

SECURITY AGREEMENT

SECURED PARTY: Loanatik, LLC as to a 100% undivided interest

DEBTOR: David Login Perolis and Jensa Dawn Perolis, whose mailing address is 17731 West Saguario Lane, Surprise, AZ 85388.

EXHIBIT "A": Legal Description of Real Property

RECITALS

Debtor has executed a promissory note of even date herewith, payable to Secured Party or order, the terms and provisions of which are incorporated herein by reference (hereinafter the "Note"), pursuant to which Debtor has borrowed the principal sum of One Hundred Thousand and No Cents dollars (\$100,000.00). The Note is secured by (i) that Deed of Trust with Assignment of Rents, Security Agreement and Fixture Filing of even date herewith executed by David Login Perolis and Jensa Dawn Perolis, in favor of Lender encumbering certain real property and improvements located in Maricopa County, Arizona ('Deed of Trust'); (ii) that Security Agreement ('Security Agreement') executed by Borrower dated of even date herewith; (iii) that Financing Statement of even date herewith; For purposes of this Security Agreement, the Note, the Deed of Trust, the Environmental Indemnity, the Financing Statement, this Security Agreement and all other documents evidencing or securing the Note are referred to herein as the "Loan Documents"; and

The parties have agreed that the Secured Party should have a security interest in certain fixtures and personal property of the Debtor, as security for the payment of the Note. Therefore, the parties hereby agree as follows:

SECTION ONE

COLLATERAL

1.01 Property Comprising the Collateral. For valuable consideration, the receipt and sufficiency of which is hereby acknowledged, for the purpose of securing performance of all of Debtor's obligations to the Secured Party under the Note and under such other documents and instruments executed or to be executed by the Debtor in relation to the Note, including, but not limited to, this Security Agreement and any Loan Documents executed to secure the Note, all costs of collection, legal expenses and attorney's fees incurred by the Secured Party upon the occurrence of any Default under any of the foregoing, in collecting or enforcing payment of said indebtedness or in preserving, protecting, or realizing on the Collateral as herein defined, and any obligations of Debtor to Secured Party, which may hereafter in any matter arise, Debtor hereby grants to Secured Party a security interest in, and mortgages to Secured Party, all of the following property (the "Collateral") of Debtor:

SEE EXHIBIT "B" ATTACHED HERETO
AND INCORPORATED HEREIN BY THIS REFERENCE.

The security interest granted in the Collateral shall extend to any and all of such Collateral now owned or existing or hereafter acquired or coming into being, together with all proceeds, including insurance and condemnation proceeds for losses sustained with respect to any of the Collateral and any unearned premium refunds from such insurance policies. Debtor shall have Secured Party named as loss payee under any and all such insurance policies.

The security interest granted hereby shall extend to the proceeds, increases, accessories, attachments, repairs, replacements, parts and equipment attached or appertaining thereto or commingled or used in connection therewith, or substituted therefore, and products of the Collateral as well as all accessions thereto, and any property or goods which Debtor may receive on account of such Collateral.

This security interest shall secure Debtor's obligation to pay all amounts due and owing under the Note, including principal and interest and secure Debtor's obligations under the Loan Documents, together with all costs

and expenses incurred by Secured Party in the collection and enforcement of the same and all expenditures of Secured Party for taxes, levies, insurance, repairs to and maintenance of the Collateral which are the subject of this Security Agreement.

1.02 Listing of Collateral. Upon reasonable request by Secured Party, Debtor shall provide Secured Party with a listing of the Collateral in such format as is acceptable to the Secured Party.

1.03 Debtor's Representation and Warranties as to Collateral. Debtor hereby represents, warrants and covenants that:

- (A) Debtor has good title to the Collateral;
- (B) Debtor will immediately notify the Secured Party in writing of any change in the location of the Collateral from that shown in this Security Agreement, and shall also on demand furnish Secured Party such further information, and will execute and deliver to Secured Party such financing statements and other documents in form satisfactory to Secured Party, and will do all such acts and things that Secured Party at any time or from time to time may reasonably request or as may be necessary or appropriate to establish and maintain a protective security interest in the Collateral as security for the obligations of Debtor, subject to no adverse liens or encumbrances, except as otherwise expressly permitted hereby;
- (C) Debtor will not sell or offer to sell, assign, pledge, lease or otherwise transfer or encumber the Collateral or any interest therein, without the prior written consent of Secured Party, except as otherwise provided herein;
- (D) Debtor will not waste or destroy the Collateral or any part thereof, nor use the Collateral in violation of any statute, ordinance or policy of insurance thereon; and
- (E) To the best of Debtor's knowledge, the collateral is not subject to legal process or attachment.

