheck Protection Program. Borrower understands that Lender is relying on Borrower's certifications made in connection with this Loan and Borrower's determination that Borrower is eligible to receive this Loan. Lender assumes no responsibility for determining Borrower's eligibility or the loan amount. If it is later determined that Borrower is ineligible to receive this Loan or Borrower is not entitled to receive the loan amount, Borrower and its owners may be subject to penalties under the SBA Paycheck Protection Program. Borrower and its owners agree to hold Lender harmless for any certification made by Borrower or an owner in connection with this Loan that is determined to be incorrect or for any remedial action taken as a result of such certifications that are incorrect.

Binding Effect. This Agreement, the Note, and all Related Documents are binding upon the signers thereof, as well as upon their successors, representatives and assigns, and are legally enforceable in accordance with their respective terms.

AFFIRMATIVE COVENANTS. Borrower covenants and agrees with Lender that, so long as this Agreement remains in effect, Borrower will:

Notices of Claims and Litigation. Promptly inform Lender in writing of (1) all existing and all threatened litigation, claims, investigations, administrative proceedings or similar actions affecting Borrower which could materially affect the financial condition of Borrower.

Financial Records. Maintain its books and records in accordance with GAAP or other accounting method acceptable to Lender, applied on a consistent basis, and permit Lender to examine and audit Borrower's books and records at all reasonable times.

Additional Information. Furnish such additional information and statements, as Lender may request from time to time.

Insurance. Maintain fire and other risk insurance, public liability insurance, and such other insurance as Lender may require with respect to Borrower's properties and operations, in form, amounts, coverages and with insurance companies acceptable to Lender.

Other Agreements. Comply with all terms and conditions of all other agreements, whether now or hereafter existing, between Borrower and any other party and notify Lender immediately in writing of any default in connection with any other such agreements.

Loan Proceeds. Use all Loan proceeds solely for permitted uses under the SBA Paycheck Protection Program and according to Borrower's certifications in the application for this Loan and in the Disbursement Request and Authorization executed in connection with this Loan, unless specifically consented to the contrary by Lender in writing.

Taxes, Charges and Liens. Pay and discharge when due all of its indebtedness and obligations, including without limitation all assessments, taxes, governmental charges, levies and liens, of every kind and nature, imposed upon Borrower or its properties, income, or profits, prior to the date on which penalties would attach, and all lawful claims that, if unpaid, might become a lien or charge upon any of Borrower's properties, income, or profits. Provided however, Borrower will not be required to pay and discharge any such assessment, tax, charge, levy, lien or claim so long as (1) the legality of the same shall be contested in good faith by appropriate proceedings, and (2) Borrower shall have established on Borrower's books adequate reserves with respect to such contested assessment, tax, charge, levy, lien, or claim in accordance with GAAP.

Performance. Perform and comply, in a timely manner, with all terms, conditions, and provisions set forth in this Agreement, in the Related Documents, and in all other instruments and agreements between Borrower and Lender. Borrower shall notify Lender immediately in writing of any default in connection with any agreement.

Operations. Maintain executive and management personnel with substantially the same qualifications and experience as the present executive and management personnel; provide written notice to Lender of any change in executive and management personnel; conduct its business affairs in a reasonable and prudent manner.

Compliance with Governmental Requirements. Comply with all laws, ordinances, and regulations, now or hereafter in effect, of all governmental authorities applicable to the conduct of Borrower's properties, businesses and operations, and to the use or occupancy of the Collateral, including without limitation, the Americans With Disabilities Act. Borrower may contest in good faith any such law, ordinance, or regulation and withhold compliance during any proceeding, including appropriate appeals, so long as Borrower has notified Lender in writing prior to doing so and so long as, in Lender's sole opinion, Lender's interests in the Collateral are not jeopardized. Lender may require Borrower to post adequate security or a surety bond, reasonably satisfactory to Lender, to protect Lender's interest.

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

Environmental Compliance and Reports. Borrower shall comply in all respects with any and all Environmental Laws; not cause or permit to exist, as a result of an intentional or unintentional action or omission on Borrower's part or on the part of any third party, on property owned and/or occupied by Borrower, any environmental activity where damage may result to the environment, unless such environmental activity is pursuant to and in compliance with the conditions of a permit issued by the appropriate federal, state or local governmental authorities; shall furnish to Lender promptly and in any event within thirty (30) days after receipt thereof a copy of any notice, summons, lien, citation, directive, letter or other communication from any governmental agency or instrumentality concerning any intentional or unintentional action or omission on Borrower's part in connection with any environmental activity whether or not there is damage to the environment and/or other natural resources.

Additional Assurances. Make, execute and deliver to Lender such promissory notes, financing statements, instruments, documents and other agreements as Lender or its attorneys may reasonably request to evidence and secure the Loans and to perfect all Security Interests.

Financial Statements. Furnish Lender with such financial statements and any and all other information or documentation related thereto at such frequencies and in such detail as Lender may reasonably request.

Tax Returns. Furnish Lender with such tax returns, or extensions thereof, and any and all other information or documentation related thereto at such frequencies and in such detail as Lender may reasonably request.

RECOVERY OF ADDITIONAL COSTS. If the imposition of or any change in any law, rule, regulation, guideline, or generally accepted accounting principle, or the interpretation or application of any thereof by any court, administrative or governmental authority, or standard-setting organization (including any request or policy not having the force of law) shall impose, modify or make

applicable any taxes (except federal, state or local income or franchise taxes imposed on Lender), reserve requirements, capital adequacy requirements or other obligations which would (A) increase the cost to Lender for extending or maintaining the credit facilities to which this Agreement relates, (B) reduce the amounts payable to Lender under this Agreement or the Related Documents, or (C) reduce the rate of return on Lender's capital as a consequence of Lender's obligations with respect to the credit facilities to which this Agreement relates, then Borrower agrees to pay Lender such additional amounts as will compensate Lender therefor, within five (5) days after Lender's written demand for such payment, which demand shall be accompanied by an explanation of such imposition or charge and a calculation in reasonable detail of the additional amounts payable by Borrower, which explanation and calculations shall be conclusive in the absence of manifest error.

