

SECURITY AGREEMENT

THIS AGREEMENT is made this 30 day of January, 2015, between ANTONY D. BOYD and LAURA M. BOYD, (hereinafter collectively "Secured Party") and TAMMY RAPP (hereinafter collectively "Debtor").

Debtor hereby grants to Secured Party a security interest in the property described below (hereinafter "Collateral") on the terms set forth in this Agreement as security for the payment of a Promissory Note dated January 30, 2015.

1. Collateral: All furniture, furnishings, equipment, telephones, inventory, signs, supplies, accounts receivable, documents, chattel paper and general tangibles now owned or hereafter acquired, pertaining to the beauty salon presently known as "GENTE BELLA," located at 241 North 2nd Avenue, Upland, County of San Bernardino, California, together with all rights under the Lease/Rental Agreement held by Debtor as to the above premises, or any renewal or extension thereof.

Debtor grants to Secured Party a security interest in the Collateral above-described and in all proceeds, including accounts and contract rights, to secure full performance by Debtor of the obligations under the Promissory Note dated January 30, 2015.

2. Location of Collateral: The Debtor's place of business is 241 North 2nd Avenue, Upland, County of San Bernardino, California 91786. Debtor will not remove the Collateral from the above-described property without the written consent of Secured Party.

3. Possession:

A. Debtor will care for the Collateral in accordance with good business practices.

B. Until default, Debtor may use the Collateral in any lawful manner not inconsistent with this Agreement or customary business practices.

4. Title: Debtor is the owner of the Collateral, free from any adverse lien, security interest or encumbrance, except the security interest granted in this Agreement. Debtor will defend the Collateral against claims and demands made by all persons claiming either the Collateral or any interest in it.

5. Filing: No financing statement covering the Collateral or any part of it or proceeds from it is on file in any public office other than the Financing Statement executed in conjunction with this Security Agreement. Upon Secured Party's request, Debtor will join in executing financing statements pursuant to the California Commercial Code in a form satisfactory to Secured Party.

6. Risk of Loss: The risk of loss of the Collateral is on the Debtor.
7. Sale, Lease, or Disposition of Collateral: The Debtor will not sell, contract to sell, lease, encumber, or dispose of the Collateral or any interest in it without the written consent of the Secured Party until this Security Agreement and all debts secured by it have been fully satisfied.
8. Taxes and Encumbrances: Debtor will promptly pay all taxes, assessments, liens and encumbrances levied against the Collateral or upon the use of the Collateral or upon operations in which the Collateral is used.
9. Payment of Obligations: Debtor will pay its obligations under the Promissory Note to Secured Party promptly when due. Should Debtor default upon the obligations set forth in this Security Agreement, Debtor will also repay to Secured Party, immediately and without demand, all of the expenses incurred by Secured Party, including reasonable attorney's fees and legal expenses, which the Secured Party incurs in enforcing the terms of this Security Agreement. On full payment by the Debtor of all indebtedness secured by this Agreement in accordance with this Security Agreement, this Security Agreement will expire, and the Secured Party's security interest in the Collateral, as set forth in this Security Agreement, will terminate.
10. Time of Performance and Waiver: In performing any act under this Security Agreement and the note secured by it, time is of the essence. The Secured Party's acceptance of partial or delinquent payments, or the failure of the Secured Party to exercise any right or remedy, will not constitute a waiver of any obligation of the Debtor or right of the Secured Party and will not constitute a waiver of any other similar default that occurs later.
11. Events of Default: Debtor is in default under this Agreement upon the happening of one or more of the following events or conditions:
 - A. Default in the payment or performance of the obligations under the Promissory Note dated January 30, 2015;
 - B. If a warranty, representation, or statement made or furnished by Debtor to the Secured Party is false or proves to have been false in any material respect when it was made;
 - C. Loss, theft, damage, destruction, sale or encumbrance of the Collateral or any part of it, or a levy, seizure, or attachment of the Collateral, or any part of it;
 - D. Debtor's failure to perform any covenant in this Agreement or action by Debtor which is inconsistent with or in violation of this Agreement, or which endangers the safety or integrity of the Collateral or the Security Interest of Secured Party; or

E. Death, dissolution, termination of existence, insolvency, business failure, appointment of a receiver for any part of any property belonging to Debtor whether or not it is Collateral under this Agreement, assignment for the benefit of creditors, or the commencement of proceedings under a bankruptcy or insolvency law by or against Debtor, or a guarantor or surety for Debtor.

