

NO. 20-04-04420

**BLANC ALPS, LLC**  
**Plaintiff,**

**V.**

**JUAN CARLOS PADILLA AZARCOYA**  
**AND SPORTS PRO DEVELOPMENT,**  
**LLC**  
**Defendants.**

§ **IN THE DISTRICT COURT**  
§  
§ Montgomery County - 410th Judicial District Court  
§ **JUDICIAL DISTRICT**  
§  
§  
§ **OF MONTGOMERY COUNTY, TEXAS**

**ORIGINAL PETITION FOR SUIT ON WRITTEN CONTRACT AND FOR**  
**FRAUDULENT TRANSFERS UNDER TUFTA**

1. *Discovery Level.* Discovery in this case is intended to be conducted under level 3 of rule 190 of the Texas Rules of Civil Procedure.

2. *Parties.*

a. Plaintiff, Blanc Alps, LLC, is a Limited Liability Company whose address is 433 North Loop West, Houston, Texas 77008.

b. Blanc Alps, LLC has not been issued a driver's license. Blanc Alps, LLC has not been issued a Social Security number.

c. Defendant Juan Carlos Padilla Azarcoya, an Individual who is a resident of Texas, may be served with process at his office at the following address: 6 Desert Rose Place, The Woodlands, Texas 77382, through his lawyer Phillip R. Livingston, 2950 Unity Dr., #37056, Houston, TX 77237-4704, [prlivingston@sbcglobal.net](mailto:prlivingston@sbcglobal.net), or wherever he may be found. Service of said Defendant as described above can be effected by personal delivery.

d. Defendant Sports Pro Development, LLC, a Limited Liability Company based in Texas, may be served with process by serving the registered agent of said company, Jambrina CPA, PC, at 433 North Loop West, Houston, Texas 77008, its registered office, or

through its lawyer Phillip R. Livingston, 2950 Unity Dr., #37056, Houston, TX 77237-4704, [prlivingston@sbcglobal.net](mailto:prlivingston@sbcglobal.net). Service of said Defendant as described above can be effected by certified mail, return receipt requested.

3. The subject matter in controversy is within the jurisdictional limits of this court.

4. Plaintiff seeks:

a. monetary relief over \$200,000 but not more than \$1,000,000.

5. *Jurisdiction.* This court has jurisdiction over the parties because Defendants are Texas residents. *Venue.* Venue in Montgomery County is proper in this cause under Section 15.002 of the Texas Civil Practice and Remedies Code because all or a substantial part of the events that gave rise to this cause of action occurred therein.

### **FACTS**

6. Defendant Juan Carlos Padilla Azarcoya and his company Sports Pro Development, LLC are brokers of professional friendly soccer matches with Mexican teams in the United States. Because the matches require a large sum of money to secure the stadium, the air transport for the teams, lodging, advertising campaigns and so on, Defendants sought and obtained a loan from Plaintiff promising to pay it back. On or about September 24, 2019, Defendants entered into a Promissory Note and a Security Agreement with Plaintiff. The amount due for the Promissory Note was \$440,000.00 dollars. The debt under those two instruments was due and payable on October 31<sup>st</sup>, 2019 for \$80,000.00 dollars and also in February 15<sup>th</sup>, 2020 for \$360,000.00. Attached to this petition as Exhibits A and B are copies of those first agreements executed by Plaintiff and Defendants. Also attached as Exhibit C is a Settlement Agreement entered into by the Parties as an amicable way to establish Defendants obligations to assign 100% of the ticket sales originating out of the soccer match to Blanc Alps.

7. Later, in January 30, 2020, Defendants signed another Promissory Note for \$447,200.00 and a Settlement Agreement of the same date for the same amount. The agreement is incorporated in this petition by reference Exhibit D. Plaintiff has fully complied with the agreement. This agreement superseded the older promissory note and the Settlement Agreement of September 24, 2019. Once again, Defendants promised they would assign the proceeds of a soccer match to the Plaintiff. This second Promissory Note was due and payable on February 17<sup>th</sup>, 2020. That date came and went, and no payment whatsoever was made from Defendants to Plaintiff.

8. Through information and belief, Defendants have ascertained that there are 5-five other active lawsuits against Defendants for similar claims and with Defendants using the same modus operandi to obtain money in Montgomery County. In Harris County, there are 2-two more active lawsuits under the same claims and modus operandi against Defendants.

9. *Default.* Defendants defaulted in paying the debt. The Debt consisting of Principal and interest became due and payable on February 17, 2020. There is currently due the sum of \$447,200.00, plus accrued interest as provided for in the agreement.

10. *Conditions Precedent.* All conditions precedent have been performed or have occurred.

11. *Attorney's Fees.* Defendants' default has made it necessary for Plaintiff to employ the undersigned attorney to file suit. Defendants have agreed to pay reasonable attorney's fees for collection in case of default, as shown on Exhibit A. Reasonable fees for the attorney's services rendered and to be rendered are at least \$5,000.00


12. This is an attempt to collect a debt. Any information obtained will be used for that purpose.

13. *Prayer.* Plaintiff prays that-

- a. Defendants be cited to appear and answer;
- b. Plaintiff be granted judgment for \$447,200.00 as the amount due on the debt;
- c. Plaintiff be granted judgment for accrued and unpaid interest on the debt before maturity;
- d. Plaintiff be granted judgment for prejudgment and postjudgment interest on the matured, unpaid debt at the highest legal or contractual rate allowed by law;
- e. Plaintiff be granted judgment for at least \$5,000.00 as reasonable attorney's fees, with additional contingent amounts in the event of appellate proceedings;
- f. Plaintiff be granted judgment for all costs of court; and
- g. Plaintiff be granted all further relief to which Plaintiff may be entitled.