LENDER'S EXPENDITURES. If Borrower fails to comply with any provision of this Agreement or any Related Documents, including but not limited to Borrower's failure to discharge or pay when due any amounts Borrower is required to discharge or pay under this Agreement or any Related Documents. All such expenditures incurred or paid by Lender for such purposes will then bear interest at the rate charged under the Note from the date incurred or paid by Lender to the date of repayment by Borrower. All such expenses will become a part of the Indebtedness and, at Lender's option, will (A) be payable on demand; (B) be added to the balance of the Note and be apportioned among and be payable with any installment payments to become due during either (1) the term of any applicable insurance policy; or (2) the remaining term of the Note; or (C) be treated as a balloon payment which will be due and payable at the Note's maturity.

NEGATIVE COVENANTS. Borrower covenants and agrees with Lender that while this Agreement is in effect, Borrower shall not, without the prior written consent of Lender:

Continuity of Operations. (1) Engage in any business activities substantially different than those in which Borrower is presently engaged, (2) cease operations, liquidate, merge or restructure as a legal entity (whether by division or otherwise), consolidate with or acquire any other entity, change its name, convert to another type of entity or redomesticate, or dissolve.

Agreements. Enter into any agreement containing any provisions which would be violated or breached by the performance of Borrower's obligations under this Agreement or in connection herewith.

CESSATION OF ADVANCES. If Lender has made any commitment to make any Loan to Borrower, whether under this Agreement or under any other agreement, Lender shall have no obligation to make Loan Advances or to disburse Loan proceeds if: (A) Borrower is in default under the terms of this Agreement or any of the Related Documents or any other agreement that Borrower has with Lender; (B) Borrower or any Guarantor dies, becomes incompetent or becomes insolvent, files a petition in bankruptcy or similar proceedings, or is adjudged a bankrupt; or (C) there occurs a material adverse change in Borrower's financial condition.

RIGHT OF SETOFF. To the extent permitted by applicable law, Lender reserves a right of setoff in all Borrower's accounts with Lender (whether checking, savings, or some other account). This includes all accounts Borrower holds jointly with someone else and all accounts Borrower may open in the future. However, this does not include any IRA or Keogh accounts, or any trust accounts for which setoff would be prohibited by law. Borrower authorizes Lender, to the extent permitted by applicable law, to charge or setoff all sums owing on the Indebtedness against any and all such accounts.

DEFAULT. Each of the following shall constitute an Event of Default under this Agreement:

Payment Default. Borrower fails to make any payment when due under the Loan.

Other Defaults. Borrower fails to comply with or to perform any other term, obligation, covenant or condition contained in this Agreement or in any of the Related Documents or to comply with or to perform any term, obligation, covenant or condition contained in any other agreement between Lender and Borrower.

False Statements. Any warranty, representation or statement made or furnished to Lender by Borrower or on Borrower's behalf under this Agreement or the Related Documents is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time thereafter.

Insolvency. The dissolution or termination of Borrower's existence as a going business, the insolvency of Borrower, the appointment of a receiver for any part of Borrower's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Borrower.

Creditor or Forfeiture Proceedings. Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Borrower or by any governmental agency against any collateral securing the Loan. This includes a garnishment of any of Borrower's accounts, including deposit accounts, with Lender. However, this Event of Default shall not apply if there is a good faith dispute by Borrower as to the validity or reasonableness of the claim which is the basis of the creditor or forfeiture proceeding and if Borrower gives Lender written notice of the creditor or forfeiture proceeding and

deposits with Lender monies or a surety bond for the creditor or forfeiture proceeding, in an amount determined by Lender, in its sole discretion, as being an adequate reserve or bond for the dispute.

Change in Ownership. Any change in ownership of twenty-five percent (25%) or more of the common stock of Borrower.

Adverse Change. A material adverse change occurs in Borrower's financial condition, or Lender believes the prospect of payment or performance of the Loan is impaired.

Right to Cure. If any default, other than a default on Indebtedness, is curable and if Borrower or Grantor, as the case may be, has not been given a notice of a similar default within the preceding twelve (12) months, it may be cured if Borrower or Grantor, as the case may be, after Lender sends written notice to Borrower or Grantor, as the case may be, demanding cure of such default: (1) cure the default within the time set forth in the Note; or (2) if the cure requires more than the time to cure a default set forth in the Note, immediately initiate steps which Lender deems in Lender's sole discretion to be sufficient to cure the default and thereafter continue and complete all reasonable and necessary steps sufficient to produce compliance as soon as reasonably practical.

EFFECT OF AN EVENT OF DEFAULT. If any Event of Default shall occur, except where otherwise provided in this Agreement or the Related Documents, all commitments and obligations of Lender under this Agreement or the Related Documents or any other agreement immediately will terminate (including any obligation to make further Loan Advances or disbursements), and, at Lender's option, all Indebtedness immediately will become due and payable, all without notice of any kind to Borrower, except that in the case of an Event of Default of the type described in the "Insolvency" subsection above, such acceleration shall be automatic and not optional. In addition, Lender shall have all the rights and remedies provided in the Related Documents or available at law, in equity, or otherwise. Except as may be prohibited by applicable law, all of Lender's rights and remedies shall be cumulative and may be exercised singularly or concurrently. Election by Lender to pursue any remedy shall not exclude pursuit of any other remedy, and an election to make expenditures or to take action to perform an obligation of Borrower or of any Grantor shall not affect Lender's right to declare a default and to exercise its rights and remedies.

DISPUTE RESOLUTION PROVISION. This Dispute Resolution Provision contains a jury waiver, a class action waiver, and an arbitration clause (or judicial reference agreement, as applicable), set out in four Sections. **READ IT CAREFULLY.**

This dispute resolution provision shall supersede and replace any prior "Jury Waiver," "Judicial Reference," "Class Action Waiver," "Arbitration," "Dispute Resolution," or similar alternative dispute agreement or provision between or among the parties.

