

**Commercial Security Agreement # [REDACTED] SA**

This non-negotiable and non-transferable Security Agreement supplements and controls previous such agreements between the same Parties and is made and entered this 25 day of July, 2017 by and between ENRIQUE ARREOLA, hereinafter "Debtor" (CALIFORNIA BIRTH CERTIFICATE # [REDACTED] and Organization # [REDACTED] and Enrique Arreola, hereinafter "Secured Party", Creditor Identification # [REDACTED]. The Parties acknowledge they agree to be bound by the terms of this Commercial Security Agreement and are identified as follows:

DEBTOR:  
ENRIQUE ARREOLA, a Legal Entity  
1200 N. STATE ST., LOS ANGELES,  
CA, 90033  
Organization Number: [REDACTED]

Secured Party:  
Enrique Arreola, a Man  
c/o [REDACTED]  
[REDACTED]  
Non-domestic  
Employer Identification Number: [REDACTED]

**AGREEMENT**

NOW, THEREFORE, the Parties agree as follows:

Debtor hereby grants Secured Party, who deems himself insecure, a security interest in the Collateral described generally herein or specifically on attached Schedule(s), hereinafter referred to as "Collateral", to secure all Debtor's property, as well as all income from every source, and all direct and indirect, absolute or contingent, due or to become due, now existing or hereafter arising, presumed or actual, parole or expressed public indebtedness and liabilities held by Debtor, to Secured Party in consideration for Secured Party providing certain things and accommodations for Debtor including, but not limited to:

1. the Secured Party constituting the source, initial description, origin, substance, labor, sentient existence, exercise of faculties for, and being the basis from which the existence of the Debtor was derived, and the basis upon which the Debtor is able to act as an agent to interact, contract, and exchange goods, services, obligations, and liabilities in commerce with other artificial entities, and is able to function as a transmitting utility through traffic, i.e. serving as a pipeline for the transmission of goods, services, chattel property, and papers in commercial activity;
2. the Secured Party signing by accommodation as the authorized representative of the Debtor, without immediate consideration, for the Debtor, in all cases whatsoever where the signature of the Debtor is, will or has been required, will retain the right to make sufficient claims to secure such indebtedness until satisfied in whole;
3. the Secured Party issuing a binding commitment to extend credit or to extend immediately available credit, whether or not drawn upon and whether or not reimbursed in the event of difficulties in collection; and
4. the Secured Party providing the security for payment of all sums due or owing, or to become due or owing, by the Debtor on every public contract entered by the Debtor.

Debtor declares it is a legal entity recognized as such, and has rights and privileges recognized under the laws of the United States as has been the case since its creation in 1988. All legal means to protect the security interest being established by this Agreement, *nunc pro tunc* from November 17, 1988, will be used by the Debtor when necessary; and all support needed by the Secured Party to protect his security interest in the collateral identified herein, will be provided by the Debtor. Execution of this Security Agreement incorporates a promise that the Debtor will execute such commercial forms, including but not limited to such Financing Statements as may be necessary, to assure the Secured Party's interest is perfected. The security interest established by this Agreement will continue until the Secured Party is relieved of all liability associated with said services provided to the Debtor, and until all owing and due consideration to the Secured Party has been delivered, regardless of whether the Collateral identified in this Agreement is in the possession of the Debtor or the Secured Party. Debtor warrants that Secured Party's claim against the Collateral is enforceable according to the terms and conditions expressed therein, and according to all applicable laws promulgated for the purpose of protecting the interests of a creditor against a debtor. Debtor also warrants that it holds good and marketable title to the Collateral, free and clear of all actual and lawful liens and encumbrances except for the interest established herein, and except for such substantial interest as may have been privately established by agreement of the parties with full attention to the elements necessary to establish a valid contract under international contract law. Public encumbrances belonging to the Debtor, against the Collateral, shall remain secondary to this Agreement, unless registered prior to the registration of Secured Party's interest in the same Collateral, as is well-established in international commercial law. Debtor specifically authorizes Secured Party to file such legal notices as he deems necessary to secure his interest in the collateral. For valuable consideration, Debtor hereby expressly agrees and covenants, without benefit of discussion, and without division, that Debtor holds harmless and undertakes the indemnification of Secured Party, *nunc pro tunc* November 17, 1988, from and against any and all claims, legal actions, orders, warrants, judgments, demands, liabilities, losses, depositions, summonses, lawsuits, costs, fines, liens, levies, penalties, damages, interests, and expenses whatsoever, both absolute and contingent, as Private and non-negotiable between the parties are due and as might become due, now existing and as might hereafter arise, and as might be suffered/incurred by, as well as imposed on Debtor for any reason, purpose and cause whatsoever.