1.04 Lien Against Collateral. At its option, Secured Party may discharge taxes, liens, or security interests or other encumbrances at any time levied or placed on the Collateral, and may pay for the insurance, repair and preservation of the Collateral. To the extent permitted by the Uniform Commercial Code or similar statutes for the State where the Collateral is located (the "Applicable Law"), Debtor agrees to reimburse Secured Party on demand for any payment made or any expense incurred by Secured Party pursuant to the foregoing authorization. Until the occurrence of an Event of Default (as hereafter defined) under the Note or the Loan Documents, Debtor may have possession of the Collateral and use it in any lawful manner not inconsistent with this Security Agreement or Loan Documents and not inconsistent with any policy of insurance thereon.

SECTION TWO

DEFAULT

2.01 Events of Default. The occurrence of any of the Events of Default set forth in the Note and Deed(s) of Trust or other Loan Documents shall be deemed an Event of Default hereunder. In addition, the following shall constitute Events of Default:

- (A) If the Collateral is sold or disposed of or security interest other than that created hereby is created with respect thereto;
- (B) If Debtor defaults in performing any of its obligations, promises, covenants or agreements contained herein or in any Loan Document given by Debtor to Secured Party;
- (C) If Debtor uses the Collateral in violation of any law or governmental regulation;
- (D) If Debtor removes or permits the Collateral to be removed from the State of its location as

of the date of this Security Agreement for other than temporary purposes without the prior written consent of Secured Party;

(E) If Debtor fails to keep and maintain exclusive title to the Collateral; or,

(F) If Debtor fails to pay promptly when due all taxes, liens, fees, charges and assessments upon the Collateral or fails to keep the Collateral in good condition and repair or fails to keep the Collateral properly insured at all times with an insurance company or companies acceptable to Secured Party and with Loss Payable to Secured Party as its interests may appear, against fire (with extended coverage), theft, physical damage and such other risks and in such amounts for all risks, as Secured Party may require.

Except as otherwise provided in the Loan Documents, any one of the following shall constitute an Event of Default if, in Secured Party's opinion, such occurrence itself, or such occurrence together with surrounding circumstances, materially increases Secured Party's risks with regard to repayment of the indebtedness due it:

(1) If the Collateral is levied upon or seized upon under any levy, attachment, garnishment, writ or other legal process, or if any lien is attached thereto; or,

(2) If the Collateral is lost, stolen or suffers substantial damage or destruction.

2.02 Occurrence of Default. On the occurrence of any Event of Default, and Debtor's failure to cure said Event of Default within any applicable cure period specified hereunder, or pursuant to the Loan Documents, the Debtor will be considered to have committed a "Default" and at anytime thereafter, Secured Party at its option may declare all obligations secured hereby immediately due and payable, and shall then be entitled to exercise any and all remedies specified herein as well as in the Loan Documents. Secured Party shall have all remedies under the Uniform Commercial Code, as adopted in the State where the Collateral is located, including, without limitation, the right to take immediate and exclusive possession of the Collateral, or any part thereof, and for that purpose may, so far as Debtor can give authority therefore, with or without judicial process, enter (if this can be done without breach of the peace) upon any premises upon which the Collateral or any part thereof may be situated and remove the same from (provided that if the Collateral is affixed to real estate, such removal shall be subject to the conditions stated in the Uniform Commercial Code, as adopted in the State where the Collateral is located). Secured Party shall be entitled to hold, maintain, preserve, and prepare the Collateral for sale, until disposed of, or may propose to retain the Collateral subject to Debtor's right of redemption in satisfaction of the Debtor's obligations as provided in the Uniform Commercial Code, as adopted in the State where the Collateral is located, Arizona. Secured Party, without removal, may render the Collateral unusable and dispose of the Collateral on the Debtor's premises. Secured Party may require Debtor to assemble the Collateral and make it available to Secured Party for its possession at a place to be designated by Secured Party which is reasonably convenient to both parties. Unless the Collateral is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market, Secured Party will give Debtor at least five (5) days notice of the time and place of any public sale thereof or of the time after which any private sale or any other intended disposition thereof is to be made. Subject to the applicable law, the requirements of reasonable notice shall be met if such notice is mailed, postage prepaid, to the address of Debtor shown on the face page hereof at least five (5) days before the time of sale or disposition. Secured Party may buy at any public or private sale. The proceeds realized upon any such disposition, after deduction for the expenses of retaking, holding, preparing for sale, selling of the Collateral and the like, and the attorney's fees incurred by the Secured Party, shall be applied in satisfaction of the obligations secured hereby. Secured Party will account to Debtor for any surplus realized on such disposition, and Debtor shall remain liable for any deficiency. In any event, the enforcement of this Security Agreement shall be pursuant to the provisions of the Uniform Commercial Code as adopted in the State where the Collateral is located, Arizona.