Notwithstanding anything to the contrary herein, the parties acknowledge and agree that the Dispute Resolution Provision contained herein is not enforceable at any time that the SBA is the holder of the Promissory Note which evidences the Loan.

SECTION 1. GENERAL PROVISIONS GOVERNING ALL DISPUTES.

1.1 PRIOR DISPUTE RESOLUTION AGREEMENTS SUPERSEDED. This Dispute Resolution Provision shall supersede and replace any prior "Jury Waiver," "Judicial Reference," "Class Action Waiver," "Arbitration," "Dispute Resolution," or similar alternative dispute agreement or provision between or among the parties.

1.2 "DISPUTE" defined. As used herein, the word "Dispute" includes, without limitation, any claim by either party against the other party related to this Agreement, any Related Document, and the Loan evidenced hereby. In addition, "Dispute" also includes any claim by either party against the other party **regarding any other agreement or business relationship between any of them, whether or not related to the Loan or other subject matter of this Agreement.** "Dispute" includes, but is not limited to, matters arising from or relating to a deposit account, an application for or denial of credit, warranties and representations made by a party, the adequacy of a party's disclosures, enforcement of any and all of the obligations a party hereto may have to another party, compliance with applicable laws and/or regulations, performance or services provided under any agreement by a party, including without limitation disputes based on or arising from any alleged tort or matters involving the employees, officers, agents, affiliates, or assigns of a party hereto.

If a third party is a party to a Dispute (such as a credit reporting agency, merchant accepting a credit card, junior lienholder or title company), each party hereto agrees to including that third party in any arbitration or judicial reference proceeding for resolving the Dispute with that party.

1.3 Jury Trial Waiver. Each party **waives their respective rights to a trial before a jury in connection with any Dispute**, and all **Disputes shall be resolved by a judge sitting without a jury.** If a court determines that this jury trial waiver is not enforceable for any reason, then **at any time prior to trial of the Dispute, but not later than 30 days after entry of the order determining this provision is unenforceable**, any party shall be entitled to move the court for an order, as applicable: (A) compelling arbitration and staying or dismissing such litigation pending arbitration ("Arbitration Order") under Section 2 hereof, or (B) staying such litigation and compelling judicial reference under Section 3 hereof.

1.4 CLASS ACTION WAIVER. If permitted by applicable law, **each party waives the right to litigate in court or an arbitration proceeding any Dispute as a class action, either as a member of a class or as a representative, or to act as a private attorney general.**

1.5 SURVIVAL. This Dispute Resolution Provision shall survive any termination, amendment or expiration of this Agreement, or any other relationship between the parties.

SECTION 2. Arbitration IF JURY WAIVER UNENFORCEABLE (EXCEPT CALIFORNIA). If (but only if) a state or federal court located outside the state of California determines for any reason that the jury trial waiver in this Dispute Resolution Provision is not enforceable with respect to a Dispute, then any party hereto may require that said Dispute be resolved by binding arbitration pursuant to this Section 2 before a single arbitrator. An arbitrator shall have no authority to determine matters (i) regarding the validity, enforceability, meaning, or scope of this Dispute Resolution Provision, or (ii) class action claims brought by either party as a class representative on behalf of others and claims by a class representative on either party's behalf as a class member, which matters may be determined only by a court without a jury. **By agreeing to arbitrate a Dispute, each party gives up any right that party may have to a jury trial, as well as other rights that party would have in court that are not available or are more limited in arbitration, such as the rights to discovery and to appeal.**

Arbitration shall be commenced by filing a petition with, and in accordance with the applicable arbitration rules of, National Arbitration Forum ("NAF") or Judicial Arbitration and Mediation Service, Inc. ("JAMS") ("Administrator") as selected by the initiating party. However, if the parties agree, arbitration may be commenced by appointment of a licensed attorney who is selected by the parties and who agrees to conduct the arbitration without an Administrator. If NAF and JAMS both decline to administer arbitration of the Dispute, and if the parties are unable to mutually agree upon a licensed attorney to act as arbitrator with an Administrator, then either party may file a lawsuit (in a court of appropriate venue outside the state of California) and move for an Arbitration Order. The arbitrator, howsoever appointed, shall have expertise in the subject matter of the Dispute. Venue for the arbitration proceeding shall be at a location determined by mutual agreement of the parties or, if no agreement, in the city and state where Lender or Bank is headquartered. The arbitrator shall apply the law of the state specified in the agreement giving rise to the Dispute.

After entry of an Arbitration Order, the non-moving party shall commence arbitration. The moving party shall, at its discretion, also be entitled to commence arbitration but is under no obligation to do so, and the moving party shall not in any way be adversely prejudiced by electing not to commence arbitration. The arbitrator: (i) will hear and rule on appropriate dispositive motions for judgment on the pleadings, for failure to state a claim, or for full or partial summary judgment; (ii) will render a decision and any award applying applicable law; (iii) will give effect to any limitations period in determining any Dispute or defense; (iv) shall enforce the doctrines of compulsory counterclaim, res judicata, and collateral estoppel, if applicable; (v) with regard to motions and the arbitration hearing, shall apply rules of evidence governing civil cases; and (vi) will apply the law of the state specified in the agreement giving rise to the Dispute. Filing of a petition for arbitration shall not prevent any party from (i) seeking and obtaining from a court of competent jurisdiction (notwithstanding ongoing arbitration) provisional or ancillary remedies including but not limited to injunctive relief, property preservation orders, foreclosure, eviction, attachment, replevin, garnishment, and/or the appointment of a receiver, (ii) pursuing non-judicial foreclosure, or (iii) availing itself of any self-help remedies such as setoff and repossession. The exercise of such rights shall not constitute a waiver of the right to submit any Dispute to arbitration.

