

**SECURITY AGREEMENT
(PERSONAL PROPERTY)**

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THIS SECURITY AGREEMENT made this _____ by _____ (hereinafter "DEBTOR"), and _____ (hereinafter "SECURED PARTY").

WITNESSETH: That Debtor grants to Secured Party a security interest in all that certain personal property (hereinafter "Security") as follows:

ALL THE INTEREST OF THE DEBTOR in the assets of that certain business known as _____ including goods, equipment, inventory, accounts, chattel paper, documents, instruments and general intangibles as those terms are defined in California Commercial Code, both presently existing or acquired in the future by accession, replacement, or any other means, as well as any proceeds as security for the payment to the Secured Party of _____ according to the terms and conditions of a certain Promissory Note, of even date herewith.

This Security Agreement also secures: (a) any and all renewals of said promissory note; (b) the repayment of all the sums and amounts that may be necessarily advanced or expanded by Secured Party for the maintenance or preservation or Security, or any part hereof; (c) to the maximum extent and amount of _____ any and all other sums that may hereafter be advanced by Secured Party to or for benefit of the Debtor, any and all other expenditures that may hereafter be made by Secured Party pursuant to the provisions hereof or for the benefit of or at the instance of Debtor, and any and all other indebtedness and obligations of Debtor to Secured Party that may hereafter be incurred.

Debtor shall keep Security in good condition and repair; and shall not remove, nor permit to be removed, any part of the Security from the above premises without the written consent of Secured Party first had and obtained; and shall provide, maintain and deliver to Secured Party satisfactory fire and other insurance policies covering said property in the amounts and companies satisfactory to Secured Party with loss, if any, payable to Secured Party, as Secured Party's interest may appear.

Debtor hereby declares and warrants to Secured Party that Debtor is the absolute and sole owner, and is in possession, of all Security, and that the same is free and clear of all liens, encumbrances, adverse claims, and any other Security interest.

If Debtor shall fail to make payment of any part of the principal or interest as provided in said promissory note at the time and in the manner therein described, or if any breach be made of any obligation or promise of Debtor herein contained or secured thereby, then the whole principal sum unpaid on said promissory note, with the interest accrued thereon, shall immediately become due and payable, at the option of Secured Party, and Secured Party may at once proceed to enforce Secured Party's Security interest according to law; or Secured Party may, at Secured Party's option, permission for which is hereby granted, enter upon the

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Secured Party Initials: _____

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premises where Security may be and take possession thereof, or remove, sell and dispose of the same, and from the proceeds of sale retain all costs and charges incurred by him in taking or sale of said property, including any reasonable attorney's fees thereby incurred; take all sums due him on said promissory note under any provisions hereof, including reasonable attorney's fees; and any surplus of such proceeds remaining shall be paid according to law. The foregoing is without limitation to or waiver of any other rights or remedies of Secured Party according to law.

It is further agreed, subject to applicable law, that upon any sale of Security according to law, or under the power herein given, the Secured Party may bid on the said sale, or make a purchase of the Security, or any part thereof.

IN WITNESS WHEREOF, Secured Party and Debtor have executed this instrument.

SECURED PARTY

DEBTOR