Respectfully submitted,

SAN MIGUEL ATTORNEYS, P.C.



By: \_\_\_\_\_

Alan Ray San Miguel  
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Attorney for Plaintiff  
Blanc Alps, LLC

**Security Agreement Covering All Assets of Debtor**

**SECURITY AGREEMENT**

SECURITY AGREEMENT (as amended, restated, supplemented or otherwise modified from time to time in accordance herewith and including all attachments, exhibits and schedules hereto, the "*Agreement*"), dated September 24th, 2019, made by SPORTS PRO DEVELOPMENT LLC, a Texas limited liability company, and JUAN CARLOS PADILLA AZARCOYA, an individual residing in Texas, (collectively called the "*Grantor*"), in favor of each of the Secured Parties whose names are set forth on Exhibit A hereto (collectively, the "*Secured Parties*").

WHEREAS, the Grantor has issued separate senior secured promissory notes to the Secured Parties (the "*Notes*") in the aggregate principal amount of up to FOUR HUNDRED AND FORTY THOUSAND DOLLARS (\$440,000.00 USD); and

WHEREAS, it is a condition precedent to the Secured Parties making the loan evidenced by the Notes to the Grantor that the Grantor execute and deliver to the Secured Parties a security agreement and other documents (including mortgages) providing for the grant to the Secured Parties of a continuing security interest in substantially all real and personal property and assets of the Grantor, all in substantially the form hereof to secure the Obligations (hereinafter defined).

NOW, THEREFORE, the parties agree as follows:

***ARTICLE I. Definitions***

Section 1.1. *Definition of Terms Used Herein.* All capitalized terms used herein and not defined herein have the respective meanings provided in any other applicable documents executed. All terms defined in the Uniform Commercial Code (hereinafter defined) as in effect from time to time and used herein and not otherwise defined herein (whether or not such terms are capitalized) have the same definitions herein as specified therein.

Section 1.2. *Definition of Certain Terms Used Herein.* As used herein, the following terms have the following meanings:

"*Collateral*" means all real and personal property, of every kind and nature, wherever located, all accounts receivable of the Grantor and all fixture property of every kind and nature, including, without limitation, all furniture, fixtures, equipment, raw materials, inventory, or other goods, accounts, contract rights, rights to the payment of money, insurance refund claims and all other insurance claims and proceeds, tort claims, chattel paper, documents, instruments, securities and other investment property, deposit accounts, rights to proceeds of letters of credit and all general intangibles including, without limitation, all tax refund claims, license fees, patents, patent licenses, patent applications, trademarks, trademark licenses, trademark applications, trade names, copyrights, copyright licenses, copyright applications, rights to sue and recover for past infringement of patents, trademarks and copyrights, computer programs, computer software, engineering drawings, service marks, customer lists, goodwill, and all licenses, permits, agreements of any kind or nature pursuant to which the Grantor possesses, uses or has authority to possess or use

Grantor's Initials: \_\_\_\_\_

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property (whether tangible or intangible) of others or others possess, use or have authority to possess or use property (whether tangible or intangible) of the Grantor, and all recorded data of any kind or nature, regardless of the medium of recording including, without limitation, all books and records, software, writings, plans, specifications and schematics; and all proceeds and products of each of the foregoing.

"*Default*" means any event or circumstance which, with the giving of notice, the lapse of time, or both, would (if not cured, waived, or otherwise remedied during such time) constitute an Event of Default.

"*Existing Lien*" means any Liens set forth on Schedule 3.3 attached hereto.

"*Event of Default*" has the meaning specified in the Notes.

"*Indemnitees*" has the meaning specified in Section 7.5(b).

"*Lien*" means: (i) any interest in property securing an obligation owed to, or a claim by, a Person other than the owner of the property, whether such interest is based on the common law, statute, or contract, and including a security interest, charge, claim, or lien arising from a mortgage, deed of trust, encumbrance, pledge, hypothecation, assignment, deposit arrangement, agreement, security agreement, conditional sale or trust receipt or a lease, consignment or bailment for security purposes; (ii) to the extent not included under clause (i), any reservation, exception, encroachment, easement, right-of-way, covenant, condition, restriction, lease or other title exception or encumbrance affecting property; and (iii) any contingent or other agreement to provide any of the foregoing.

"*Mortgages*" shall mean the mortgages or deeds of trust relating to the real property owned by Grantor.

"*Notes*" has the meaning assigned to such term in the first recital of this Agreement.

"*Permitted Lien*" shall mean (i) Existing Liens, (ii) Liens on equipment and purchase money security interests in respect of obligations to pay money not in excess of \$500,000 and (iii) without duplication, "Permitted Liens" as defined in the Notes.

"*Obligations*" means all indebtedness, liabilities, obligations, covenants and duties of the Grantor to the Secured Parties of every kind, nature and description, direct or indirect, absolute or contingent, due or not due, now existing or hereafter arising under or in connection with the Notes, and this Agreement.

"*Registered Organization*" means an entity formed by filing a registration document with a United States Governmental Authority, such as a corporation, limited partnership or limited liability company.

"*Required Lenders*" has the meaning set forth in Section 9(b) of the Purchase Agreement.

"*Security Interest*" has the meaning specified in Section 2.1 of this Agreement.

"*Uniform Commercial Code*" means the Uniform Commercial Code from time to time in effect in the State of TEXAS.

