

SECURITY AGREEMENT

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This Security Agreement (this "**Agreement**") is entered into as of [EFFECTIVE DATE] (the "**Effective Date**") by and between:

[DEBTOR LEGAL NAME], a [STATE] [ENTITY TYPE] / an individual residing at [DEBTOR ADDRESS] (the "**Debtor**"); and

[SECURED PARTY LEGAL NAME], a [STATE] [ENTITY TYPE] with its principal place of business at [SECURED PARTY ADDRESS] (the "**Secured Party**").

The Debtor and the Secured Party are each a "**Party**" and together the "**Parties**."

Recitals. The Debtor owes or will owe obligations to the Secured Party under a [promissory note / loan agreement / credit agreement] dated [DATE] (the "**Obligations**"). To secure the Obligations, the Debtor has agreed to grant the Secured Party a security interest in the collateral described below. This Agreement is intended to create a security interest enforceable under the Uniform Commercial Code as adopted in [STATE] (the "**UCC**"). In consideration of the mutual promises below, the Parties agree as follows.

1. Grant of Security Interest

1.1 **Grant.** To secure the prompt payment and performance of the Obligations, the Debtor grants to the Secured Party a continuing security interest in the Collateral described in Section 2.

1.2 **Continuing interest.** The security interest secures all present and future Obligations and continues until the Obligations are paid and performed in full and this Agreement is terminated in writing.

1.3 **Attachment.** The Debtor intends that the security interest attach to the Collateral on the Effective Date or, as to after-acquired Collateral, when the Debtor acquires rights in it.

2. Description of Collateral

2.1 **Collateral.** "**Collateral**" means the following property of the Debtor, whether now owned or later acquired, and all proceeds and products of it: [DESCRIBE COLLATERAL — e.g., all equipment, inventory, accounts, instruments, general intangibles, and specifically identified assets such as [SERIAL NUMBER / VIN / DESCRIPTION]].

2.2 **Proceeds.** The security interest extends to all proceeds, including insurance proceeds, of the Collateral, whether cash or non-cash.

2.3 **Excluded property.** The Collateral does not include [LIST ANY EXCLUDED PROPERTY, OR STATE "none"].

2.4 **Location.** The Collateral is or will be located at [LOCATION(S)], and the Debtor will not move it from that location except in the ordinary course of business or with the Secured Party's prior written consent.

3. Perfection and Further Assurances

3.1 Authorization to file. The Debtor authorizes the Secured Party to file one or more UCC financing statements describing the Collateral, and to take other action reasonably necessary to perfect and continue the security interest, without further authorization from the Debtor where the UCC permits.

3.2 Further assurances. The Debtor will execute and deliver any documents, and take any actions, that the Secured Party reasonably requests to create, perfect, or maintain the security interest.

3.3 Costs. The Debtor will pay the reasonable costs of filing, recording, and maintaining the security interest, to the extent permitted by applicable law.

4. Representations and Warranties of Debtor

4.1 Ownership. The Debtor owns the Collateral free and clear of all liens and security interests, except those disclosed in writing to the Secured Party and permitted under this Agreement.

4.2 Authority. The Debtor has full power and authority to grant the security interest, and this Agreement is a valid and binding obligation of the Debtor.

4.3 Accurate information. All information the Debtor has provided about the Collateral and its location is true and complete in all material respects.

4.4 No conflict. Granting the security interest does not violate any law or other agreement binding on the Debtor.

5. Covenants of Debtor

5.1 Maintenance. The Debtor will keep the Collateral in good condition and repair, ordinary wear and tear excepted, and will not waste or destroy it.

5.2 Insurance. The Debtor will keep the Collateral insured against loss in amounts and with coverage reasonably acceptable to the Secured Party, naming the Secured Party as loss payee or additional insured as applicable.

5.3 No transfer or further liens. The Debtor will not sell, lease, or transfer the Collateral, or grant any further security interest in it, except in the ordinary course of business or with the Secured Party's prior written consent.

5.4 Taxes and charges. The Debtor will pay all taxes, assessments, and charges on the Collateral when due, unless contested in good faith with adequate reserves.

5.5 Inspection. The Debtor will allow the Secured Party to inspect the Collateral and the Debtor's related records at reasonable times on reasonable notice.

6. Events of Default

6.1 Events of default. Each of the following is an "Event of Default": (a) the Debtor fails to pay or perform any Obligation when due, subject to any cure period in the underlying loan documents; (b) the Debtor breaches a covenant in this Agreement and fails to cure within [NUMBER] days after written notice; (c) any representation by the Debtor proves materially false when made; (d) the Collateral is lost, materially damaged, or seized; or (e) the Debtor becomes insolvent or is subject to an insolvency proceeding.

6.2 Cross-default. A default under the Obligations or any related loan document is also an Event of Default under this Agreement.

7. Rights and Remedies on Default

7.1 **UCC remedies.** On an Event of Default, the Secured Party may exercise all rights and remedies of a secured party under the UCC, including the right to take possession of and dispose of the Collateral.

7.2 **Disposition.** The Secured Party may sell or otherwise dispose of the Collateral in a commercially reasonable manner. The Secured Party will give the Debtor any notice of disposition required by applicable law; ten days' notice is deemed reasonable where the UCC permits, unless local law requires more.

7.3 **Application of proceeds.** The Secured Party will apply the net proceeds of any disposition first to enforcement costs (including reasonable attorneys' fees to the extent permitted by law), then to the Obligations in the order it determines, and will account to the Debtor for any surplus or claim any deficiency as permitted by law.

7.4 **Cumulative remedies.** The Secured Party's remedies are cumulative and may be exercised in any order, and are in addition to all other remedies at law or in equity.

8. General Provisions

8.1 **Governing law and venue.** This Agreement is governed by the laws of the State of [STATE], without regard to its conflict-of-laws rules, except that perfection and the effect of perfection are governed by the UCC of the jurisdiction where the Collateral or the Debtor is located as the UCC provides. The Parties submit to the jurisdiction of the courts located in [COUNTY, STATE]. Notice periods, foreclosure procedures, and debtor protections vary by jurisdiction; local law controls where it differs.

8.2 **Notices.** Notices must be in writing and sent to the addresses above (or as updated in writing) and are effective on receipt.

8.3 **Assignment.** The Secured Party may assign this Agreement together with the Obligations. The Debtor may not assign its obligations without the Secured Party's prior written consent.

8.4 **Entire agreement; amendment.** This Agreement, together with the loan documents it secures, is the entire agreement between the Parties on its subject. It may be amended only by a writing signed by both Parties.

8.5 **Severability and waiver.** If any provision is unenforceable, the rest remains in effect. The Secured Party's failure or delay in enforcing a provision is not a waiver.

8.6 **Counterparts and electronic signature.** This Agreement may be signed in counterparts and by electronic signature, each of which is an original and all of which together form one agreement.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the Effective Date.

DEBTOR	SECURED PARTY
Signature: _____	Signature: _____
Printed name: [NAME]	Printed name: [NAME]
Title: [TITLE or N/A]	Title: [TITLE]
Date: _____	Date: _____
_____	_____

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