

**Official Record**

Recording requested By  
FIRST AMERICAN TITLE COMPANY

**Lincoln County - NV**

**Leslie Boucher - Recorder**

Fee: **\$48.00**

Page 1 of 10

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Recorded By: AE

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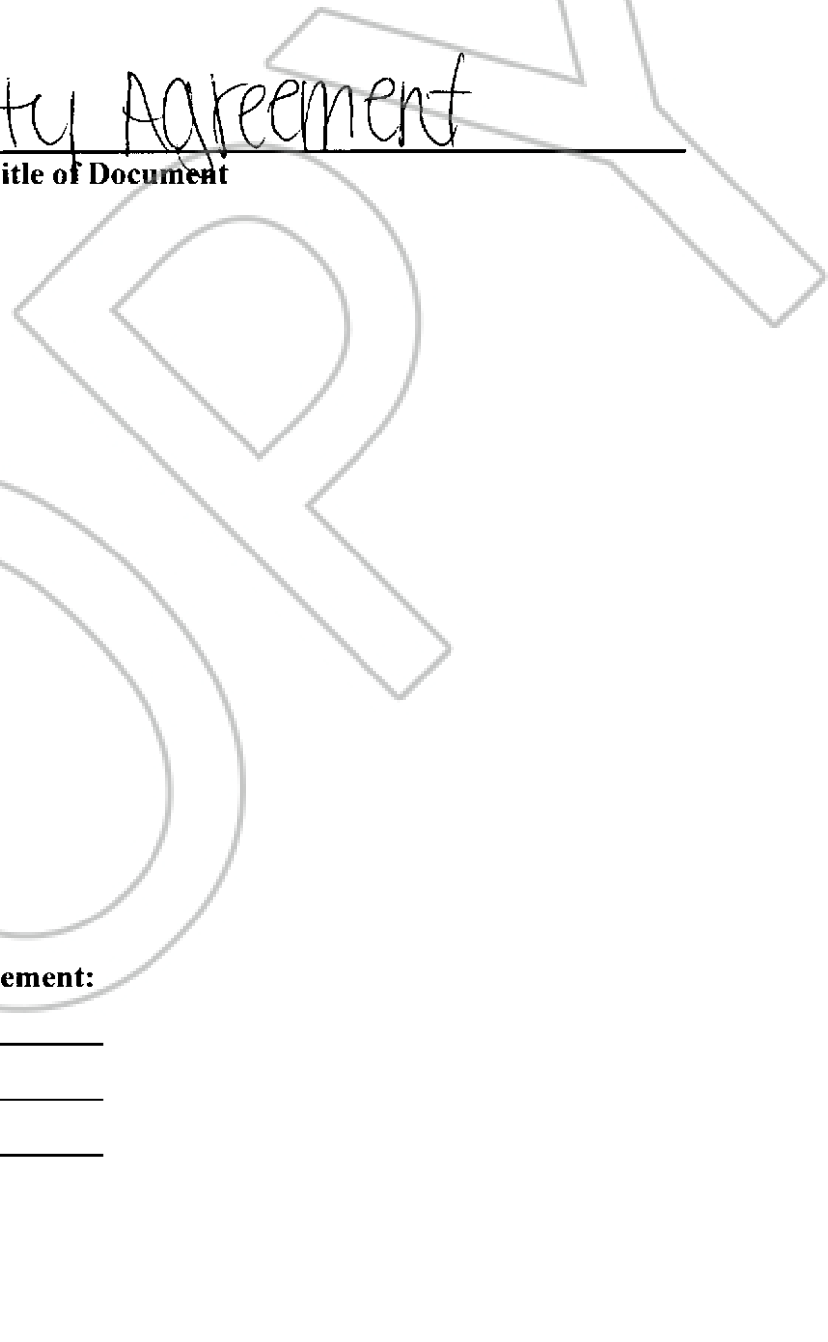
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*Security Agreement*

**Title of Document**

**Grantees address and mail tax statement:**

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## SECURITY AGREEMENT

This SECURITY AGREEMENT (hereinafter referred to as the "Agreement"), is made and entered effective as of August 15, 2016, by and between Castleborn Wagyu & Wapiti LLC, a Nevada limited liability company (hereinafter referred to as "*Debtor*"), and White Rock Mountain Ranch, L.C., a Utah limited liability company (hereinafter referred to "*Secured Party*").