## **ARTICLE II. Security Interest**

Grantor's Initials: \_\_\_\_\_

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Exhibit A

Section 2.1. *Security Interest.* As security for the payment and performance, in full of the Obligations, and any extensions, renewals, modifications or refinancings of the Obligations, the Grantor hereby bargains, sells, conveys, assigns, sets over, mortgages, pledges, hypothecates and transfers to the Secured Parties, and hereby grants to the Secured Parties, their successors and assigns, a security interest in, all of such Grantor's right, title and interest in, to and under the Collateral (the "Security Interest").

Section 2.2. *No Assumption of Liability.* The Security Interest is granted as security only and shall not subject the Secured Parties to, or in any way alter or modify, any obligation or liability of the Grantor with respect to or arising out of the Collateral.

### **ARTICLE III. Representations and Warranties**

The Grantor represents and warrants to the Secured Parties that:

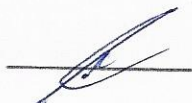
Section 3.1. *Title and Authority.* The Grantor has good and valid rights in and title to the Collateral with respect to which it has purported to grant a security interest hereunder and has full power and authority to grant to the Secured Parties the Security Interest and to execute, deliver and perform its obligations in accordance with the terms of this Agreement, without the consent or approval of any other Person other than any consent or approval which has been obtained.

Section 3.2. *Filings; Actions to Achieve Perfection.* Fully executed Uniform Commercial Code financing statements (including fixture filings, as applicable) or other appropriate filings, recordings or registrations containing a description of the Collateral have been delivered to the Secured Parties for filing in each United States governmental, municipal or other office specified in Schedule A, which are all the filings, recordings and registrations that are necessary to publish notice of and protect the validity of and to establish a legal, valid and perfected security interest in favor of the Secured Parties in respect of all Collateral in which the Security Interest may be perfected by filing, recording or registration in the United States (or any political subdivision thereof) and its territories and possessions, and no further or subsequent filing, refile, recording, rerecording, registration or reregistration is necessary in any such jurisdiction, except as provided under applicable law with respect to the filing of continuation statements or with respect to the filing of amendments or new filings to reflect the change of the Grantor's name, location, identity or corporate structure. The Grantor's name is listed in the preamble of this Agreement identically to how it appears on its certificate of incorporation or other organizational documents.

Section 3.3. *Validity and Priority of Security Interest.* The Security Interest constitutes (a) a legal and valid security interest in all the Collateral securing the payment and performance of the Obligations, (b) subject only to the filings described in *Section 3.2 above* and other previously perfected security interests in the Collateral listed on Schedule 3.3 to this Agreement ("*Existing Liens*") and Permitted Liens, a perfected security interest in all Collateral in which a security interest may be perfected by filing, recording or registration in the United States pursuant to the Uniform Commercial Code or other applicable law in the United States (or any political subdivision thereof) and its territories and possessions or any other country, state or nation (or any political

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subdivision thereof). The Security Interest is and shall be subordinate to any other Existing Lien on any of the Collateral.

Section 3.4. *Absence of Other Liens.* The Collateral is owned by the Grantor free and clear of any Lien other than Permitted Liens. Without limiting the foregoing and except as set forth on Schedule 3.4 to this Agreement, the Grantor has not filed or consented to any filing described in Section 3.2 in favor of any Person other than the Secured Parties, nor permitted the granting or assignment of a security interest or permitted perfection of any security interest in the Collateral in favor of any Person other than the Secured Parties. The Secured Parties' having possession of all instruments and cash constituting Collateral from time to time and the filing of financing statements in the offices referred to in Schedule A hereto results in the perfection of such security interest. Such security interest is, or in the case of Collateral in which the Grantor obtain rights after the date hereof, will be, a perfected security interest. Such notices, filings and all other action necessary or desirable to perfect and protect such security interest have been duly taken.

Section 3.5. *Valid and Binding Obligation.* This Agreement constitutes the legal, valid and binding obligation of the Grantor, enforceable against the Grantor in accordance with its terms, except (i) as limited by applicable bankruptcy, insolvency, reorganization, moratorium, and other laws of general application affecting enforcement of creditors' rights generally, (ii) as limited by laws relating to the availability of specific performance, injunctive relief, or other equitable remedies, and (iii) to the extent the indemnification provisions contained in this Agreement may be limited by applicable federal or state securities laws.

#### **ARTICLE IV. Covenants**

Section 4.1. *Change of Name; Location of Collateral; Place of Business, State of Formation or Organization.*

(a) The Grantor shall notify the Secured Parties in writing promptly of any change (i) in its corporate name or in any trade name used to identify it in the conduct of its business or in the ownership of its properties, (ii) in the location of its chief executive office, its principal place of business, any office in which it maintains books or records relating to Collateral owned by it (including the establishment of any such new office or facility), (iii) in its identity or corporate structure such that a filed filing made under the Uniform Commercial Code becomes misleading or (iv) in its Federal Taxpayer Identification Number. In extension of the foregoing, the Grantor shall not effect or permit any change referred to in the preceding sentence unless all filings have been made under the Uniform Commercial Code or otherwise that are required in order for the Secured Parties to continue at all times following such change to have a valid, legal and perfected security interest in all the Collateral.

(b) Without limiting Section 4.1(a), without the prior written consent of the Secured Parties in each instance, the Grantor shall not change its (i) principal residence, if it is an individual, (ii) place of business, if it has only one place of business and is not a Registered Organization, (iii) principal place of business, if it has more than one place of business and is not a Registered Organization, or (iv) state of incorporation, formation or organization, if it is a Registered Organization.