Judgment upon an arbitration award may be entered in any court having jurisdiction except that, if the arbitration award exceeds \$4,000,000, any party shall be entitled to a de novo appeal of the award before a panel of three arbitrators. To allow for such appeal, if the award (including Administrator, arbitrator, and attorney's fees and costs) exceeds \$4,000,000, the arbitrator will issue a written, reasoned decision supporting the award, including a statement of authority and its application to the Dispute. A request for de novo appeal must be filed with the arbitrator within 30 days following the date of the arbitration award; if such a request is not made within that time period, the arbitration decision shall become final and binding. On appeal, the arbitrators shall review the award de novo, meaning that they shall reach their own findings of fact and conclusions of law rather than deferring in any manner to the original arbitrator. Appeal of an arbitration award shall be pursuant to the rules of the Administrator or, if the Administrator has no such rules, then the JAMS arbitration appellate rules shall apply.

Arbitration under this provision concerns a transaction involving interstate commerce and shall be governed by the Federal Arbitration Act, 9 U.S.C. § 1 et seq. If the terms of this Section 2 vary from the Administrator's rules, this Section 2 shall control.

SECTION 3. JUDICIAL REFERENCE IF JURY WAIVER UNENFORCEABLE (CALIFORNIA ONLY). If (but only if) a Dispute is filed in a state or federal court located within the state of California, and said court determines for any reason that the jury trial waiver in this Dispute Resolution Provision is not enforceable with respect to that Dispute, then any party hereto may require that Dispute be resolved by judicial reference in accordance with California Code of Civil Procedure, Sections 638, et seq., including without limitation whether the Dispute is subject to a judicial reference proceeding. **By agreeing to resolve Disputes by judicial reference, each party is giving up any right that party may have to a jury trial.** The referee shall be a retired judge, agreed upon by the parties, from either the American Arbitration Association (AAA) or Judicial Arbitration and Mediation Service, Inc. (JAMS). If

the parties cannot agree on the referee, the party who initially selected the reference procedure shall request a panel of ten retired judges from either AAA or JAMS, and the court shall select the referee from that panel. (If AAA and JAMS are unavailable to provide this service, the court may select a referee by such other procedures as are used by that court.) The referee shall be appointed to sit with all of the powers provided by law, including the power to hear and determine any or all of the issues in the proceeding, whether of fact or of law, and to report a statement of decision. The parties agree that time is of the essence in conducting the judicial reference proceeding set forth herein. The costs of the judicial reference proceeding, including the fee for the court reporter, shall be borne equally by the parties as the costs are incurred, unless otherwise awarded by the referee. The referee shall hear all pre-trial and post-trial matters (including without limitation requests for equitable relief), prepare a statement of decision with written findings of fact and conclusions of law, and apportion costs as appropriate. The referee shall be empowered to enter equitable relief as well as legal relief, provide all temporary or provisional remedies, enter equitable orders that are binding on the parties and rule on any motion that would be authorized in a trial, including without limitation motions for summary adjudication. Only for this Section 3, "Dispute" includes matters regarding the validity, enforceability, meaning, or scope of this Section, and (ii) class action claims brought by either party as a class representative on behalf of others and claims by a class representative on either party's behalf as a class member. Judgment upon the award shall be entered in the court in which such proceeding was commenced and all parties shall have full rights of appeal. This provision will not be deemed to limit or constrain Bank or Lender's right of offset, to obtain provisional or ancillary remedies, to interplead funds in the event of a dispute, to exercise any security interest or lien Bank or Lender may hold in property or to comply with legal process involving accounts or other property held by Bank or Lender.

Nothing herein shall preclude a party from moving (prior to the court ordering judicial reference) to dismiss, stay or transfer the suit to a forum outside California on grounds that California is an improper, inconvenient or less suitable venue. If such motion is granted, this Section 3 shall not apply to any proceedings in the new forum.

This Section 3 may be invoked only with regard to Disputes filed in state or federal courts located in the State of California. In no event shall the provisions in this Section 3 diminish the force or effect of any venue selection or jurisdiction provision in this Agreement or any Related Document.

SECTION 4. Reliance. Each party (i) certifies that no one has represented to such party that the other party would not seek to enforce a jury waiver, class action waiver, arbitration provision or judicial reference provision in the event of suit, and (ii) acknowledges that it and the other party have been induced to enter into this Agreement by, among other things, material reliance upon the mutual waivers, agreements, and certifications in the four Sections of this DISPUTE RESOLUTION PROVISION.

SCOPE OF AGREEMENT. Except as provided in the Section of this Agreement entitled "Dispute Resolution" (including the jury waiver, arbitration, and class action waiver provisions), this Agreement shall not be interpreted to supersede or amend any other credit agreement between Borrower and Lender.

MULTIPLE LOAN AGREEMENTS (INDEPENDENT LOAN AGREEMENTS). Borrower and Lender acknowledge that Borrower may have more than one outstanding loan with Lender, and may be granted additional loans by Lender in the future. Borrower and Lender agree that (a) the loan agreement executed in connection with each loan shall govern that particular loan; (b) execution or amendment of a loan agreement for one loan shall not be interpreted to supersede or amend any loan agreement previously executed in connection with another loan; and (c) any present or future loan for which no separate loan agreement is executed shall always be governed by the most recently executed loan agreement then outstanding between Borrower and Lender, whether executed before or after the granting of said loan. This section shall not diminish any cross-default term in any loan agreement, promissory note or related loan document. (This section supersedes any contrary provision in this Agreement.)

Notwithstanding the preceding paragraph of this section, every loan agreement between Borrower and Lender (together with all related loan documents associated therewith) shall be deemed amended to adopt the dispute resolution provisions that are now or hereafter set forth in the most recently executed loan agreement. In this paragraph, "dispute resolution provision" includes any provision, or omission thereof, in the nature of a class action waiver, a jury trial waiver, or alternative dispute resolution term (such as resolution by arbitration or judicial reference).