11. Remedies:

A. On the occurrence of any event of default, and at any later time, the Secured Party may declare all obligations secured due and payable immediately and may proceed to enforce payment and exercise any and all of the rights and remedies provided by the California Commercial Code as well as other rights and remedies either at law or in equity possessed by the Secured Party.

B. The Secured Party may require the debtor to assemble the collateral and make it available to the Secured Party at any place to be designated by the Secured Party that is reasonably convenient to both parties. Unless the Collateral is perishable, threatens to decline speedily in value, or is of a type customarily sold on a recognized market, the Secured Party will give the Debtor reasonable notice of the time and place of any public sale or of the time after which any private sale or any other intended disposition of the Collateral is to be made. The requirements of reasonable notice will be met if the notice is mailed, postage prepaid, to the address of the Debtor shown at the beginning of this Security Agreement at least ten (10) days before the time of the sale or disposition. Expenses of retaking, holding, preparing for sale, selling, or the like will include the Secured Party's reasonable attorney's fees and legal expenses.

C. Secured Party may exercise all rights of setoff and of any lien they may have aside from the California Commercial Code with the same effect and in the same manner as if there were not a security agreement.

D. Notwithstanding any other remedy set forth herein, should Debtor fail to pay for sixty (60) days any obligation secured by this Security Agreement, Secured Party shall have the right to re-enter the premises and take back the business, currently known as SALON GENTE BELLA, located at 241 North 2nd Avenue, Upland, California 91786, and all Collateral, including but not limited to all inventory, equipment, assets, accounts receivable and other tangible and intangible assets.

12. Waiver of Default: A waiver by the Secured Party of a default under this Security Agreement does not operate as a waiver of any other default.

13. Governing Law: This Security Agreement will be construed in accordance with the laws of the State of California. All obligations of the parties created under this Security Agreement are performable in San Bernardino County, California.

14. Parties Bound: This Security Agreement will be binding on and inure to the benefit of the parties and their respective heirs, executors, administrators, legal representatives, successors, and assigns as permitted by this Security Agreement.

15. Attorney's Fees: If any litigation is begun between the parties to this Security Agreement concerning the Collateral, this Security Agreement, or the rights and duties of either party, the prevailing party will be entitled to a reasonable sum as reimbursement for that party's attorney's fees and legal expenses.

16. Validity and Construction: If any one or more of the provisions contained in this Security Agreement is for any reason held to be invalid, illegal, or unenforceable, the invalidity, illegality, or unenforceability of that provision will not affect any other provision of this Security Agreement, and this Security Agreement will be construed as if the invalid, illegal, or unenforceable provision had never been contained in it.

Executed on January 30, 2015, at Ontario, California.

SECURED PARTY:

ANTONY D. BOYD

LAURA M. BOYD

DEBTOR:



TAMMY RAPP

INSTALLMENT NOTE SECURED BY SECURITY AGREEMENT
EXECUTED CONTEMPORANEOUSLY WITH THIS NOTE

ONTARIO, COUNTY OF SAN BERNARDINO, CALIFORNIA

\$30,000.00

January 30, 2015

Installment Note

1. A. For value received, the undersigned ("Maker"), promise to pay to the order of ANTONY D. BOYD and LAURA M. BOYD, Trustees of The BOYD FAMILY 2014 REVOCABLE TRUST, dated October 23, 2014(collectively "Payee") at Ontario, California, at the times specified below, the sum of Thirty Thousand Dollars (\$30,000.00)(the "Principal"), together with interest at the rate of five percent (5%) per annum (computed on the basis of a 360-day year).

B. Said principal and interest will be amortized over four (4) years and will be payable in forty-eight (48) equal successive monthly installments in the sum of Six Hundred Ninety and 88/100 Dollars (\$690.88) each. The first installment will be paid on the 1st day of March, 2015, and subsequent installments will be paid on the 1st day of each successive month until all the payments have been made.

C. Each payment shall be credited first on interest then due, and the remainder on principal; and the interest shall thereupon cease upon the principal so credited. Principal and interest payable hereunder shall be paid in lawful money of the United States of America.