Grantor's Initials: \_\_\_\_\_

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Section 4.2. *Records.* The Grantor shall maintain, at its own cost and expense, such complete and accurate records with respect to the Collateral owned by it as is consistent with its current practices and in accordance with such prudent and standard practices used in industries that are the same as or similar to those in which the Grantor is engaged, but in any event to include complete accounting records indicating all payments and proceeds received with respect to any part of the Collateral, and, at such time or times as any of the Secured Parties may reasonably request, promptly to prepare and deliver to such Secured Party a duly certified schedule or schedules in form and detail satisfactory to such Secured Party showing the identity, amount and location of any and all Collateral.

Section 4.3. *Periodic Certification; Notice of Changes.* In the event there should at any time be any change in the information represented and warranted herein or in the documents and instruments executed and delivered in connection herewith, the Grantor shall immediately notify the Secured Parties in writing of such change (this notice requirement shall be in extension of and shall not limit or relieve the Grantor of any other covenants hereunder).

Section 4.4. *Protection of Security.* The Grantor shall, at its own cost and expense, take any and all actions necessary to defend title to the Collateral against all persons and to defend the Security Interest of the Secured Parties in the Collateral and the priority thereof against any Lien other than Existing Liens and Permitted Liens.

Section 4.5. *Inspection and Verification.* The Secured Parties and such persons as the Secured Parties may reasonably designate shall have the right to inspect the Collateral, all records related thereto (and to make extracts and copies from such records) and the premises upon which any of the Collateral is located, to discuss the Grantor's affairs with the officers of the Grantor and its independent accountants and to verify under reasonable procedures the validity, amount, quality, quantity, value, condition and status of, or any other matter relating to, the Collateral, including, in the case of collateral in the possession of any third Person and upon an Event of Default, by contacting any account debtor or third Person possessing such Collateral for the purpose of making such a verification. Out-of-pocket expenses in connection with any inspections by representatives of the Secured Parties shall be (a) the obligations of the Grantor with respect to any inspection after the Secured Parties' demand payment of the Notes or (b) the obligation of the Secured Parties in any other case.

Section 4.6. *Taxes; Encumbrances.* At their option, the Secured Parties may discharge Liens, other than Existing Liens and Permitted Liens, at any time levied or placed on the Collateral and may pay for the maintenance and preservation of the Collateral to the extent the Grantor fails to do so and the Grantor shall reimburse the Secured Parties on demand for any payment made or any expense incurred by the Secured Parties pursuant to the foregoing authorization; provided, however, that nothing in this Section shall be interpreted as excusing the Grantor from the performance of, or imposing any obligation on the Secured Parties to cure or perform, any covenants or other obligation of the Grantor with respect to any Lien or maintenance or preservation of Collateral as set forth herein.

Section 4.7. *Use and Disposition of Collateral.* The Grantor shall not make or permit to be made an assignment, pledge or hypothecation of any Collateral or shall grant any other

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Lien in respect of the Collateral other than Existing Liens (and replacements thereof) and Permitted Liens without the prior written consent of the Secured Parties. The Grantor shall not make or permit to be made any transfer of any Collateral outside of the normal course of business and the Grantor shall remain at all times in possession of the Collateral owned by it, other than with respect to Existing Liens and other liens approved by the Secured Parties.

Section 4.8. *Insurance/Notice of Loss.* Within a reasonable period of time following the date of this Agreement, Grantor, at its own expense, shall maintain or cause to be maintained insurance covering physical loss or damage to the Collateral. In extension of the foregoing and without limitation, such insurance shall be payable to the Secured Parties as loss payee under a "standard" loss payee clause, and the Secured Parties shall be listed as an "additional insured" on Grantor's general liability insurance. Such insurance shall not be terminated, cancelled or not renewed for any reason, including non-payment of insurance premiums, unless the insurer shall have provided the Secured Parties at least 30 days prior written notice. Grantor irrevocably makes, constitutes and appoints the Secured Parties (and all officers, employees or agents designated by the Secured Parties) as its true and lawful agent and attorney-in-fact for the purpose, at any time following the Secured Parties' demand for payment of the Notes, of making, settling and adjusting claims in respect of Collateral under policies of insurance, endorsing the name of Grantor on any check, draft, instrument or other item of payment for the proceeds of such policies of insurance and for making all determinations and decisions with respect thereto. In the event that Grantor at any time or times shall fail to obtain or maintain any of the policies of insurance required hereby or to pay any premium in whole or part relating thereto, the Secured Parties may, without waiving or releasing any obligation or liability of Grantor hereunder, in their sole discretion, obtain and maintain such policies of insurance and pay such premium and take any other actions with respect thereto as the Secured Parties deem advisable. All sums disbursed by the Secured Parties in connection and in accordance with this Section, including reasonable attorneys' fees, court costs, expenses and other charges relating thereto, shall be payable upon demand, by Grantor to the Secured Parties and shall be additional Obligations secured hereby. Grantor shall promptly notify the Secured Parties if any material portion of the Collateral owned or held by Grantor is damaged or destroyed. The proceeds of any casualty insurance in respect of any casualty loss of any of the Collateral shall (i) so long as the Secured Parties have not demanded payment of the Notes, be disbursed to Grantor for direct application by Grantor solely to the repair or replacement of Grantor's property so damaged or destroyed, and (ii) in all other circumstances, be held by the Secured Parties as cash collateral for the Obligations. The Secured Parties may, at their sole option, disburse from time to time all or any part of such proceeds so held as cash collateral, upon such terms and conditions as the Secured Parties may reasonably prescribe, for direct application by the Secured Parties solely to the repair or replacement of Grantor's property so damaged or destroyed, or Grantor may apply all or any part of such proceeds to the Obligations.

