# SECURITY AGREEMENT

This Security Agreement (this "Agreement") is made as of [EFFECTIVE DATE], between [DEBTOR NAME] ("Debtor") and [SECURED PARTY NAME] ("Secured Party").

**RECITALS**

[OPTION - PROMISSORY NOTE:

A. Debtor is indebted to Secured Party in the principal amount of $[LOAN AMOUNT] under a Promissory Note of even date with this Agreement, together with every renewal, extension, amendment, and replacement of it (the "Note").

B. Secured Party required, as a condition of making the loan evidenced by the Note, that Debtor grant Secured Party the security interest described in this Agreement.]

[OPTION - MANAGEMENT AGREEMENT:

A. Debtor and Secured Party are parties to a Management Agreement dated [MANAGEMENT AGREEMENT DATE] (the "Management Agreement"), under which Secured Party provides management and administrative services to Debtor for a management fee.

B. To secure payment of the management fees, the deferred management fees and interest on them, the expense reimbursements, and the other obligations of Debtor under the Management Agreement, Debtor has agreed to grant Secured Party the security interest described in this Agreement.]

NOW, THEREFORE, in consideration of the recitals, the mutual covenants in this Agreement, and other good and valuable consideration, the receipt and sufficiency of which are acknowledged, Debtor and Secured Party agree as follows:

1. Grant of Security Interest. Debtor grants to Secured Party a continuing security interest in all of Debtor's right, title, and interest in and to the property described on Schedule A to this Agreement, whether now owned or existing or hereafter acquired, created, or arising, and wherever located, together with all proceeds and products of that property, all supporting obligations, and all books and records relating to that property (collectively, the "Collateral"). Schedule A is part of this Agreement. This Agreement is a security agreement within the meaning of Article 9 of the Uniform Commercial Code as adopted in Florida, chapter 679, Florida Statutes (the "UCC").

2. Secured Obligations. The security interest granted by this Agreement secures the payment and performance of all of the following (collectively, the "Secured Obligations"):

(a) [OPTION - PROMISSORY NOTE: all principal, interest, late charges, costs, and other amounts owed under the Note, and under every renewal, extension, amendment, and replacement of the Note;]

(a) [OPTION - MANAGEMENT AGREEMENT: all management fees, deferred management fees and accrued interest on them, expense reimbursements, termination fees, and all other amounts owed by Debtor under the Management Agreement, as it may be amended from time to time;]

(b) all future advances and other value given by Secured Party to or for the benefit of Debtor, whether or not given under a commitment;

(c) all amounts Secured Party pays or advances under this Agreement to protect, preserve, insure, or maintain the Collateral or the security interest, with interest from the date of the advance at the highest rate then applicable to any Secured Obligation;

(d) all costs and expenses of enforcing this Agreement, including reasonable attorneys' fees and costs at all trial and appellate levels and in bankruptcy proceedings; and

(e) [OPTIONAL - ALL OTHER OBLIGATIONS, for the broadest lien: all other present and future debts, obligations, and liabilities of Debtor to Secured Party of every kind and description, however arising and however evidenced.]

3. Representations and Warranties. Debtor represents and warrants to Secured Party, as of the date of this Agreement and for as long as any Secured Obligation is outstanding:

(a) Name and Location. Debtor's exact legal name is as stated in the first paragraph of this Agreement, and Debtor's principal address is [DEBTOR ADDRESS].

(b) Authority. Debtor has full power and authority to sign, deliver, and perform this Agreement, and this Agreement is the valid and binding obligation of Debtor, enforceable against Debtor in accordance with its terms.

(c) Title. Debtor owns the Collateral free and clear of all liens, security interests, and encumbrances except the security interest granted by this Agreement and any liens Secured Party has approved in writing.

(d) No Other Filings. No financing statement covering any of the Collateral is on file in any public office, other than financing statements in favor of Secured Party.

(e) No Conflict. Debtor's signing, delivery, and performance of this Agreement do not violate any law, judgment, order, or agreement binding on Debtor or the Collateral.

(f) Location of Collateral. The tangible Collateral is and will be kept at [COLLATERAL LOCATION], except for sales of inventory in the ordinary course of business and other dispositions Secured Party approves in writing.

4. Covenants. For as long as any Secured Obligation is outstanding, Debtor shall:

(a) maintain the Collateral in good condition and repair, ordinary wear and tear excepted, and not waste or destroy the Collateral;

(b) maintain insurance on the insurable Collateral of the kinds and in the amounts customary for businesses or property of the same type [OPTIONAL - LOSS PAYEE: and name Secured Party as loss payee on those policies];

(c) pay before delinquency all taxes and assessments on the Collateral and all claims that could become a lien on the Collateral;

(d) not sell, lease, license, assign, or otherwise transfer any Collateral, except sales of inventory in the ordinary course of business, and not grant or permit any other lien, security interest, levy, or encumbrance on any Collateral, without Secured Party's prior written consent;

(e) give Secured Party at least thirty days' prior written notice before Debtor changes its name, its state of organization or registration, or its principal address;

(f) permit Secured Party, on reasonable notice, to inspect the Collateral and Debtor's books and records relating to the Collateral;

(g) promptly notify Secured Party of any material damage to or loss of Collateral and of any levy, seizure, garnishment, charging order, attachment, or other legal process or claim affecting Debtor or any Collateral;

(h) sign and deliver any further documents, and take any further actions, that Secured Party reasonably requests to create, perfect, maintain, or enforce the security interest, including control agreements for deposit accounts and delivery, with any necessary endorsements, of any instruments, chattel paper, or certificates that are part of the Collateral; and

(i) reimburse Secured Party on demand for all amounts advanced under Section 2(c).