Security Agreement

2. A Security Agreement dated January 30, 2015, secures the indebtedness evidenced by this Note.

Late Charge

3. Maker agrees that, if any installment provided for in this Note is late for at least fifteen (15) days, it would be impracticable or extremely difficult to fix the actual damages resulting to the Payee. Therefore, Maker agrees to pay to the Payee the sum of Forty-one and 45/100 Dollars (\$41.45) on default, as liquidated damages and not as a penalty, to compensate the Payee for the expenses of administering the default. Said sum is equal to six percent (6%) of the installment payment due. Only one (1) late charge will be collected on any installment, regardless of the period during which it remains in default.

Prepayment

4. The Maker shall have the right to prepay the principal of this Note in whole or in part prior to its due date without premium or penalty.

Acceleration

5. At their option, the Payee of this Note may determine that Maker is in default and may, consequently, accelerate the maturity of all installments, making the unpaid balance of the Note (the total of the unpaid monthly installments and any unpaid fines that have been charged) due immediately without presentment for payment or any notice, if:

A. Maker fails to pay an installment within thirty (30) days of the due date;

B. Maker, or any endorser, surety, or guarantor of this Note:

1. Suspends business for more than thirty (30) consecutive days and such suspension is beyond the control of the Maker;

2. Becomes insolvent;

3. Files a petition in bankruptcy, either voluntary or involuntary;

4. Institutes any proceeding under any bankruptcy or insolvency laws relating to the relief of debtors;

5. Gives notice of any intended bulk sale;

6. Makes an assignment for the benefit of creditors; or

7. Makes any false statement or representation orally or in writing.

C. Maker fails to carry out any of the terms, covenants, or conditions of the Security Agreement of this date;

D. Any legal action is commenced against Maker or any endorser, surety or guarantor, including:

1. Entry of judgment; or

2. Issuance of a writ of attachment, order of garnishment, order or subpoena in supplementary proceedings, execution or similar process;

E. A receiver is appointed for Maker or any endorser, surety or guarantor.

Collection Costs

6. If this Note is not paid in full when it becomes due, Maker agrees to pay all collection costs.

Attorney's Fees

7. Maker agrees that, if any legal action is necessary to enforce the terms of this Note, the prevailing party will be entitled to reasonable attorney's fees in addition to any other relief that party may be entitled to. This provision is applicable to the entire Note.

Extension of Time for Payment

8. No extension of time for payment of all or any part of the amount owing on this Note will affect the liability of the Maker or any surety, guarantor, or endorser of this Note. The Maker of all sureties, guarantors, and endorsers, severally waive presentment for payment, notice of nonpayment, and notice of dishonor of this Note.

Governing Laws

9. This Note shall be construed and enforced in accordance with the laws of the State of California.

MAKER:


TAMMY RAPP

Prepared For:	Diane	Years :	4.00
Re:		Payment :	690.88
Principal:	30000.00	Payment Frequency:	Monthly
Rate:	5.0000	Interest Factor	1.004166667
Compounded:	12		