REPLACEMENT DEFINITION OF "LOAN". The definition of "Loan" in the Definitions section of this Agreement is hereby deleted. The word "Loan", when capitalized, shall have the following meaning:

- (a) the Note (if any) identified in the Definitions section of this Agreement,
 - (b) any other present or future promissory note or credit agreement that is identified in that instrument or in this Agreement as being subject to this Business Loan Agreement;
 - (c) the specific loan or other financial accommodation now or hereafter made by Lender to Borrower in consideration of, among other things, Borrower executing this Business Loan Agreement
 - (d) any other present or future promissory note or credit agreement that is made subject to this Business Loan Agreement pursuant to the section herein entitled "Multiple Loan Agreements (independent loan agreements)"; and
 - (e) the Borrower's liabilities and obligations arising under the Related Documents associated with any of the foregoing.
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UNLAWFUL USE MARIJUANA, CONTROLLED SUBSTANCES AND PROHIBITED ACTIVITIES. The undersigned shall not use, occupy, or permit the use or occupancy of any Property or Collateral by the undersigned or any lessee, tenant, licensee, permittee, agent, or any other person in any manner that would be a violation of any applicable federal, state or local law or regulation, regardless of whether such use or occupancy is lawful under any conflicting law, including without limitation any law relating to the use, sale, possession, cultivation, manufacture, distribution or marketing of any controlled substances or other contraband (whether for commercial, medical, or personal purposes), or any law relating to the use or distribution of marijuana (collectively, "Prohibited Activities"). Any lease, license, sublease or other agreement for use, occupancy or possession of any Property or Collateral (collectively a "lease") with any third person ("lessee") shall expressly prohibit the lessee from engaging or permitting others to engage in any Prohibited Activities. The undersigned shall upon demand provide Lender with a written statement setting forth its compliance with this section and stating whether any Prohibited Activities are or may be occurring in, on or around the Property or Collateral. If the undersigned becomes aware that any lessee is likely engaged in any Prohibited Activities, The undersigned shall, in compliance with applicable law, terminate the applicable lease and take all actions permitted by law to discontinue such activities. The undersigned shall keep Lender fully advised of its actions and plans to comply with this section and to prevent Prohibited Activities.

This section is a material consideration and inducement upon which Lender relies in extending credit and other financial accommodations to the undersigned. Failure by the undersigned to comply with this section shall constitute a material non-curable Event of Default. Notwithstanding anything in this agreement, the Note or Related Documents regarding rights to cure Events of Default, Lender is entitled upon breach of this section to immediately exercise any and all remedies under this agreement, the Note the Related Documents, and by law.

In addition and not by way of limitation, the undersigned shall indemnify, defend and hold Lender harmless from and against any loss, claim, damage, liability, fine, penalty, cost or expense (including attorneys' fees and expenses) arising from, out of or related to any Prohibited Activities at or on the Property or Collateral, Prohibited Activities by the undersigned or any lessee of the Property or Collateral, or the undersigned's breach, violation, or failure to enforce or comply with any of the covenants set forth in this section. This indemnity includes, without limitation any claim by any governmental entity or agency, any lessee, or any third person, including any governmental action for seizure or forfeiture of any Property or Collateral (with or without compensation to Lender, and whether or not Property or Collateral is taken free of or subject to Lender's lien or security interest). As used in this section, the word "undersigned" does not include Lender or any individual signing on behalf of Lender.

COMPLIANCE CERTIFICATES. At such intervals and in such format as Lender may designate from time to time, Borrower shall provide Lender with written certification by Borrower and its attesting principal financial or accounting officer: that all of Borrower's representations and warranties under this Agreement continue to be true, accurate and complete in all material respects; that Borrower is in compliance with all of its affirmative covenants, negative covenants, financial covenants, reporting covenants, and other covenants in this Agreement; that the information in all financial statements Borrower has submitted to Lender, and the computations provided with Borrower's current and prior certificates accurately represent Borrower's financial position as of the dates thereof; that Borrower's submitted financial statements were prepared in accordance with generally accepted accounting principles (except as otherwise disclosed therein); that no event has occurred and no condition exists that constitutes (or with the passage of time and giving of any necessary notice would constitute) an Event of Default under this Agreement.

CREATION OF TRUSTS, AND TRANSFERS TO TRUSTS. This paragraph shall apply in instances where this Agreement is governed by Utah law. Neither Borrower nor any Guarantor shall create as settlor any trust, or transfer any assets into any trust, without giving written notice to Lender at least ninety (90) days prior to such creation or transfer. That notice shall describe in reasonable detail the trust to be created and/or the asset transfer to be made. Failure by any such settlor to provide that notice shall be an event of default under this instrument and the Loan.

Neither Borrower nor any Guarantor shall create as settlor any actual or purported spendthrift trust, asset protection trust or any other trust intended by its terms or purpose (or having the effect) to protect assets from creditors or to limit the rights of existing or future creditors (an "Asset Protection Trust") without the prior written consent of Lender. Lender may withhold that consent in its sole discretion. Creation of any Asset Protection Trust, and each transfer of assets thereto, by any such settlor without Lender's prior written consent:

- (a) shall be an event of default under this instrument and the Loan,
- (b) shall have the effect of, and shall be deemed as a matter of law, regardless of that settlor's solvency, of having been made by that settlor with the actual intent of hindering and delaying and defrauding Lender as that settlor's creditor, and
- (c) shall constitute a fraudulent transfer that is unenforceable and void (not merely voidable) as against Lender.

With respect to each such fraudulent transfer, Lender shall have all the rights and remedies provided by state fraudulent transfer laws, or otherwise provided at law or equity. Lender shall have the right to obtain an ex parte court order directing the trustee of the Asset Protection Trust to give Lender written notice a reasonable time (of no less than ten business days) prior to making any distribution from said trust. Nothing in this paragraph shall limit or affect any rights or remedies otherwise provided to Lender by law, equity or any contract.

DOCUMENT IMAGING. Lender shall be entitled, in its sole discretion, to image or make copies of all or any selection of the agreements, instruments, documents, and items and records governing, arising from or relating to any of Borrower's loans, including, without limitation, this document and the Related Documents, and Lender may destroy or archive the paper originals. The parties hereto (i) waive any right to insist or require that Lender produce paper originals, (ii) agree that such images shall be accorded the same force and effect as the paper originals, (iii) agree that Lender is entitled to use such images in lieu of destroyed or archived originals for any purpose, including as admissible evidence in any demand, presentment or other proceedings, and (iv) further agree that any executed facsimile (faxed), scanned, or other imaged copy of this document or any Related Document shall be deemed to be of the same force and effect as the original manually executed document.