5. Perfection; Filing Authorization. Debtor authorizes Secured Party to file financing statements, amendments, and continuation statements describing the Collateral, in the Florida Secured Transaction Registry and in any other filing office where a filing is necessary or appropriate to perfect or maintain the security interest, in each case without a separate signature from Debtor. Debtor shall cooperate with Secured Party in every

other step reasonably required to perfect and maintain a first-priority perfected security interest in the Collateral.

6. Events of Default. Each of the following is an "Event of Default" under this Agreement:

(a) Debtor fails to pay any Secured Obligation within [GRACE PERIOD DAYS] days after it is due;

(b) an event of default occurs under the [OPTION - PROMISSORY NOTE: Note] [OPTION - MANAGEMENT AGREEMENT: Management Agreement] and continues beyond any cure period stated there;

(c) Debtor breaches any other covenant in this Agreement, or any representation or warranty of Debtor in this Agreement proves to have been false in any material respect when made, and the breach or falsity continues for thirty days after written notice from Secured Party;

(d) Debtor sells, transfers, or further encumbers any Collateral without Secured Party's prior written consent, except sales of inventory in the ordinary course of business;

(e) a judgment, levy, attachment, garnishment, charging order, or other lien or legal process is entered or served against Debtor or any Collateral and is not stayed, discharged, or bonded within thirty days;

(f) Debtor files or has filed against it a petition under any bankruptcy or insolvency law, makes an assignment for the benefit of creditors, admits in writing an inability to pay debts as they come due, or a receiver, trustee, or custodian is appointed for Debtor or any substantial part of Debtor's assets; or

(g) Debtor dies, is adjudicated incapacitated, dissolves, or otherwise ceases to exist.

7. Remedies. On the occurrence and during the continuance of an Event of Default, Secured Party may take any or all of the following actions:

(a) declare all Secured Obligations immediately due and payable, without further notice or demand;

(b) exercise all rights and remedies of a secured party under the UCC and other applicable law, including taking possession of, collecting, and selling or otherwise disposing of the Collateral at public or private sale, and Secured Party may buy at any public sale;

(c) require Debtor to assemble the Collateral and make it available to Secured Party at a reasonably convenient place Secured Party designates;

(d) notify account debtors and other persons obligated on the Collateral to make all payments directly to Secured Party, and collect, receive, endorse, and apply all payments and proceeds of the Collateral, and for these purposes Debtor appoints Secured Party as Debtor's attorney-in-fact, coupled with an interest and irrevocable until the Secured Obligations are paid in full; and

(e) apply the proceeds of any collection or disposition first to the expenses of retaking, holding, preparing, and disposing of the Collateral, including reasonable attorneys' fees and costs, and then to the Secured Obligations in the order Secured Party elects. Debtor remains liable for any deficiency.

Written notice sent to Debtor after default and at least ten days before a proposed disposition of Collateral is reasonable notice. Secured Party's rights and remedies are cumulative, and no delay or partial exercise by Secured Party waives any right or remedy. Secured Party may waive any default without waiving any other or later default.

8. General Provisions.

(a) Continuing Interest; Termination. This Agreement creates a continuing security interest that remains in effect until all Secured Obligations are paid and performed in full and Secured Party has no obligation to extend further credit. Secured Party shall then, at Debtor's request, file a termination statement for each financing statement filed under this Agreement.

(b) Successors and Assigns. This Agreement binds Debtor and Debtor's heirs, personal representatives, successors, and assigns, and benefits Secured Party and Secured Party's successors and assigns. Debtor may not assign its obligations under this Agreement without Secured Party's written consent.

(c) Governing Law; Venue. This Agreement is governed by Florida law. Venue for any action arising from this Agreement lies exclusively in the state courts in [COUNTY] County, Florida.

(d) Notices. Notices under this Agreement must be in writing and are effective when delivered by hand, by a nationally recognized overnight carrier, by certified mail with return receipt requested, or by email with confirmation of receipt, addressed to the party at the address on the signature page or another address designated in writing.

(e) Attorneys' Fees. In any action arising from this Agreement, the prevailing party is entitled to recover its reasonable attorneys' fees and costs at all trial and appellate levels.

(f) Entire Agreement; Amendment. This Agreement, together with the [OPTION - PROMISSORY NOTE: Note] [OPTION - MANAGEMENT AGREEMENT: Management Agreement] and Schedule A, is the entire agreement of the parties about the Collateral and the Secured Obligations, and it may be amended only by a written instrument signed by both parties.

(g) Severability; Waiver. If any provision of this Agreement is unenforceable, the remaining provisions stay in effect. No waiver is effective unless in a writing signed by the waiving party.

(h) Construction. The parties negotiated this Agreement jointly, and it is not to be construed against either party as drafter. Headings are for convenience only. The singular includes the plural and the plural the singular, as context requires.

(i) Counterparts; Electronic Signatures. This Agreement may be signed in counterparts, each of which is an original. Electronic signatures are valid and binding.

**DEBTOR**

________________________________

[DEBTOR NAME]

Address for notices: [DEBTOR NOTICE ADDRESS]

Date: _______________

**SECURED PARTY**

________________________________

[SECURED PARTY NAME]

Address for notices: [SECURED PARTY NOTICE ADDRESS]

Date: _______________

## SCHEDULE A

## COLLATERAL DESCRIPTION

[Describe the collateral by category and by specific item. Use the same description here and on the UCC-1 financing statement.]