Date	Payment Number	Total Payment	Interest Payment	Principal Payment	Balance Loan	Total Int Per Year	Per Diem
Mar/ 1/2015	1	690.88	125.00	565.88	29434.12	125.00	4.11
Apr/ 1/2015	2	690.88	122.64	568.24	28865.88	247.64	4.04
May/ 1/2015	3	690.88	120.27	570.61	28295.27	367.91	3.96
Jun/ 1/2015	4	690.88	117.90	572.98	27722.29	485.81	3.88
Jul/ 1/2015	5	690.88	115.51	575.37	27146.92	601.32	3.80
Aug/ 1/2015	6	690.88	113.11	577.77	26569.15	714.43	3.72
Sep/ 1/2015	7	690.88	110.70	580.18	25988.97	825.13	3.64
Oct/ 1/2015	8	690.88	108.29	582.59	25406.38	933.42	3.57
Nov/ 1/2015	9	690.88	105.86	585.02	24821.36	1039.28	3.49
Dec/ 1/2015	10	690.88	103.42	587.46	24233.90	1142.70	3.41
Dec/31/2015					Sub-Total	1142.70	
Jan/ 1/2016	11	690.88	100.97	589.91	23643.99	100.97	3.32
Feb/ 1/2016	12	690.88	98.52	592.36	23051.63	199.49	3.24
Mar/ 1/2016	13	690.88	96.05	594.83	22456.80	295.54	3.16
Apr/ 1/2016	14	690.88	93.57	597.31	21859.49	389.11	3.08
May/ 1/2016	15	690.88	91.08	599.80	21259.69	480.19	3.00
Jun/ 1/2016	16	690.88	88.58	602.30	20657.39	568.77	2.92
Jul/ 1/2016	17	690.88	86.07	604.81	20052.58	654.84	2.83
Aug/ 1/2016	18	690.88	83.55	607.33	19445.25	738.39	2.75
Sep/ 1/2016	19	690.88	81.02	609.86	18835.39	819.41	2.67
Oct/ 1/2016	20	690.88	78.48	612.40	18222.99	897.89	2.59
Nov/ 1/2016	21	690.88	75.93	614.95	17608.04	973.82	2.50
Dec/ 1/2016	22	690.88	73.37	617.51	16990.53	1047.19	2.42
Dec/31/2016					Sub-Total	1047.19	
Jan/ 1/2017	23	690.88	70.79	620.09	16370.44	70.79	2.33
Feb/ 1/2017	24	690.88	68.21	622.67	15747.77	139.00	2.25
Mar/ 1/2017	25	690.88	65.62	625.26	15122.51	204.62	2.16
Apr/ 1/2017	26	690.88	63.01	627.87	14494.64	267.63	2.08
May/ 1/2017	27	690.88	60.39	630.49	13864.15	328.02	1.99
Jun/ 1/2017	28	690.88	57.77	633.11	13231.04	385.79	1.90
Jul/ 1/2017	29	690.88	55.13	635.75	12595.29	440.92	1.82
Aug/ 1/2017	30	690.88	52.48	638.40	11956.89	493.40	1.73
Sep/ 1/2017	31	690.88	49.82	641.06	11315.83	543.22	1.64
Oct/ 1/2017	32	690.88	47.15	643.73	10672.10	590.37	1.56
Nov/ 1/2017	33	690.88	44.47	646.41	10025.69	634.84	1.47
Dec/ 1/2017	34	690.88	41.77	649.11	9376.58	676.61	1.38
Dec/31/2017					Sub-Total	676.61	
Jan/ 1/2018	35	690.88	39.07	651.81	8724.77	39.07	1.29
Feb/ 1/2018	36	690.88	36.35	654.53	8070.24	75.42	1.20
Mar/ 1/2018	37	690.88	33.63	657.25	7412.99	109.05	1.11
Apr/ 1/2018	38	690.88	30.89	659.99	6753.00	139.94	1.02
May/ 1/2018	39	690.88	28.14	662.74	6090.26	168.08	0.93
Jun/ 1/2018	40	690.88	25.38	665.50	5424.76	193.46	0.84
Jul/ 1/2018	41	690.88	22.60	668.28	4756.48	216.06	0.75
Aug/ 1/2018	42	690.88	19.82	671.06	4085.42	235.88	0.66
Sep/ 1/2018	43	690.88	17.02	673.86	3411.56	252.90	0.56
Oct/ 1/2018	44	690.88	14.21	676.67	2734.89	267.11	0.47
Nov/ 1/2018	45	690.88	11.40	679.48	2055.41	278.51	0.38
Dec/ 1/2018	46	690.88	8.56	682.32	1373.09	287.07	0.29
Dec/31/2018					Sub-Total	287.07	
Jan/ 1/2019	47	690.88	5.72	685.16	687.93	5.72	0.19
Feb/ 1/2019	48	690.80	2.87	687.93	0.00	8.59	0.10

Final Payment	-0.00
Principal Paid to Date	30000.00
Interest Paid to Date	3162.16
Total Paid to Date	33162.16

E. & O.E.

REPORT SELECTIONS - Mortgage Amortization

Layout Template: All
 Requested by: Brenda
 Finished: Friday, January 23, 2015 at 04:32:03 PM
 Date Range: ALL DATES
 Name: Diane
 Re: All
 Principal: 30000.00
 Rate: 5.00
 Payment: 690.88
 Ver: 13.0 (13.0.20130702)