ADDITIONAL BORROWER CERTIFICATIONS AND AGREEMENTS. Borrower certifies that (a) Borrower acknowledges that if Borrower defaults on the loan, SBA may be required to pay Lender under the SBA guarantees, and SBA may then seek recovery on the loan (to the extent any balance remains after loan forgiveness); (b) Borrower will keep books and records in a manner satisfactory to Lender, furnish financial statements as requested by Lender, and allow Lender and SBA to inspect and audit books, records and papers relating to Borrower's financial or business condition; and (c) Borrower will not, without Lender's consent, change its ownership structure, make any distribution of company assets that would adversely affect its financial condition, or transfer (including pledging) or dispose of any assets, except in the ordinary course of business. Borrower further agrees to comply with requirements of the SBA Paycheck Protection Program, rules, directives and regulations issued by the SBA in connection with the SBA Paycheck Protection Program.

WAIVER OF DEFENSES AND RELEASE OF CLAIMS. The undersigned hereby (i) represents that neither the undersigned nor any affiliate or principal of the undersigned has any defenses to or setoffs against any Indebtedness or other obligations owing by the undersigned, or by the undersigned's affiliates or principals, to Lender or Lender's affiliates (the "Obligations"), nor any claims against Lender or Lender's affiliates for any matter whatsoever, related or unrelated to the Obligations, and (ii) releases Lender and Lender's affiliates, officers, directors, employees and agents from all claims, causes of action, and costs, in law or equity, known or unknown, whether or not matured or contingent, existing as of the date hereof that the undersigned has or may have by reason of any matter of any conceivable kind or character whatsoever, related or unrelated to the Obligations, including the subject matter of this Agreement. The foregoing release does not apply, however, to claims for future performance of express contractual obligations that mature after the date hereof that are owing to the undersigned by Lender or Lender's affiliates. As used in this paragraph, the word "undersigned" does not include Lender or any individual signing on behalf of Lender. The undersigned acknowledges that Lender has been induced to enter into or continue the Obligations by, among other things, the waivers and releases in this paragraph.

ON-LINE BANKING -- ADVANCES. From time to time, Lender may (but shall not be required to) permit advances to be requested or drawn through its online banking website. Lender may impose and change limitations on online advance requests, such as minimum or maximum advance dollar amounts, and the types of accounts into which advances may be transferred. Whether online advances are permitted, and Lender's applicable terms and restrictions if such advances are permitted, will be reflected in the features available online when a user logs into the online banking website.

ON-LINE BANKING -- LOAN PAYMENTS. From time to time, Lender may (but shall not be required to) permit loan payments to be made through its online banking website. Lender may impose and change limitations on making online loan payments, such as minimum or maximum payment amounts, the types of accounts from which loan payments may be made, and the types of payments that may be made online (i.e., ordinary installment payments, principal-only payments, or other types of payments). Whether online payments are permitted, and Lender's applicable terms and restrictions if such payments are permitted, will be reflected in the features available online when a user logs into the online banking website.

BENEFICIAL OWNERSHIP. Borrower agrees to promptly notify Lender (A) of any change in direct or indirect ownership interests in the Borrower as reported in any beneficial ownership certification provided to Lender in connection with the execution of this Agreement or the Loan (the "Certification"), or (B) if the individual with significant managerial responsibility identified in the Certification ceases to have that responsibility or if the information reported about that individual changes. Borrower hereby agrees to provide such information and documentation as Lender may request during the term of the Loan to confirm or update the continued accuracy of the any information provided in connection with the foregoing.

LOAN FORGIVENESS UNDER THE SBA PAYCHECK PROTECTION PROGRAM. Loan forgiveness of any portion of the Loan shall be subject to all requirements of the CARES Act, the SBA Paycheck Protection Program and other rules, directives and regulations of the SBA. In order for Borrower to receive any loan forgiveness, Borrower's request for loan forgiveness must include the following: (a) documentation verifying the number of full-time equivalent employees on payroll and pay rates for the required period, including payroll tax filings reported to the IRS and state income, payroll and unemployment insurance filings; (b) documentation, including cancelled checks, payment receipts, transcripts of accounts, or other documents verifying payments on covered mortgage obligations, payments on covered lease obligations, and covered utility payments; (c) a certification from an authorized representative of the Borrower that the documentation presented is true and correct, and the amount for which forgiveness is requested was used to retain employees, make interest payments on a covered mortgage obligation, make payments on a covered

rent obligation or make covered utility payments; and (d) any other documentation SBA determines necessary. If Borrower received an EIDL advance, the amount of the EIDL advance shall be deducted from the loan forgiveness amount.

MISCELLANEOUS PROVISIONS. The following miscellaneous provisions are a part of this Agreement:

Amendments. This Agreement, together with any Related Documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Agreement. No alteration of or amendment to this Agreement shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.

Attorneys' Fees; Expenses. Borrower agrees to pay upon demand all of Lender's costs and expenses, including Lender's reasonable attorneys' fees and Lender's legal expenses, incurred in connection with the enforcement of this Agreement. Lender may hire or pay someone else to help enforce this Agreement, and Borrower shall pay the costs and expenses of such enforcement. Costs and expenses include Lender's reasonable attorneys' fees and legal expenses whether or not Lender's salaried employee and whether or not there is a lawsuit, including reasonable attorneys' fees and legal expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection services. Borrower also shall pay all court costs and such additional fees as may be directed by the court.

Caption Headings. Caption headings in this Agreement are for convenience purposes only and are not to be used to interpret or define the provisions of this Agreement.