## GENERAL PROVISIONS

Possession of Collateral: Collateral or evidence of Collateral may remain in the possession of the Debtor, to be kept at the address given in this Agreement by the Debtor or such other place(s) approved by Secured Party, and notice of changes in location must be made to the Secured Party within ten (10) days of such relocation. Debtor agrees not to otherwise remove the Collateral except as is expected in the ordinary course of business, including sale of inventory, exchange, and other acceptable reasons for removal. When in doubt as to the legal ramifications for relocation, Debtor agrees to acquire prior written authorization from the Secured Party. Debtor may possess all tangible personal property included in Collateral, and have beneficial use of all other Collateral, and may use it in any lawful manner not inconsistent with this Agreement, except that Debtor's right to possession and beneficial use may also apply to Collateral that is in

the possession of the Secured Party if such possession is required by law to perfect Secured Party's interest in such Collateral. If Secured Party, at any time, has possession of any part of the Collateral, whether before or after an Event of Default, Secured Party shall be deemed to have exercised reasonable care in the custody and preservation of the Collateral, if Secured Party takes such action for that purpose as deemed appropriate by the Secured Party under the circumstances.

Proceeds and Products from Collateral: Unless waived by Secured Party, all proceeds and products from the disposition of the Collateral, for whatever reason, shall be held in trust for Secured Party and shall not be commingled with any other accounts or funds without the consent of the Secured Party. Notice of such proceeds shall be delivered to Secured Party immediately upon receipt. Except for inventory sold or accounts collected in the ordinary course of Debtor's public business, Debtor agrees not to sell, offer to sell, or otherwise transfer or dispose of the Collateral, nor to pledge, mortgage, encumber, or otherwise permit the Collateral to be subject to a lien, security interest, encumbrance, or charge other than the security interest established by this Agreement without the prior written consent of the Secured Party.

Maintenance of Collateral: Debtor agrees to maintain all tangible Collateral in good condition and repair and not to commit or permit damage to or destruction of the Collateral or any part of the Collateral. Secured Party and his designated representatives and agents shall have the right at all reasonable times to examine, inspect, and audit the Collateral wherever located. Debtor shall immediately notify Secured Party of all cases involving the return, rejection, repossession, loss, or damage of or to the Collateral; of all requests for credit or adjustment of Collateral, or dispute(s) arising with respect to the Collateral; and generally of all happenings and events affecting the Collateral or the value or the amount of the Collateral.

Compliance with Law: Debtor shall comply promptly with all laws, ordinances, and regulations of all governmental authorities applicable to the production, disposition, or use of the Collateral. Debtor may contest in good faith any such law, ordinance, or regulation without compliance during a proceeding, including appropriate appeals, so long as Secured Party's interest in the Collateral in Secured Party's opinion is not jeopardized. Secured Party may, at his option, intervene in any situation that appears to place the Collateral in jeopardy.

Public Disputes: Debtor agrees to pay all applicable taxes, assessments, and liens upon the Collateral when due, provided that such taxes, assessments, and liens are proved to be superior to the lawful claim established by this Agreement and subsequently perfected by the Secured Party by appropriate registration. In the event Debtor elects to dispute such taxes, assessments, and liens, Secured Party's interest must be protected at all times at the sole opinion of the Secured Party, who may, at his option, intervene in any situation that appears to jeopardize Secured Party's interest in the Collateral. Debtor may elect to continue pursuit of dispute of such taxes, assessments, and liens only upon production of a surety bond by public claimant(s) in favor of the Secured Party, sufficient to protect Secured Party from loss, including all costs and fees associated with such dispute. Should public judgment against the Debtor result from such dispute, Debtor agrees to satisfy such judgment from its accounts established and managed by the United States or its subdivisions, agents, officers, or affiliates so as not to adversely affect the Secured Party's interest in the Collateral.