Section 4.9. *Legend.* Grantor shall legend, in form and manner satisfactory to the Secured Parties, its accounts and its books, records and documents evidencing or pertaining thereto with an appropriate reference to the fact that such accounts have been assigned to the Secured Parties and that the Secured Parties have a security interest therein.

Grantor's Initials: \_\_\_\_\_

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**ARTICLE V. Further Assurances; Power of Attorney**

Section 5.1. *Further Assurances.* Grantor shall, at its own expense, execute, acknowledge, deliver and cause to be duly filed all such further instruments and documents and take all such actions as the Secured Parties may from time to time reasonably request to better assure, preserve, protect and perfect the Security Interest and the rights and remedies created hereby, including the payment of any fees and taxes required in connection with the execution and delivery of this Agreement, the granting of the Security Interest and the filing of any financing statements (including fixture filings) or other documents in connection herewith or therewith. If any amount payable under or in connection with any of the Collateral shall be or become evidenced by any promissory note or other instrument, such note or instrument shall be immediately pledged and delivered to the Secured Parties, duly endorsed in a manner satisfactory to the Secured Parties.

Section 5.2. *Power of Attorney.*

(a) Grantor hereby irrevocably (as a power coupled with an interest) constitutes and appoints the Collateral Agent (as defined in Section 7.14 hereof) and all officers, employees or agents designated by the Collateral Agent, its attorney-in-fact with full power of substitution, for the benefit of the Secured Parties,

(i) to take all appropriate action and to execute all documents and instruments that may be necessary or desirable to accomplish the purposes of this Agreement, and without limiting the generality of the foregoing, Grantor hereby grants the power to file one or more financing statements (including fixture filings), continuation statements, filings with the United States Patent and Trademark Office or United States Copyright Office (or any successor office or any similar office in any other country) or other documents for the purpose of perfecting, confirming, continuing, enforcing or protecting the Security Interest granted by Grantor, without the signature of Grantor, and naming Grantor as debtor and the Collateral Agent and/or the Secured Parties as secured party; and

(ii) at any time following any applicable cure period for an Event of Default (i) to receive, endorse, assign and/or deliver any and all notes, acceptances, checks, drafts, money orders or other evidences of payment relating to the Collateral or any part thereof; (ii) to demand, collect, receive payment of, give receipt for and give discharges and releases of all or any of the Collateral; (iii) to sign the name of Grantor on any invoice or bill of lading relating to any of the Collateral; (iv) to send verifications of accounts to any account debtor or any other Person liable for an account; (v) to commence and prosecute any and all suits, actions or proceedings at law or in equity in any court of competent jurisdiction to collect or otherwise realize on all or any of the Collateral or to enforce any rights in respect of any Collateral; (vi) to settle, compromise, compound, adjust or defend any actions, suits or proceeding relating to all or any of the Collateral; and (vii) to use, sell, assign, transfer, pledge, make any agreement with respect to or otherwise deal with all or any of the Collateral, and to do all other acts and things necessary to carry out the purposes of this Agreement, as fully and completely as though the Secured Parties were the absolute owner of the Collateral for all purposes;

Grantor's Initials: \_\_\_\_\_

*JSP*

*[Signature]*

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provided, however, that nothing herein contained shall be construed as requiring or obligating the Secured Parties to make any commitment or to make any inquiry as to the nature or sufficiency of any payment received by the Secured Parties, or to present or file any claim or notice, or to take any action with respect to the Collateral or any part thereof or the moneys due or to become due in respect thereof or any property covered thereby, and no action taken or omitted to be taken by the Secured Parties with respect to the Collateral or any part thereof shall give rise to any defense, counterclaim or offset in favor of Grantor or to any claim or action against the Secured Parties.

(b) The provisions of this Article shall in no event relieve Grantor of any of its obligations hereunder with respect to the Collateral or any part thereof or impose any obligation on the Secured Parties to proceed in any particular manner with respect to the Collateral or any part thereof, or in any way limit the exercise by the Secured Parties of any other or further right which it may have on the date of this Agreement or hereafter, whether hereunder, by law or otherwise.

## **ARTICLE VI. Remedies**

### **Section 6.1. Remedies upon Default.**

(a) Upon the occurrence and during the continuance of an Event of Default, Grantor agrees to deliver each item of its Collateral to the Secured Parties on demand, and it is agreed that the Secured Parties shall have the right to take any of or all the following actions at the same or different times (but at all times subject to any Existing Liens): with or without legal process and with or without prior notice or demand for performance, to take possession of the Collateral and without liability for trespass to enter any premises where the Collateral may be located for the purpose of taking possession of or removing the Collateral, exercise Grantor's right to bill and receive payment for completed work and, generally, to exercise any and all rights afforded to a secured party under the Uniform Commercial Code or other applicable law. Without limiting the generality of the foregoing, Grantor agrees that the Secured Parties shall have the right, subject to the mandatory requirements of applicable law, to sell or otherwise dispose of all or any part of the Collateral, at public or private sale or at any broker's board or on any securities exchange, for cash, upon credit or for future delivery as the Secured Parties shall deem appropriate. The Secured Parties shall be authorized at any such sale (if it deems it advisable to do so) to restrict the prospective bidders or purchasers to persons who will represent and agree that they are purchasing the Collateral for their own account for investment and not with a view to the distribution or sale thereof, and upon consummation of any such sale the Secured Parties shall have the right to assign, transfer and deliver to the purchaser or purchasers thereof the Collateral so sold. Each such purchaser at any such sale shall hold the property sold absolutely, free from any claim or right on the part of Grantor, and Grantor hereby waives (to the extent permitted by law) all rights of redemption, stay and appraisal which Grantor now has or may at any time in the future have under any rule of law or statute now existing or hereafter enacted.