Consent to Loan Participation. Borrower agrees and consents to Lender's sale or transfer, whether now or later, of one or more participation interests in the Loan to one or more purchasers, whether related or unrelated to Lender. Lender may provide, without any limitation whatsoever, to any one or more purchasers, or potential purchasers, any information or knowledge Lender may have about Borrower or about any other matter relating to the Loan, and Borrower hereby waives any rights to privacy Borrower may have with respect to such matters. Borrower additionally waives any and all notices of sale of participation interests, as well as all notices of any repurchase of such participation interests. Borrower also agrees that the purchasers of any such participation interests will be considered as the absolute owners of such interests in the Loan and will have all the rights granted under the participation agreement or agreements governing the sale of such participation interests. Borrower further waives all rights of offset or counterclaim that it may have now or later against Lender or against any purchaser of such a participation interest and unconditionally agrees that either Lender or such purchaser may enforce Borrower's obligation under the Loan irrespective of the failure or insolvency of any holder of any interest in the Loan. Borrower further agrees that the purchaser of any such participation interests may enforce its interests irrespective of any personal claims or defenses that Borrower may have against Lender.

Applicable Law. The Loan secured by this lien was made under a United States Small Business Administration (SBA) nationwide program which uses tax dollars to assist small business owners. If the United States is seeking to enforce this document, then under SBA regulations: (a) When SBA is the holder of the Note, this document and all documents evidencing or securing this Loan will be construed in accordance with federal law. (b) Lender or SBA may use local or state procedures for purposes such as filing papers, recording documents, giving notice, foreclosing liens, and other purposes. By using these procedures, SBA does not waive any federal immunity from local or state control, penalty, tax or liability. No Borrower or Guarantor may claim or assert against SBA any local or state law to deny any obligation of Borrower, or defeat any claim of SBA with respect to this Loan. (c) Any clause in this document requiring arbitration is not enforceable when SBA is the holder of the Note secured by this instrument.

No Waiver by Lender. Lender shall not be deemed to have waived any rights under this Agreement unless such waiver is given in writing and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver by Lender of a provision of this Agreement shall not prejudice or constitute a waiver of Lender's right otherwise to demand strict compliance with that provision or any other provision of this Agreement. No prior waiver by Lender, nor any course of dealing between Lender and Borrower, or between Lender and any Grantor, shall constitute a waiver of any of Lender's rights or of any of Borrower's or any Grantor's obligations as to any future transactions. Whenever the consent of Lender is required under this Agreement, the granting of such consent by Lender in any instance shall not constitute continuing consent to subsequent instances where such consent is required and in all cases such consent may be granted or withheld in the sole discretion of Lender.

Notices. Unless otherwise provided by applicable law, any notice required to be given under this Agreement or required by law shall be given in writing, and shall be effective when actually delivered in accordance with the law or with this Agreement, when actually received by telefacsimile (unless otherwise required by law), when deposited with a nationally recognized overnight courier, or, if mailed, when deposited in the United States mail, as first class, certified or registered mail postage prepaid, directed to the addresses shown near the beginning of this Agreement. Any party may change its address for notices under this Agreement by giving formal written notice to the other parties, specifying that the purpose of the notice is to change the party's address. For notice purposes, Borrower agrees to keep Lender informed at all times of Borrower's current address. Unless otherwise provided by applicable law, if there is more than one Borrower, any notice given by Lender to any Borrower is deemed to be notice given to all Borrowers.

Severability. If a court of competent jurisdiction finds any provision of this Agreement to be illegal, invalid, or unenforceable as to any circumstance, that finding shall not make the offending provision illegal, invalid, or unenforceable as to any other circumstance. If feasible, the offending provision shall be considered modified so that it becomes legal, valid and enforceable. If the offending provision cannot be so modified, it shall be considered deleted from this Agreement. Unless otherwise required by law, the illegality, invalidity, or unenforceability of any provision of this Agreement shall not affect the legality, validity or enforceability of any other provision of this Agreement.

Subsidiaries and Affiliates of Borrower. To the extent the context of any provisions of this Agreement makes it appropriate, including without limitation any representation, warranty or covenant, the word "Borrower" as used in this Agreement shall include all of Borrower's subsidiaries and affiliates. Notwithstanding the foregoing however, under no circumstances shall this Agreement be construed to require Lender to make any Loan or other financial accommodation to any of Borrower's subsidiaries or affiliates.

Successors and Assigns. All covenants and agreements by or on behalf of Borrower contained in this Agreement or any Related Documents shall bind Borrower's successors and assigns and shall inure to the benefit of Lender and its successors and assigns. Borrower shall not, however, have the right to assign Borrower's rights under this Agreement or any interest therein, without the prior written consent of Lender.

Survival of Representations and Warranties. Borrower understands and agrees that in making the Loan, Lender is relying on all representations, warranties, and covenants made by Borrower in this Agreement or in any certificate or other instrument delivered by Borrower to Lender under this Agreement or the Related Documents. Borrower further agrees that regardless of any investigation made by Lender, all such representations, warranties and covenants will survive the making of the Loan and delivery to Lender of the Related Documents, shall be continuing in nature, and shall remain in full force and effect until such time as Borrower's Indebtedness shall be paid in full, or until this Agreement shall be terminated in the manner provided above, whichever is the last to occur.

Time is of the Essence. Time is of the essence in the performance of this Agreement.

DEFINITIONS. The following capitalized words and terms shall have the following meanings when used in this Agreement. Unless specifically stated to the contrary, all references to dollar amounts shall mean amounts in lawful money of the United States of America. Words and terms used in the singular shall include the plural, and the plural shall include the singular, as the context may require. Words and terms not otherwise defined in this Agreement shall have the meanings attributed to such terms in the Uniform Commercial Code. Accounting words and terms not otherwise defined in this Agreement shall have the meanings assigned to them in accordance with generally accepted accounting principles as in effect on the date of this Agreement:

Advance. The word "Advance" means a disbursement of Loan funds made, or to be made, to Borrower or on Borrower's behalf on a line of credit or multiple advance basis under the terms and conditions of this Agreement.