## **SUBORDINATION OF DEBTOR'S DEBTS TO SECURED PARTY**

Providing Secured Party, subsequent to the execution of this Agreement, perfects his security interest in the Collateral by appropriate registration, Debtor agrees that its indebtedness to the Secured Party, whether now existing or hereafter created, shall have priority over unregistered claims that third parties may raise against Debtor or the Collateral whether or not Debtor becomes insolvent. Debtor hereby expressly subordinates any claim Debtor may have against Secured Party, upon any account whatsoever, to the claim Secured Party has or will have against the Debtor. If Secured Party so requests all notes or credit agreements, now or hereafter established evidencing debts or obligation of Debtor to third parties, then these debts shall be marked with a legend that the same are subject to this Agreement and shall be delivered to Secured Party. Debtor agrees and Secured Party hereby is authorized, in the name of the Debtor, to execute and file such financing statements and other commercial statements as Secured Party deems necessary or appropriate to perfect, preserve, and enforce his rights under this Agreement.

### **DEFAULT**

The following shall constitute Event(s) of Default hereunder:

1. failure by the Debtor to pay a debt secured hereby when due;
2. failure by the Debtor to perform an obligation secured hereby when required to be performed;
3. breach by the Debtor of a warranty contained in this Agreement;
4. evidence that a statement, warranty, or representation made or implied in this Agreement by Debtor, is false or misleading in any material respect, either now or at the time made or furnished;
5. evidence that this Agreement or a document of title is void or ineffective;
6. dissolution or termination of Debtor's existence as a legal entity, the insolvency of Debtor, the appointment of a receiver for all or any portion of Debtor's property, an assignment for the benefit of public creditors, or the commencement of proceedings under bankruptcy or insolvency laws by or against Debtor;
7. commencement of foreclosure, whether by action of a tribunal, self-help, repossession, or other method, by a creditor of Debtor against the Collateral;
8. garnishment of Debtor's deposit accounts or employment.

Cure of Default: If a fault or dishonor under this Agreement is curable through an account held by Debtor but managed by the United States or one of its subdivisions, agents, officers, or affiliates, such fault or dishonor may be cured by the Debtor with authorization by Secured Party; and upon advice by the fiduciary that the fault or dishonor has been cured, no Event of Default will have occurred. A dishonor under this Agreement, initiated by third party intervention, will not cause a default if such intervention is challenged by Debtor by its good faith effort to confirm or disprove the validity or reasonableness of a public claim which is the basis of the public creditor's proceeding; but Debtor must, in that event, deposit such surety with Secured Party as is necessary to indemnify the Secured Party from loss.

Acceleration: In the Event of Default, Secured Party may declare the entire indebtedness, immediately due and payable without notice.

Liquidation of Collateral: In the Event of Default, Secured Party shall have full power to privately or publicly sell, lease, transfer, or otherwise deal with the Collateral or proceeds or products therefrom in his own name or in the name of the Debtor. All expenses related to the liquidation of Collateral shall become a part of the Debtor's indebtedness. Secured Party may, at his discretion, transfer part or all of the Collateral to his own name or to the name of his nominee.

Rights and Remedies: The Secured Party shall have all the rights and remedies of a secured creditor under the provisions of the Uniform Commercial Code as it has been adopted in the State where part or all of the Collateral is located or presumed to be located, including but not limited to, the right to proceed with self-help with or without a public court or tribunal. Rights and remedies available to Secured Party may be exercised singularly or jointly and in all venues and jurisdictions concurrently at the sole discretion of the Secured Party.

## **MISCELLANEOUS PROVISIONS**

Amendments: This Agreement, together with all related documents, present and future, 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 expressed in writing and signed by both Parties.

Applicable Law: The governing law of this Agreement is the agreement of the Parties, supported by the Uniform Commercial Code as adopted by the legislature of the State of CALIFORNIA, international contract law, the unwritten Law Merchant as practiced before the Uniform Commercial Code was promulgated, and applicable maxims of law.

Expenses: Debtor agrees to pay upon demand, from such accounts as Debtor may have, all Secured Party's costs and expenses, including reasonable attorney's fees and other expenses incurred by the Secured Party to defend or enforce the provisions of this Agreement.