### RECITALS

A. On the date of this Agreement, Debtor and Secured Party each executed that certain Secured Promissory Note in the amount of \$300,000 (the "*Note*"); and

B. To secure Debtor's Obligations under the Note, Debtor has agreed to grant to Secured Party a security interest in the collateral described below.

NOW, THEREFORE, in consideration of Secured Party advancing credit to Debtor, and for other good and valuable consideration, the receipt and legal sufficiency of which are hereby acknowledged, Secured Party and Debtor agree as follows:

### ARTICLE 1: DEFINITIONS

Unless the context clearly indicates otherwise, certain terms used in this Agreement shall have the meanings set forth below. To the extent not defined in this Article 1, unless the context otherwise requires, all other terms contained in this Agreement shall have the meanings attributed to them in the Nevada Uniform Commercial Code, Article 9, Section 104.9101 Nevada Revised Statutes, as amended, to the extent the same are used or defined therein.

1.1 "Collateral" means all of Debtor's farm products, livestock and equipment, whether now owned or hereafter acquired by Debtor, including without limitation: all accessions to, replacements of and substitutions for and all supporting obligations, products and proceeds of the foregoing (in whatever form), and all books, records and data relating to any of the foregoing (in whatever form), together with debtor's right, title, and interest in and to all software required to utilize, operate, and maintain such equipment.

1.2 "Debt" means the principal amount of the Note, plus all accrued but unpaid interest and fees thereon.

1.3 "Event of Default" means the occurrence and continuance of any of the events specified in Section 5.1 of this Agreement.

1.4 "Lien" means any pledge, security interest, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), or preference, priority, or other security

agreement or preferential arrangement, charge, or encumbrance of any kind or nature whatsoever (including, without limitation, any conditional sale or other title retention agreement, any financial lease having substantially the same economic effect as any of the foregoing, and the filing of any financing statement under the Uniform Commercial Code or comparable law of any jurisdiction to evidence any of the foregoing).

1.5 "Obligations" means: (a) all debts, obligations and liabilities of Debtor to Secured Party of every kind and description under the Note; and (b) all interest, taxes, fees, charges, expenses and attorney's fees chargeable to Debtor or incurred by Secured Party under this Agreement or the Note.

1.6 "Person" means an individual, partnership, limited liability company, corporation, business trust, joint stock company, trust, unincorporated association, joint venture, governmental authority, or other entity of whatever nature.

## **ARTICLE 2: GRANT OF SECURITY INTEREST**

2.1 Grant of Security Interest. Debtor hereby grants to Secured Party a continuing security interest in and to the Collateral to secure the payment and performance of the Obligations, together with all future advances and all subsequent expenditures authorized and additional payments provided for in the Note.

2.2 Form UCC-1. Debtor hereby authorizes Secured Party to file with the appropriate filing office, in electronic form, a Form UCC-1 financing statement to reflect the Security Interest in the Collateral and any Form UCC-3 from time to time to reflect amendments to, and to continue in effect, the Form UCC-1.

2.3 Release of Collateral. Upon timely payment of the Note in full in accordance with the terms thereof, Secured Party shall promptly release all right, title and interest in and to the Collateral and the proceeds thereof and electronically file a Form UCC-3 termination statement with the appropriate filing office. Notwithstanding the foregoing, anytime Debtor wishes to sell any of its livestock in the ordinary course of its business, Secured Party shall release its security interest therein on the condition that Debtor is then in full compliance with its obligations under this Agreement and the Note. The foregoing sentence shall not apply to any sale or series of sales of all or substantially all of Debtor's livestock.

## **ARTICLE 3: GENERAL REPRESENTATIONS AND WARRANTIES**

Debtor represents and warrants to Secured Party that it has not previously granted security interests in the Collateral to any other person, and therefore Secured Party will hold a first-position security interest in the Collateral.

## **ARTICLE 4: COVENANTS**



4.1 [Reserved].

