

COMMERCIAL LOAN SECURITY AGREEMENT

This SECURITY AGREEMENT dated as of October 1, 2013, is between Blackacre, a New York corporation, and (the "Debtor") and Bank, a New York corporation (the "Secured Party").

Recitals

A. WHEREAS, the Secured Party has extended to the Debtor a line of credit pursuant to the terms of a certain Loan and Security Agreement between the Secured Party and the Debtor dated October 1, 2013 (the "Loan Agreement"), as evidenced by a certain revolving line of credit promissory note in the original principal amount of \$1,000,000.00 dated the date hereof; and WHEREAS the Loan Agreement requires that the Debtor grant the security interest as provided herein;

B. NOW, THEREFORE, for and in consideration of the foregoing and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and intending to be legally bound hereby, the parties hereto covenant and agree as follows:

1. Grant of Security Interest

The Debtor does hereby grant to the Secured Party a continuing security interest of first priority in all of the right, title and interest of the Debtor in, to and under all of the following property wherever located and whether now existing or hereafter created or arising:

- (a) All equipment and fixtures, as defined in the Uniform Commercial Code (the "Uniform Commercial Code") and all machinery, tools, parts, furniture, furnishings, motor vehicles and other personal property, tangible or intangible, presently owned or hereafter acquired by the Borrower, together with all additions and accessions thereto and substitutions and replacements therefor (herein, collectively "Equipment"), and all products and proceeds (including insurance and condemnation proceeds) thereof;
- (b) All inventory and goods as defined in the Uniform Commercial Code whether presently owned or hereafter acquired, including, without limitation, all inventory in the possession of others or in transit, all goods held for sale or lease or to be furnished under contracts for service or which have been so furnished, raw materials, work in process, and materials used or consumed or to be used or consumed in the business of the Borrower, and completed and unshipped merchandise (herein, collectively, "Inventory"), and all products and proceeds (including insurance and condemnation proceeds) of the foregoing;
- (c) All accounts, chattel paper, instruments, documents and all other forms of obligations at any time owing to the Borrower, including those now existing and those hereafter arising or coming into existence, and including, without limitation, all rights of payment for goods sold or leased or services rendered, all rights of payment under contracts whether or not currently due or not yet earned by performance and accounts receivable arising or to arise therefrom, and all rights of the Borrower in and to the goods

represented thereby including returned and repossessed goods, and all rights the Borrower may have or acquire for securing or enforcing the foregoing, including, without limitation, all guaranties, collateral, liens on or security interest in real or personal property, leases, letters of credit, the rights to reserves, deposits, choses in action, judgments or insurance proceeds together with all customer lists, books and records, ledger and account cards, computer tapes, computer software, disks, printouts and data processing records, now existing or hereafter created, and all other property evidencing or relating to Collateral (herein, collectively "Accounts"), and all products and proceeds of all of the foregoing;

(d) All of Borrower's general intangibles, now existing or hereafter owned or acquired, including, but not limited to, interests in limited partnerships or other entities in which a security interest may be obtained under the Uniform Commercial Code, trade names, trade processes, trade secrets, copyrights, patents, patent applications, trademarks, trademark registrations and applications therefor, licenses, franchises, tax refunds, customer lists, the name and goodwill of Borrower's business, and all tax refunds and/or tax rebates (herein, collectively "General Intangibles"), and all proceeds of any of the foregoing;

(e) All books and records relating to the conduct of Borrower's business (herein, collectively, "Books and Records");

(f) All deposit accounts maintained by the Borrower with the Bank or other bank, trust company, investment firm or fund or any similar institution or organization (herein, collectively "Deposit Accounts"), and the proceeds thereof;

(g) Any deposits, credits, securities, interests, participations, shares, collateral or property of the Borrower at any time now or thereafter in the possession, custody, safekeeping or control of or in transit to the Bank and the proceeds thereof (the "Deposits and Securities").

The foregoing is hereinafter collectively the "Collateral."

2. Debtor's Representations and Warranties and Covenants

The Debtor represents and warrants to, and covenants with, the Secured Party as follows:

(a) The Debtor has full right, power and authority to execute and deliver this Security Agreement and to grant the security interest in the Collateral as provided herein.

(b) The execution, delivery and performance of this Security Agreement has been duly authorized by all necessary corporate action.

(c) This Security Agreement has been duly executed and delivered by the Debtor and constitutes the legal, valid and binding obligation of the Debtor enforceable against the Debtor in accordance with its terms, except as may be limited by bankruptcy,

reorganization, insolvency, moratorium, or other similar laws from time to time in effect affecting creditor's rights generally and by principles governing the availability of equitable remedies, and the grant of the security interest in the Collateral existing on the date hereof constitutes, and, as to subsequently acquired Collateral, will constitute, a valid and perfected first and prior security interest, superior to the rights of any other person, in and to the Collateral.

3. Power of Attorney

The Debtor hereby constitutes and appoints the Secured Party its attorney-in-fact for the purpose of carrying out the provisions of this Security Agreement and taking any action and executing any instrument which the Secured Party may deem necessary or advisable to accomplish the purposes hereof, which appointment is irrevocable and coupled with an interest.

4. Miscellaneous Provisions

(a) Any notice or demand upon any party shall be in writing and shall be deemed to have been received when personally delivered or when mailed through the U.S. Postal Service, postage prepaid, return receipt requested, or when shipped by private express carrier, shipment charges prepaid, to the party to whom delivery shall be made at the following respective addresses:

If to the Debtor:

Attention: Blackacre
123 Blackacre Way
Blackacre Town, NY 12345

If to the Secured Party:

Attention: Bank
123 Bank Street
Bank City, New York 12345

(b) No delay on the part of the Secured Party in exercising any of its rights, remedies, powers and privileges hereunder or under applicable law or partial or single exercise thereof, shall constitute a waiver thereof. None of the terms and conditions of this Security Agreement may be changed, waived, modified or varied in any manner whatsoever unless in writing duly signed by the Debtor and the Secured Party.

(c) The rights, powers and remedies of the Secured Party herein provided are cumulative and not exclusive of any rights, powers or remedies which the Secured Party would otherwise have. The Debtor shall indemnify the Secured Party and save harmless the Secured Party from and against any liability, cost (including reasonable attorneys' fees) or damage which it may incur in connection with this Security Agreement and the security interest granted hereby, including, without limitation, any such liability, cost or damage it may incur in connection with the

exercise, performance or preservation of any of its rights, powers and remedies set forth herein or otherwise available under law (except for any liability, cost or damage arising from the Secured Party's gross negligence or willful misconduct).

(d) This Security Agreement shall be binding upon the Debtor and its successors and assigns and shall inure to the benefit of the Secured Party and its successors and assigns, provided, however, the Debtor may not, without the prior written consent of the Secured Party, assign any of its rights or obligations hereunder to any person or entity. All agreements, representations and warranties made herein by the Debtor shall survive the execution and delivery of this Security Agreement.

(e) This Security Agreement is a continuing one and all liabilities to which it applies or may apply under the terms hereof shall be conclusively presumed to have been created in reliance hereon.

(f) This Security Agreement and the rights and obligations of the parties hereunder shall be construed in accordance with and be governed by the laws of New York. This Security Agreement is intended to take effect as a sealed instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Security Agreement as of the date first written above.

SECURED PARTY:

Bank

By: _____
Lender, Lender

DEBTOR:

Blackacre

By: _____
John Smith, Agent