Agreement. The word "Agreement" means this Business Loan Agreement, as this Business Loan Agreement may be amended or modified from time to time, together with all exhibits and schedules attached to this Business Loan Agreement from time to time.

Borrower. The word "Borrower" means FHR-Colorado LLC and includes all co-signers and co-makers signing the Note and all their successors and assigns.

Environmental Laws. The words "Environmental Laws" mean any and all state, federal and local statutes, regulations and ordinances relating to the protection of human health or the environment, including without limitation the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, 42 U.S.C. Section 9601, et seq. ("CERCLA"), the Superfund Amendments and Reauthorization Act of 1986, Pub. L. No. 99-499 ("SARA"), the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801, et seq., the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, et seq., or other applicable state or federal laws, rules, or regulations adopted pursuant thereto.

Event of Default. The words "Event of Default" mean any of the events of default set forth in this Agreement in the default section of this Agreement.

GAAP. The word "GAAP" means generally accepted accounting principles.

Hazardous Substances. The words "Hazardous Substances" mean materials that, because of their quantity, concentration or physical, chemical or infectious characteristics, may cause or pose a present or potential hazard to human health or the environment when improperly used, treated, stored, disposed of, generated, manufactured, transported or otherwise handled. The words "Hazardous Substances" are used in their very broadest sense and include without limitation any and all hazardous or toxic substances, materials or waste as defined by or listed under the Environmental Laws. The term "Hazardous Substances" also includes, without limitation, petroleum and petroleum by-products or any fraction thereof and asbestos.

Indebtedness. The word "Indebtedness" means and includes without limitation all Loans, together with all other obligations, debts and liabilities of Borrower to Lender, or any one or more of them, as well as all claims by Lender against Borrower, or any one or more of them; whether now or hereafter existing, voluntary or involuntary, due or not due, absolute or contingent, liquidated or unliquidated; whether Borrower may be liable individually or jointly with others; whether Borrower may be obligated as a guarantor, surety, or otherwise; whether recovery upon such indebtedness may be or hereafter may become barred by any statute of limitations; and whether such indebtedness may be or hereafter may become otherwise unenforceable.

Lender. The word "Lender" means Zions Bancorporation, N.A. dba Nevada State Bank, its successors and assigns.

Loan. The word "Loan" means the loans and financial accommodations from Lender to Borrower made under the SBA Paycheck Protection Program, including without limitation the loan and financial accommodations described herein.

Note. The word "Note" means the Note dated May 3, 2020 and executed by FHR-Colorado LLC in the principal amount of \$2,212,300.00, together with all renewals of, extensions of, modifications of, refinancings of, consolidations of, and substitutions for the note or credit agreement.

Permitted Liens. The words "Permitted Liens" mean (1) liens and security interests securing Indebtedness owed by Borrower to Lender; (2) liens for taxes, assessments, or similar charges either not yet due or being contested in good faith; (3) liens of materialmen, mechanics, warehousemen, or carriers, or other like liens arising in the ordinary course of business and securing obligations which are not yet delinquent; (4) purchase money liens or purchase money security interests upon or in any property acquired or held by Borrower in the ordinary course of business to secure indebtedness outstanding on the date of this Agreement or permitted to be incurred under the paragraph of this Agreement titled "Indebtedness and Liens"; (5) liens and security interests which, as of the date of this Agreement, have been disclosed to and approved by the Lender in writing; and (6) those liens and security interests which in the aggregate constitute an immaterial and insignificant monetary amount with respect to the net value of Borrower's assets.

Related Documents. The words "Related Documents" mean all promissory notes, credit agreements, loan agreements, Paycheck Protection Program Application forms, other application forms, and all other instruments, agreements and documents, whether now or hereafter existing, executed in connection with the Loan.

FINAL AGREEMENT. Borrower understands that this Agreement and the related loan documents are the final expression of the agreement between Lender and Borrower and may not be contradicted by evidence of any alleged oral agreement.

BORROWER ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS BUSINESS LOAN AGREEMENT AND BORROWER AGREES TO ITS TERMS. THIS BUSINESS LOAN AGREEMENT IS DATED May 3, 2020.

BORROWER:

FHR-COLORADO LLC

By: /s/ Lewis Fanger
Lewis Fanger, Official of FHR-Colorado LLC

LENDER:

ZIONS BANCORPORATION, N.A. DBA NEVADA STATE BANK

/s/ Karen Watson
Authorized Signer

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER PURSUANT TO
EXCHANGE ACT RULE 13A-14(A)/15(D)-14(A) AS ADOPTED PURSUANT TO SECTION 302 OF THE
SARBANES-OXLEY ACT OF 2002**

I, Daniel R. Lee, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Full House Resorts, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 13, 2020

By: /s/ DANIEL R. LEE

Daniel R. Lee
Chief Executive Officer

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER PURSUANT TO
EXCHANGE ACT RULE 13A-14(A)/15(D)-14(A) AS ADOPTED PURSUANT TO SECTION 302 OF THE
SARBANES-OXLEY ACT OF 2002**

I, Lewis A. Fanger, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Full House Resorts, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 13, 2020

By: /s/ LEWIS A. FANGER

Lewis A. Fanger
Chief Financial Officer

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350 AS ADOPTED PURSUANT TO SECTION 906 OF THE
SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Full House Resorts, Inc. for the quarter ended March 31, 2020 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Daniel R. Lee, Chief Executive Officer of Full House Resorts, Inc., hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended;
and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Full House Resorts, Inc.

Date: May 13, 2020

By: /s/ DANIEL R. LEE

Daniel R. Lee

Chief Executive Officer

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350 AS ADOPTED PURSUANT TO SECTION 906 OF THE
SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Full House Resorts, Inc. for the quarter ended March 31, 2020 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Lewis A. Fanger, Chief Financial Officer of Full House Resorts, Inc., hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended;
and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Full House Resorts, Inc.

Date: May 13, 2020

By: /s/ LEWIS A. FANGER

Lewis A. Fanger

Chief Financial Officer