4.2 Preservation of Rights. Debtor shall take all commercially reasonable steps necessary to preserve Secured Party's rights with respect to the Collateral and to take appropriate action with respect to collections or other matters relative to the Collateral. In the event Debtor fails to take commercially reasonable action to protect, maintain or preserve the Collateral, or the priority of Secured Party's security interest therein, Secured Party may, but shall not be obligated to, take such action and, in connection therewith, advance funds with respect to the same. Both parties shall at any time and from time to time upon request of the other, execute and deliver to the other party, in form and substance satisfactory to the other party, such documents as such party shall deem necessary or desirable to perfect or maintain perfected the security interest of Secured Party in the Collateral, or to carry out the purposes of this Agreement, or which may be necessary to comply with the provisions of Nevada law.

4.3 Waste and Misuse. Debtor shall not alienate or dispose of any of the Collateral unlawfully or contrary to the provisions of this Agreement.

4.4 Liens. Debtor shall not create, incur, assume, or suffer to exist any security interest or lien upon or with respect to the Collateral, except security interests and liens in favor of Secured Party or approved in advance in writing by Secured Party.

#### **ARTICLE 5: EVENTS OF DEFAULT AND REMEDIES**

5.1 Events of Default. Unless waived by Secured Party in writing, the occurrence of any of the following events or conditions shall constitute a default under this Agreement (herein individually referred to as an "**Event of Default**"):

(a) The failure of Debtor to pay when due, any principal, interest, or other charge under the Note;

(b) A failure by Maker to pay, perform or observe any obligation or covenant to be paid, performed or observed, or the occurrence of any event of default, under the Note;

(c) Any sale, transfer, assignment, pledge or grant of a security interest in any of the Collateral;

(d) The making against Debtor of any levy, seizure, charge or attachment of the Collateral; or

(e) If Debtor shall: (1) apply for, or consent to the appointment of, a receiver or trustee of all or substantially all of Debtor's assets; or (2) file a voluntary petition in bankruptcy or admit an inability to pay Debtor's debts as they become due; or (3) make a



general assignment for the benefit of creditors; or (4) make and file a petition or an answer seeking a reorganization or an arrangement with creditors or take advantage of any insolvency law; or (5) file an answer admitting the material allegations of a petition filed in bankruptcy, reorganization or insolvency proceedings; or (6) become insolvent.

5.2 Default on Note. Upon the occurrence of an Event of Default under Section 5.1 above, which is not cured within any applicable cure period provided in the Note, Secured Party (as holder of the Note) may, by notice to Debtor, declare the entire then-outstanding principal balance on the Note, together with interest as provided in the Note, immediately due and payable without further notice, protest, presentment or demand, all of which are hereby waived by Debtor. This is a non-exclusive remedy and Secured Party (as holder of the Note) may, in addition, exercise any other remedies under Section 5.4 of this Agreement and under the Note.

5.3 [Reserved].

5.4 Remedies. Upon occurrence and continuance of an Event of Default beyond the applicable cure period, Secured Party shall have the following alternative, non-exclusive remedies, any or all of which may be exercised by Secured Party, in its sole discretion:

- (a) Secured Party may, by notice to Debtor, declare the entire then-outstanding principal balance on the Note, together with interest and fees as provided in the Note, immediately due and payable, without further notice, protest, presentment or demand, all of which are hereby waived by Debtor;
- (b) Secured Party may bring an action at law or in equity, or both, whether for damages or for specific performance or injunction or for any other equitable remedy;
- (c) Secured Party may require Debtor to identify the Collateral and to make the Collateral that is subject to this Agreement available to Secured Party;
- (d) Secured Party may foreclose its security interest against the Collateral pursuant to the procedures described in Section 5.6 and may exercise any other remedies allowed by law or by agreement;
- (e) Secured Party shall have, in addition to any other rights and remedies contained in this Agreement, all of the rights and remedies of a secured party under the Nevada Uniform Commercial Code in force as of the date of this Agreement, all of which rights and remedies shall be cumulative and nonexclusive, to the extent permitted by law; and
- (f) Secured Party may exercise all other remedies provided in the Note.

5.5 Notice of Sale. Debtor agrees that fourteen (14) days' prior notice of sale under foreclosure of any security interest pursuant to Section 5.6 is adequate and reasonable.



5.6 Foreclosure Procedure. If Secured Party forecloses against the Collateral, or any portion thereof:

(a) Until the Collateral, or any portion thereof, is sold pursuant to paragraph (b) below (but after the occurrence and continuance of an Event of Default beyond the applicable cure period), Secured Party may exercise all rights with respect to the Collateral that Debtor would otherwise be entitled to exercise.