(b) The Secured Parties shall give Grantor ten (10) days' written notice (which Grantor agrees is reasonable notice within the meaning of Section 9-504(3) of the

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*[Signature]*

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Uniform Commercial Code) of the Secured Parties' intention to make any sale of Collateral. Such notice, in the case of a public sale, shall state the time and place for such sale and, in the case of a sale at a broker's board or on a securities exchange, shall state the board or exchange at which such sale is to be made and the day on which the Collateral, or portion thereof, will first be offered for sale at such board or exchange. Any such public sale shall be held at such time or times within ordinary business hours and at such place or places as the Secured Parties may fix and state in the notice (if any) of such sale. At any such sale, the Collateral, or portion thereof, to be sold may be sold in one lot as an entirety or in separate parcels, as the Secured Parties may (in their sole and absolute discretion) determine. The Secured Parties shall not be obligated to make any sale of any Collateral if it shall determine not to do so, regardless of the fact that notice of sale of such Collateral shall have been given. The Secured Parties may, without notice or publication, adjourn any public or private sale or cause the same to be adjourned from time to time by announcement at the time and place fixed for sale, and such sale may, without further notice, be made at the time and place to which the same was so adjourned. In case any sale of all or any part of the Collateral is made on credit or for future delivery, the Collateral so sold may be retained by the Secured Parties until the sale price is paid by the purchaser or purchasers thereof, but the Secured Parties shall not incur any liability in case any such purchaser or purchasers shall fail to take up and pay for the Collateral so sold and, in case of any such failure, such Collateral may be sold again upon like notice. At any public (or, to the extent permitted by law, private) sale made pursuant to this Section, the Secured Parties may bid for or purchase, free (to the extent permitted by law) from any right of redemption, stay, valuation or appraisal on the part of Grantor (all said rights being also hereby waived and released to the extent permitted by law), the Collateral or any part thereof offered for sale and may make payment on account thereof by using any claim then due and payable to the Secured Parties from Grantor as a credit against the purchase price, and the Secured Parties may, upon compliance with the terms of sale, hold, retain and dispose of such property without further accountability to Grantor therefor. For purposes hereof, a written agreement to purchase the Collateral or any portion thereof shall be treated as a sale thereof; the Secured Parties shall be free to carry out such sale pursuant to such agreement and Grantor shall not be entitled to the return of the Collateral or any portion thereof subject thereto, notwithstanding the fact that after the Secured Parties shall have entered into such an agreement all Obligations have been paid in full. As an alternative to exercising the power of sale herein conferred upon it, the Secured Parties may proceed by a suit or suits at law or in equity to foreclose this Agreement and to sell the Collateral or any portion thereof pursuant to a judgment or decree of a court or courts having competent jurisdiction or pursuant to a proceeding by a court-appointed receiver.

Section 6.2. *Application of Proceeds.* The Secured Parties and the Collateral Agent on behalf of the Secured Parties shall apply the proceeds of any collection or sale of the Collateral, as well as any Collateral consisting of cash, as follows:

- (a) FIRST, to the payment of all costs and expenses incurred by the Secured Parties in connection with such collection or sale or otherwise in connection with this Agreement or any of the Obligations, including all court costs and the fees and

Grantor's Initials: \_\_\_\_\_

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expenses of its agents and legal counsel, and any other costs or expenses incurred in connection with the exercise of any right or remedy hereunder, under the Purchase Agreement and the Notes and the other Transaction Documents;

(b) SECOND, to the payment in full of the Obligations distributed among the Secured Parties on a pro rata basis; and

(c) THIRD, to Grantor, its successors or assigns, or to whomsoever may be lawfully entitled to receive the same, or as a court of competent jurisdiction may otherwise direct.

Subject to the foregoing, the Secured Parties shall have absolute discretion as to the time of application of such proceeds, moneys or balances in accordance with this Agreement. Upon any sale of the Collateral by the Secured Parties (including pursuant to a power of sale granted by statute or under a judicial proceeding), the receipt of any such proceeds, moneys or balances by the Secured Parties or of the officer making the sale shall be a sufficient discharge to the purchaser or purchasers of the Collateral so sold and such purchaser or purchasers shall not be obligated to see to the application of any part of the purchase money paid over to the Secured Parties or such officer or be answerable in any way for the misapplication thereof.

Section 6.3. *Grant of License to Use Intellectual Property.* For the purpose of enabling the Secured Parties to exercise rights and remedies under this Article at such time as the Secured Parties shall be lawfully entitled to exercise such rights and remedies, to the extent not prohibited by any intellectual property license, Grantor hereby grants to the Secured Parties an irrevocable, non-exclusive license (exercisable without payment of royalty or other compensation to Grantor) to use, license or sub-license any of the Collateral consisting of intellectual property now owned or hereafter acquired by Grantor, and wherever the same may be located, and including in such license reasonable access to all media in which any of the licensed items may be recorded or stored and to all computer software and programs used for the compilation or printout thereof. The use of such license by the Secured Parties may be exercised, at the option of the Secured Parties, only following the Secured Parties' demand for payment of the Notes.