2.03 Remedies Cumulative. The remedies of Secured Party hereunder are cumulative, and the exercise of any one or more of the remedies provided for herein or under the Loan Documents or the Uniform Commercial Code, as adopted in the State where the Collateral is located, shall not be construed as a waiver of any of the other remedies of Secured Party so long as any part of Debtor's obligations remain unsatisfied.

SECTION THREE **GENERAL PROVISIONS**

3.01 Binding Effect. No waiver by Secured Party of any Default shall operate as a waiver of any other Default or of the same Default on a future occasion. All rights of Secured Party hereunder shall inure to the benefit of its successors and assigns; and all obligations of Debtor shall bind its heirs, executors, or administrators or its successors or assigns. If there be more than one Debtor, the obligations shall be joint and several. This Security Agreement shall become effective when signed by Debtor.

3.02 Governing Law. The terms and provisions contained herein shall, unless the context otherwise requires, have the meaning and be construed as provided in the Uniform Commercial Code, as adopted in the State where the Collateral is located, Arizona.

3.03 Attorney's Fees and Costs. Debtor agrees to pay all attorney's fees and other costs and expenses of every kind which are incurred by Secured Party in the enforcement of this Security Agreement.

3.04 Severability. Any provision hereof which may be deemed invalid or unenforceable under any applicable law or governmental regulation shall be deemed omitted therefrom or deemed modified, as appropriate. Such omissions shall not invalidate the remaining provisions of this Security Agreement.

3.05 Modifications. No modification of this Security Agreement or waiver of any provision hereof shall be deemed effective unless in writing and signed by all parties hereto, and any waiver granted shall not be deemed effective except for the instance and in the circumstances particularly specified thereon. Time is of the essence for each term and condition herein.

3.06 Waiver of Exemptions. Debtor hereby acknowledges express intent to hereby waive and abandon all personal property exemptions granted by law upon the Collateral.

3.07 Time. Time is of the essence as to the obligations of the parties under this Security Agreement.

3.08 Waiver of Jury Trial. EACH OF THE SECURED PARTY AND THE DEBTOR WAIVE TRIAL BY JURY IN ANY ACTION OR OTHER PROCEEDING INCLUDING COUNTERCLAIMS), WHETHER AT LAW OR EQUITY, BROUGHT BY THE SECURED PARTY OR THE DEBTOR AGAINST THE OTHER ON MATTERS ARISING OUT OF OR IN ANY WAY RELATED TO OR CONNECTED WITH THIS SECURITY AGREEMENT, THE OTHER LOAN DOCUMENTS, THE LOAN OR ANY TRANSACTION CONTEMPLATED BY, OR THE RELATIONSHIP BETWEEN THE SECURED PARTY AND THE DEBTOR OR ANY OTHER LOAN PARTY OR ANY ACTION OR INACTION BY ANY PARTY UNDER, ANY OF THE LOAN DOCUMENTS.

NOTICE: By signing this Security Agreement, Debtor waives all rights provided by law to claim such goods exempt from process.

IN WITNESS WHEREOF, this document has been acknowledged and executed as of this 11th day of January, 2018.

