

«f80»  
«f81»  
«f82», «f83»

## SECURITY AGREEMENT (INTEREST RESERVE)

Trustor(s): «f5» «f6» «f7»  
«f10» «f11» «f12»

Loan No.: «f2»

This SECURITY AGREEMENT ("Agreement") dated «f3» is entered into by «f5» «f6» «f7» «f8» «f10» «f11» «f12» ("Debtor(s)") and ("Secured Party") as an inducement to Secured Party to provide a \$ loan to Debtor and as security for the payment of all sums due or to become due or owing by Debtor to Secured Party including sums due pursuant to a Promissory Note of even date in the principal amount of \$ executed by Debtor ("Note"), a Deed of Trust of even date executed by Debtor as Trustor in favor of a Secured Party as Beneficiary ("Deed of Trust"), and other documents as required by Secured Party (collectively "Loan Documents"). Debtor hereby agrees as follows:

1. **Security Interest in Account.** Debtor hereby grants to Secured Party a security interest in all Debtor's right, title and interest in that certain deposit account to be established with

Account number: . debtor shall deliver to Secured Party an acknowledgement of Secured Party's security interest in the Account by Bank.

2. **No Other Liens.** The perfection of this security interest shall result in the security interest granted under this Agreement being a paramount and superior lien on the Account subject to no other liens, claims, or right of others and Debtor shall undertake all acts necessary to create and maintain the priority of this security interest throughout the term of this Agreement.

3. **Obligations Secured.** The obligations (collectively "Secured Obligations") secured hereby included:

(a) all of the indebtedness and obligations of Debtor under the Note and Loan Documents, including all renewals, extensions, modifications and substitutions of the Loan Documents;

(b) payment of any and all attorney's fees and expenses incurred by Secured Party in the exercise or endorsement of the rights including such expenses incurred by Secured Party in performing for Debtor's account any obligation of Debtor under this Security Agreement.

4. **Representations and Warranties.** Debtor warrants tat after the Account is established, Debtor will not amend, modify, terminate or transfer the Account without the prior consent of Secured Party.

5. **Interest in Account.** All interest accrued on the Account shall remain in the Account as further security for Debtor's obligations to Secured Party under the Note and Loan Documents.

6. **Attorney-in-Fact.** Debtor hereby constitutes and appoints Secured Party as its true attorney-in-fact in order that Secured Party may, but shall not be obligated to, demand, receive and endorse payments; to give receipts, releases and satisfactions for, and to sue for, all monies owing Debtor under the Account; to take, receive, endorse and collect all instruments for the payment of money issued to Debtor under the Account; to make extensions agreements with respect to the Account, release persons liable thereon or securities for the payment thereof; compromise disputes in connection therewith, all provided that Secured Party acts in the good faith belief that such actions will not materially increase the risk of nonpayment to Debtor under the Account. Secured Party shall only be accountable for such sums as are actually received by it.

7. **Attorney's Fees.** Debtor will pay all cost and expenses, including reasonable **attorney's fees, incurred** by Secured Party in the preservation, realization and exercise of the rights, powers and remedies of Secured Party under this Agreement.

8. **No Assumption of Liabilities.** Secured Party, as well as any of its assigns, does not assume and shall not be subject to any obligations or liability under the Account.

9. **Use and Withdrawal fo Funds.** Without n any way limiting the obligations of Debtor, the Account shall be used to pay the monthly interest payments, in the amount of \$ owing Secured Party under the Note, secured by a trust deed, or to pay any other sum, covered by this Agreement, required to be paid by Debtor, for the next months, or pay any other bill pertaining to this property, that is not paid when due, including property tax, water and sewage assessments and property insurance. If the Account is used to cure

10. **Events of Default.** The following shall be events of default under this Agreement. ("Events of Default"); failure to pay any of the Secured Obligations when due; failure to perform any of the Secured Obligations when such obligations should be performed; any event of default or default described in any of the Loan Documents; or the breach of any warranty contained in this Agreement.