(a) Secured Party shall cause the Collateral subject to this Agreement to be sold at a bonafide private or public sale, with prior written notice of sale to Debtor, to the person making the highest bid, at which sale Secured Party shall be free to bid any or all of the amounts owed under the Note. Proceeds of any such sale shall be applied in the following order: (a) to pay any debts owed by Debtor to third parties which have a prior perfected security interest in the Collateral; (b) to pay the costs of sale; (c) to pay reasonable attorney's fees and costs incurred by Secured Party in enforcing and carrying out Secured Party's remedies; (d) to pay accrued and unpaid interest and late fees on the Note; (e) to apply against the unpaid principal balance of the Note, until paid in full; and (f) the balance, if any, to be disbursed to Debtor or such other person as Debtor shall designate in writing to Secured Party or to other persons entitled by law thereto. In the event the proceeds of sale are insufficient to pay in full all amounts described in (a) through (e) above, Debtor shall be liable for any deficiencies. Upon any sale of the Collateral, Secured Party shall account to Debtor for all proceeds of sale. Debtor and its members, employees, and agents shall cooperate with Secured Party and tender their good faith efforts in marketing and otherwise preparing the Collateral for sale.

5.7 No Assumption of Obligations. Debtor and Secured Party expressly agree that, except as otherwise provided herein, by entering into and executing this Agreement, Secured Party has not accepted any responsibilities, duties or obligations of Debtor or the Collateral, all of which remain the responsibility of Debtor.

5.8 Waiver by Debtor. Debtor hereby waives any right to require Secured Party: (a) to proceed against any person; (b) to proceed against or exhaust any particular collateral or to sell or proceed against the Collateral in any particular order or sequence; (c) to pursue any other remedy in Secured Party's power, or (d) to proceed against the Collateral pursuant to the foreclosure and sale provisions of the Nevada Uniform Commercial Code. In addition, Debtor waives any defense arising by reason of any disability or other defense of any other person, or by reason of the cessation from any cause whatsoever of the liability of any other person.

## **ARTICLE 6: MISCELLANEOUS**

6.1 Amendments. Neither this Agreement nor any provisions hereof may be changed, waived, discharged or terminated orally and may only be modified or amended by an instrument in writing that is designated as an amendment, signed by Secured Party and Debtor.



6.2 Binding Effect. This Agreement shall be binding upon Debtor and its successors. This Agreement shall inure to the benefit of Secured Party, and Secured Party's successors and assigns.

6.3 Waivers. The failure by Secured Party at any time to require strict performance by Debtor of any of the undertakings, agreements or covenants contained in this Agreement shall not waive, affect or diminish any right of Secured Party hereunder to demand strict compliance and performance therewith. Any waiver by Secured Party of any Event of Default under this Agreement shall not waive or affect any other Event of Default hereunder, whether such Event of Default is prior or subsequent thereto and whether of the same or a different type. None of the covenants of Debtor under this Agreement shall be deemed to have been waived by Secured Party, unless such waiver is evidenced by an instrument in writing signed by Secured Party and directed to Debtor specifying such waiver.

6.4 Severability. If any provision of this Agreement shall, to any extent, be determined by a court of competent jurisdiction to be void, voidable or unenforceable, such void, voidable or unenforceable provision shall not affect any other provision of this Agreement.

6.5 Actions. Secured Party shall have the right, but not the obligation, to commence, appear in and defend any action or proceeding which might affect Secured Party's security, rights, duties or liabilities relating to Debtor's property, the Collateral or this Agreement.

6.6 Attorney Fees and Expenses. In the event of a breach by one of the parties hereunder (the "**Breaching Party**") of such Breaching Party's warranties, representations, Obligation or responsibilities herein, such Breaching Party shall pay to the other party (the "**Non-Breaching Party**") enforcement and collection costs, including reasonable attorneys' fees and legal expenses, regardless of whether breach is ultimately cured, and regardless of whether formal legal proceedings are commenced. Costs and expenses shall include, but not be limited to: (a) the Non-Breaching Party's reasonable attorneys' fees and legal expenses; (b) the Non-Breaching Party's reasonable attorneys' fees and legal expenses for bankruptcy proceedings including, but not limited to, efforts to modify or vacate any automatic stay or injunction; (c) the Non-Breaching Party's reasonable attorneys' fees and legal expenses for appeals to higher courts arising out of legal proceedings to enforce the Breaching Party's obligations hereunder; and (d) any post-judgment collection services.