By: _____
David Login Perolis

By: _____
Jensa Dawn Perolis

SECURED PARTY:

Loanatik, LLC
an Arizona Limited Liability Company

By: _____
Corey Schwartz, Manager date

Exhibit "A"
to Security Agreement

Real property in the City of Surprise, County of MARICOPA, State of Arizona,
described as follows:

LOT 17, OF SURPRISE FARMS - PHASE 2, PARCEL 5, ACCORDING TO THE PLAT OF RECORD IN
THE OFFICE OF THE COUNTY RECORDER OF MARICOPA COUNTY, ARIZONA, RECORDED IN BOOK
665 OF MAPS, PAGE 25, AN CERTIFICATE OF CORRECTION RECORDED IN DOCUMENT NO. 2004-
1274613.

APN #: 502-84-834 0

Commonly known as: 17781 W Ironwood Street, Surprise, Arizona 85388

EXHIBIT "B"
to Security Agreement

1. All present and future right, title and interest of Debtor, whether separate or community property of debtor, in and to all inventory, equipment, fixtures and other goods (as those terms are defined in of the Arizona Uniform Commercial Code, Title 47 of A.R.S. (the "UCC"), and whether existing now or in the future) now or in the future located at, upon or about, or affixed or attached to or installed in, the Real Property (as defined below), or used or to be used in connection with or otherwise relating to the Real Property or the ownership, use, development, construction, maintenance, management, operation, marketing, leasing or occupancy of the Real Property, furniture, furnishings, machinery, appliances, building materials and supplies, generators, boilers, furnaces, water tanks, heating, ventilating and air conditioning equipment and all other types of tangible personal property of any kind or nature, and all accessories, additions, attachments, parts, proceeds, products, repairs, replacements and substitutions of or to any of such property; and

2. All present and future right, title and interest of Debtor, whether separate or community property of debtor, in and to all accounts, general intangibles, chattel paper, deposit accounts, money, instruments and documents (as those terms are defined in the UCC) and all other agreements, obligations, rights and written materials (in each case whether existing now or in the future) now or in the future relating to or otherwise arising in connection with or derived from the Property (as defined below) or any other part of the Collateral or the ownership, use, development, construction, maintenance, management, operation, marketing, leasing, occupancy, sale or financing of the Property or any other part of the Collateral, including (i) permits, approvals, development agreements and other governmental authorizations, (ii) improvement plans and specifications and architectural drawings, (iii) agreements with contractors, subcontractors, suppliers, project managers and supervisors, designers, architects, engineers, sales agents, leasing agents, owners of other properties, consultants and property managers, (iv) takeout, refinancing and permanent loan commitments, (v) warranties, guaranties, indemnities and insurance policies, together with insurance payments and unearned insurance premiums, (vi) claims, demands, awards, settlements and other payments arising or resulting from or otherwise relating to any insurance or any loss or destruction of, injury or damage to, trespass on or taking, condemnation (or conveyance in lieu of condemnation) or public use of any of the Property, (vii) any cash collateral account maintained by Secured Party in connection with any financing of the Property by Secured Party, and any amount deposited by Debtor with Secured Party which is to be held in any such cash collateral account, (viii) leases, rental agreements, license agreements, service and maintenance agreements, purchase and sale agreements and purchase options, together with advance payments, security deposits and other amounts paid to or deposited with Debtor under any such agreements, (ix) reserves, deposits, bonds, deferred payments, refunds (including property tax refunds), reimbursements (including reimbursements from governmental agencies and other property owners in respect of any fees and other amounts paid, improvements constructed or services provided in connection with the development of the Real Property), rebates, discounts, cost savings, escrow proceeds, sale proceeds and other rights to the payment of money, trade names, trademarks, goodwill and all other types of intangible personal property of any kind or nature, and (x) all supplements, modifications, amendments, renewals, extensions, proceeds, replacements and substitutions of or to any of such property.

3. As used above: (i) the term "Real Property" means (A) the real property described in Exhibit "A" attached to this Security Agreement and incorporated in this Security Agreement by reference (the "Land"), (B) all buildings, structures and other improvements now or in the future located or to be constructed on the Land (the "Improvements"), and (C) all tenements, hereditaments, appurtenances, privileges and other rights and interests now or in the future benefiting or otherwise relating to the Land or the Improvements, including easements, rights-of-way, development rights, mineral rights, water rights and water stock; and (ii) the term "Property" means the Real Property and the types or items of property described in paragraph (1) above.

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