11. . **Remedies.** Upon the occurrence of any Event of Default, Secured Party, or Third Party, shall have the right to declare immediately due and payable all or any indebtedness under the Loan Documents secured by this Agreement. On an Event of Default, Secured Party or Third Party, shall have the right to notify Bank that all proceeds of the Account shall be made directly to Secured Party, or Third Party, and Secured Party or Third Party, shall have the right to foreclose on the Account. Secured Party or Third Party shall have all other rights provided by law, not single or partial exercise of any of them shall preclude the further or other exercise of the same or any other of them. No delay or failure of

Secured Party or Third Party in exercising any right under this Agreement shall affect such right not shall any single or partial exercise of right or any abandonment or discontinuance of steps to enforce such right. Any waiver, permit, consent or approval of any kind by Secured Party or Third Party of any default under this Agreement, or any such waiver of any provisions or conditions of this Agreement, must be in writing and shall be effective only to the extent set forth in writing.

12. . **Notices.** All notices and other communications under this Agreement shall be in writing and shall be effective upon personal delivery or upon being sent by certified mail, postage prepaid, return receipt request, addressed to the respective parties as

DEBTOR:                    <f5> <f6> <f7>  
                                  <f10> <f11> <f12>

SECURED PARTY:        <f38>  
                                  <f39>

SERVICING AGENT:      <f80>  
                                  <f81>  
                                  <f82>, <f83>

13. **Terms.** This Security Agreement shall remain in full force and effect until all of **the Debtor's obligations** under the **Note have been** repaid in full.

14. **Successors and Assigns.** This Agreement shall be binding on the Debtor, its successors and assigns.

15. **Assignment of Secured Party.** Secured Party may assign all if its rights, title and interest in this Agreement to any person, firm, corporation or other entity without the consent of the Debtor, in which event this Agreement shall inure to the benefit of and be binding upon such assignee. Secured party shall thereafter be released from any further obligation or liability under this obligation.

16. **Governing Law.** This security Agreement shall be governed by and construed under the laws of the State of California.

17. **Designation of Servicing Agent.** Secured Party may, at its sole discretion and with consent of the Debtor, designate a Third Party, or an agent ("Servicing Agent"), to act for the benefit and in stead of Secured Party in performing any and all acts, that Secured Party has a right to or may be obligated to perform under this Agreement and under Loan Documents. Notwithstanding the appointment of Servicing Agent, the Debtor shall not be relieved of Debtor's obligations to Secured Party under this Agreement or any of Debtor's obligations to Secured Party specific in any of the Loan Documents and any and all benefits, right and interests under this Agreement or same specific in Loan Documents shall continue to inure to Security Party. Upon designation of Servicing Agent by Secured Party, Secured Agent shall notify Debtor or same and any and all further communications regarding provisions of this Agreement and provision of Loan Documents, shall be between Debtor and Servicing Agent.

(a) Debtor agrees to pay to Servicing Agent reasonable cost and expenses necessary to preserve and maintain the Account, including but not limited to escrow and sub-escrow fees, reasonable attorney's fees and any and all bank fees.

(b) Debtor shall hold harmless and indemnify Servicing Agent from all Liability arising out of the underlying transaction specified in Loan Documents and leading up to and including this Agreement.

(c) Notwithstanding provisions of this clause, any and all provisions in other clauses of this Agreement shall remain in force. Any conflict between provisions of this clause and any and all provisions of other clauses of this Agreement shall not void or diminish any Debtor's obligations to Secured Party **under this Agreement and under** Loan Documents.

18. **Ownership of Funds.** All funds under this Agreement shall be and shall remain the property of the Secured Party. The exception to this is the interest accruing in this account on said funds. Debtor shall be responsible for paying taxes on said amount.

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<f5> <f6> <f7> - Debtor/Date

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<f10> <f11> <f12> - Debtor/Date