6.7 Headings. The headings used in this Agreement are for reference and convenience only and shall not be deemed a part of this Agreement or be applied in interpreting the provisions of this Agreement.

6.8 Interpretation. Whenever the context shall require, the plural shall include the singular, the whole shall include any part thereof, and any gender shall include both other genders. The article and section headings contained in this Agreement are for purposes of reference only and shall not limit, expand or otherwise affect the construction of any provisions hereof.



6.9 Governing Law. This Agreement and all matters relating hereto shall be governed by, construed and interpreted in accordance with the laws of the State of Nevada. The parties expressly agree and consent that the District Court in and for Clark County, Nevada shall have exclusive jurisdiction over all actions arising from, out of, or with respect to this Agreement.

6.10 Venue and Jurisdiction. All persons in any manner obligated under this Agreement consent to the jurisdiction of the courts in Nevada, with venue lying in the District Court in and for Clark County, for any action hereunder and also consent to service of process by courier or by certified mail or by any means authorized by Nevada law.

6.11 Termination. This Agreement shall terminate upon payment in full of the Note and all Obligations.

6.12 Assignment. Secured Party, upon notice to Debtor, may assign Secured Party's rights under this Agreement, in whole or in part, to any other person but no transfer by Debtor of its duties hereunder shall be permitted.

6.13 Further Assurances. The parties agree to perform all further actions and to execute all further agreements, certificates, and other documents necessary or desirable to carry out the purposes of this Agreement and the transactions contemplated hereunder.

6.14 Rights and Remedies. The rights and remedies of the parties hereunder shall not be mutually exclusive, and the exercise of one or more of the provisions of this Agreement shall not preclude the exercise of any other rights or remedies. Nothing herein contained is intended to or shall limit or affect any rights at law or by statute or otherwise of either party as against the other party for a breach or threatened breach of any provision of this Agreement, it being the intention of this paragraph to make clear the agreement of the parties that the respective rights and obligations of the parties hereunder shall be enforceable in equity as well as at law.

6.15 Time is of Essence. In construing this Agreement, time shall be deemed of the essence.

6.16 Prior Agreements. This Agreement supersedes and replaces any and all prior oral representations or prior negotiations with Debtor relating to Debtor's providing security for the Note, all of which are deemed to have been merged into this Agreement.

6.17 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument.

6.18 Judicial Interpretation. Should any provision of this Agreement require judicial interpretation, the court interpreting or consulting the same shall not apply a presumption that the provision shall be construed more or less strictly against one party, by reason of the rule of construction that a document is to be construed against the party who prepared the document; it being acknowledged by the parties that both parties participated in the negotiation and





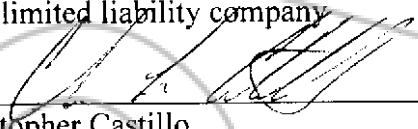
preparation of this Agreement and have had adequate opportunity to seek the advice of legal counsel in connection herewith.

IN WITNESS WHEREOF, Debtor and Secured Party have executed this Security Agreement on the dates indicated below to be effective as of the date first above written.

**DEBTOR:**

Castleborn Wagyu & Wapiti LLC  
a Nevada limited liability company

8-15-16  
Date

By:   
Christopher Castillo  
Manager

**SECURED PARTY:**

White Rock Mountain Ranch, L.C.  
a Utah limited liability company

\_\_\_\_\_  
Date

By: Signed in Counterpart  
David C. Knudson  
Member



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IN WITNESS WHEREOF, Debtor and Secured Party have executed this Security Agreement on the dates indicated below to be effective as of the date first above written.

**DEBTOR:**

Castleborn Wagyu & Wapiti LLC  
a Nevada limited liability company

\_\_\_\_\_  
Date

By: Signed in Counterpart  
Christopher Castillo  
Manager

**SECURED PARTY:**

White Rock Mountain Ranch, L.C.  
a Utah limited liability company

8/15/16  
Date

By: DK  
David C. Knudson  
Member