## **ARTICLE VII. Miscellaneous**

Section 7.1. *Notices.* All communications and notices hereunder to the Grantor and to the Secured Parties shall (except as otherwise expressly permitted herein) be in writing and delivered to the Grantor or the Secured Parties, as the case may be.

Section 7.2. *Security Interest Absolute.* All rights of the Secured Parties hereunder, the Security Interest and all obligations of Grantor hereunder shall be absolute and unconditional irrespective of (a) any lack of validity or enforceability of the Purchase Agreement, the Notes, any Loan Document or any agreement with respect to any of the Obligations or any other agreement or instrument relating to any of the foregoing, (b) any change in the time, manner or place of payment of, or in any other term of, all or any of the Obligations, or any other amendment or waiver of or any consent to any departure from the Purchase Agreement, the Notes, any Loan Document or any other agreement or instrument, (c) any exchange, release or non-perfection of any Lien on other collateral, or any release or amendment or waiver of or consent under or departure from any guarantee,

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securing or guaranteeing all or any of the Obligations, or (d) any other circumstance that might otherwise constitute a defense available to, or a discharge of, Grantor in respect of the Obligations or this Agreement.

Section 7.3. *Survival of Agreement.* All covenants, agreements, representations and warranties made by Grantor herein and in the certificates or other instruments prepared or delivered in connection with or pursuant to this Agreement shall be considered to have been relied upon by the Secured Parties and shall survive the making of the loan and the execution and delivery to the Secured Parties of the Notes, regardless of any investigation made by the Secured Parties or on their behalf; and shall continue in full force and effect until this Agreement shall terminate.

Section 7.4. *Binding Effect; Several Agreement; Successors and Assigns.* This Agreement shall become effective as to Grantor when a counterpart hereof executed on behalf of Grantor shall have been delivered to the Secured Parties and a counterpart hereof shall have been executed on behalf of the Secured Parties, and thereafter shall be binding upon Grantor and the Secured Parties and their respective successors and assigns, and shall inure to the benefit of Grantor, the Secured Parties and their respective successors and assigns, except that Grantor shall not have the right to assign or transfer its rights or obligations hereunder or any interest herein or in the Collateral (and any such assignment or transfer shall be void) except as expressly contemplated by this Agreement, the Purchase Agreement and the Notes.

Section 7.5. *Secured Parties' Fees and Expense; Indemnification.*

(a) Grantor agrees to pay upon demand to the Secured Parties the amount of any and all reasonable expenses, including all reasonable fees, disbursements and other charges of its counsel and of any experts or agents, which the Secured Parties may incur in connection with (i) the administration of this Agreement (including the customary fees and charges of the Secured Parties for any audits conducted by them or on their behalf with respect to the accounts inventory), (ii) the custody or preservation of, or the sale of, collection from or other realization upon any of the Collateral, (iii) the exercise, enforcement or protection of any of the rights of the Secured Parties hereunder or (iv) the failure of Grantor to perform or observe any of the provisions hereof.

(b) Grantor agrees to indemnify the Secured Parties and the agent, contractors and employees of the Secured Parties (collectively, the "Indemnitees") against, and hold each of them harmless from, any and all losses, claims, damages, liabilities and related expenses, including reasonable fees, disbursements and other charges of counsel, incurred by or asserted against any of them arising out of, in any way connected with, or as a result of, the execution, delivery, or performance of this Agreement or any agreement or instrument contemplated hereby or any claim, litigation, investigation or proceeding relating hereto or to the Collateral, whether or not any Indemnatee is a party thereto; provided that such indemnity shall not, as to any Indemnatee, be available to the extent that such losses, claims, damages, liabilities or related expenses resulted from the gross negligence or willful misconduct of such Indemnatee.

Grantor's Initials: \_\_\_\_\_

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(c) Any such amounts payable as provided hereunder shall be additional Obligations secured hereby. The provisions of this Section shall remain operative and in full force and effect regardless of the termination of this Agreement, the Purchase Agreement and the Notes, the consummation of the transactions contemplated hereby, the repayment of any of the Obligations, the invalidity or unenforceability of any term or provision of this Agreement, the Purchase Agreement or the Notes, or any investigation made by or on behalf of the Secured Parties. All amounts due under this Section shall be payable on written demand therefor.

Section 7.6. GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF TEXAS, WITHOUT GIVING EFFECT TO ANY OF THE CONFLICTS OF LAW PRINCIPLES WHICH WOULD RESULT IN THE APPLICATION OF THE SUBSTANTIVE LAW OF ANOTHER JURISDICTION. THIS AGREEMENT SHALL NOT BE INTERPRETED OR CONSTRUED WITH ANY PRESUMPTION AGAINST THE PARTY CAUSING THIS AGREEMENT TO BE DRAFTED.

Section 7.7. *Waivers; Amendment.*

(a) No failure or delay of the Secured Parties in exercising any power or right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the Secured Parties hereunder and under the Purchase Agreement are cumulative and are not exclusive of any rights or remedies that they would otherwise have. No waiver of any provisions of this Agreement, the Purchase Agreement, or the Notes or the other Transaction Documents or consent to any departure by Grantor therefrom shall in any event be effective unless the same shall be permitted by paragraph (b) below, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No notice to or demand on Grantor in any case shall entitle Grantor to any other or further notice or demand in similar or other circumstances.

(b) Neither this Agreement nor any provision hereof may be waived, amended or modified except pursuant to an agreement or agreements, in writing entered into by the Required Lenders and Grantor.