Indebtedness: The word "indebtedness" means the indebtedness evidenced by this Agreement as a claim against the Debtor and all its present and future possessions identified in this Agreement as Collateral and all public obligations, debts, and liabilities ascribed to Debtor through its contracts and agreements, whether expressed or implied, known or unknown, or actual or constructive, that are with the United States or its subdivisions, agents, officers, affiliates or other public entities; and all claims made by Secured Party against Debtor, whether existing now or in the future, whether they are voluntary or involuntary, due or not due, direct or indirect, absolute or contingent, liquidated or unliquidated, regardless of whether Debtor is or may be liable individually or jointly, or is obligated as, or beneficiary of, a surety or accommodation party.

Related Documents: The phrase "related documents" means all promissory notes, credit agreements, loan agreements, guaranties, security agreements, mortgages, deeds of trust, applications, accounts, licenses, policies, permits, identification cards, account cards, receipts, forms, and all other documents and instruments that Debtor or its surety has or will execute in connection with the Debtor's total indebtedness.

Notices: Except for revocation notices by Debtor, all notices required to be given by either Party under this Agreement shall be in writing and shall be effective when actually delivered or when deposited with the United States post office or a nationally recognized courier service, first class postage prepaid, addressed to the Party to whom the notice is to be given at the address shown on this Agreement or to such other address as either Party may designate to the other in writing.

Severability: If one or more provisions of this Agreement shall be held to be invalid or unenforceable for any reason, the remaining provisions shall continue to be valid and enforceable. If a court of competent jurisdiction finds that one or more provisions of this Agreement are invalid or unenforceable, but that by limiting such provision(s) it would become valid or enforceable, such provision(s) shall be deemed to be written, construed, and enforced as so limited. In the event that such a finding and limitation causes damage or hardship to either Party, the Agreement shall be amended in a lawful manner to make all Parties whole.

Waiver of Contractual Right: The failure of either Party to enforce one or more provisions of this Agreement shall not be construed as a waiver or limitation of that Party's right to subsequently enforce and compel strict compliance with every provision of this Agreement. Secured Party shall not be deemed to have waived rights under this Agreement unless such waiver is given in writing and signed by Secured Party. No delay or omission on the part of Secured Party in exercising a right shall operate as a waiver of such right or any other right. A waiver by Secured Party of a provision of this Agreement shall not prejudice or constitute a waiver of Secured Party's right otherwise to demand strict compliance with that provision or any other provision of this Agreement. No prior waiver by Secured Party nor any course of dealing between Secured Party and Debtor shall constitute a waiver of Secured Party's rights or of Debtor's obligations under this Agreement as to future transactions. Whenever the consent of Secured Party is required under this Agreement, the granting of such consent by Secured Party in one instance shall not constitute consent over the whole.

Ambiguities and Interpretation: Each Party that acknowledges receipt of this Agreement has had the opportunity to have counsel review this Agreement and agrees that any rule of construction claiming ambiguities are to be resolved against the drafting Party and shall not apply in the interpretation of this Agreement or its amendments. All statements in this instrument are important to the Parties. Misunderstandings have been resolved prior to execution.

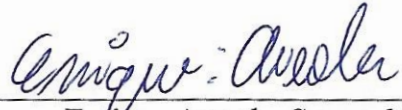
Authority to Represent: A signer of this Agreement on behalf of a legal entity certifies that he has the authority to sign this Agreement and that this transaction has been duly authorized by such entity.

Gender: All references within this Agreement to a specific gender include the other.

## SIGNATURES

Secured Party accepts all signatures in accord with the Uniform Commercial Code and acknowledges Debtor's signature as representative of all derivations thereof.

ENRIQUE ARREOLA  
ENRIQUE ARREOLA, DEBTOR,  
a Legal Entity



Enrique Arreola, Secured Party,  
a Man

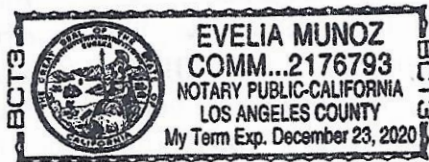
See attached: Schedule A

California )  
                  ) ss. ACKNOWLEDGEMENT  
Los angeles County )

For the purpose of verification only, on the 25<sup>th</sup> day of July, 2017, Enrique Arreola personally appeared before me and proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed hereto and acknowledged to me that he ~~or she~~ executed the same. Subscribed before me this day. Witness my hand and seal this 25<sup>th</sup> day of July, 2017.

  
\_\_\_\_\_  
NOTARY SIGNATURE

(seal)



Private and non-negotiable between the parties

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DEBTOR: ENRIQUE ARREOLA

Secured Party: Enrique Arreola