Section 7.8. WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT, THE PURCHASE AGREEMENT OR THE NOTES. EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT, THE PURCHASE AGREEMENT

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AND THE NOTES, AS APPLICABLE, BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

Section 7.9. *Severability.* In the event any one or more of the provisions contained in this Agreement should be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby (it being understood that the invalidity of a particular provision in a particular jurisdiction shall not in and of itself affect the validity of such provision in any other jurisdiction). The parties shall endeavor in good-faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

Section 7.10. *Counterparts.* This Agreement may be executed in two or more counterparts, each of which shall constitute an original but all of which when taken together shall constitute but one contract. Each party shall be entitled to rely on a facsimile signature of any other party hereunder as if it were an original.

Section 7.11. *Jurisdiction; Consent to Service of Process.*

(a) Grantor hereby irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of any TEXAS State court or Federal court of the United States of America sitting in Montgomery County, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement, the Purchase Agreement or the Notes, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such TEXAS State or, to the extent permitted by law, in such Federal court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement shall affect any right that the Secured Parties may otherwise have to bring any action or proceeding relating to this Agreement, or the Notes against Grantor or its properties in the courts of any jurisdiction.

(b) Grantor hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement, the Purchase Agreement or the Notes in any TEXAS State or Federal court. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(c) Each party to this Agreement irrevocably consents to service of process in the manner provided for notices in Section 7.1. Nothing in this Agreement will affect the right of any party to this Agreement to process in any other manner permitted by law.

Section 7.12. *Termination.* This Agreement and the Security Interest shall terminate when all the Obligations have been paid in full, at which time the Secured Parties shall execute and deliver to Grantor, at Grantor's expense, all Uniform Commercial Code termination

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statements and similar documents which Grantor shall reasonably request to evidence such termination. Any execution and delivery of termination statements or documents pursuant to this Section shall be without recourse to or warranty by the Secured Parties.

Section 7.13. *Prejudgment Remedy Waiver.* Grantor acknowledges that this Agreement, the Purchase Agreement and the Notes evidence a commercial transaction and that it could, under certain circumstances have the right, to notice of and hearing on the right of the Secured Parties to obtain a prejudgment remedy, such as attachment, garnishment and/or replevin, upon commencing any litigation against Grantor. Notwithstanding, Grantor hereby waives all rights to notice, judicial hearing or prior court order to which it might otherwise have the right under any state or federal statute or constitution in connection with the obtaining by the Secured Parties of any prejudgment remedy by reason of this Agreement, the Notes or by reason of the Obligations or any renewals or extensions of the same. Grantor also waives any and all objection which it might otherwise assert, now or in the future, to the exercise or use by the Secured Parties of any right of setoff, repossession or self help as may presently exist under statute or common law.

Section 7.14. *Collateral Agent.*

(a) Each Secured Party hereby appoints LAWGISTIC, LTD. CO. (the "*Collateral Agent*") as the Collateral Agent hereunder and each Secured Party authorizes the Collateral Agent to take such action as agent on its behalf and to exercise such powers under this Agreement and the other Transaction Documents as are delegated to the Collateral Agent under such agreements and to exercise such powers as are reasonably incidental thereto. Without limiting the foregoing, each Secured Party hereby authorizes the Collateral Agent to execute and deliver, and to perform its obligations under, each of the documents to which the Collateral Agent is a party relating to security for the obligations under the Notes, to exercise all rights, powers and remedies that the Collateral Agent may have under such Transaction Documents and, in the case of the Transaction Documents, to act as agent for the Secured Parties under such Transaction Documents.

(b) As to any matters not expressly provided for by this Agreement and the other document relating thereto (including enforcement or collection), the Collateral Agent shall not be required to exercise any discretion or take any action, but shall be required to act or to refrain from acting (and shall be fully protected in so acting or refraining from acting) upon the instructions of the Required Lenders, and such instructions shall be binding upon all Secured Parties; *provided, however*, that the Collateral Agent shall not be required to take any action that (i) the Collateral Agent in good faith believes exposes it to personal liability unless the Collateral Agent receives an indemnification satisfactory to it from the Secured Parties with respect to such action or (ii) is contrary to this Agreement or applicable law. The Collateral Agent agrees to give to each Secured Party prompt notice of (i) each notice given to it by the Company pursuant to the terms of this Agreement or the other Transaction Documents and (ii) the actions taken by the Collateral Agent on behalf of the Secured Party. If the Collateral Agent receives conflicting instructions from the Secured Parties it will not be required to act until it receives instructions from the Secured

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Parties holding a majority of the Notes (calculated in dollar amounts rather than noteholders).

(c) In performing its functions and duties hereunder and under the Transaction Documents and the other documents required to be executed or delivered in connection therewith, the Collateral Agent is acting solely on behalf of the Secured Parties and its duties are entirely administrative in nature. The Collateral Agent does not assume and shall not be deemed to have assumed any obligation other than as expressly set forth herein, in the Transaction Documents and any other documents required to be executed or delivered in connection therewith related hereto or any other relationship as the agent, fiduciary or trustee of or for any Secured Party or holder of any other obligation under this Agreement or the Notes. The Collateral Agent may perform any of its duties under any Transaction Document by or through its agents or employees.

(d) None of the Collateral Agent, any of its affiliates or any of their respective directors, officers, agents or employees shall be liable for any action taken or omitted to be taken by it, him, her or them under or in connection with this Agreement or the other Transaction Documents, except for its, his, her or their own gross negligence or willful misconduct.

(e) Each Secured Party acknowledges that it shall, independently and without reliance upon the Collateral Agent or any other Secured Party conduct its own independent investigation of the financial condition and affairs of the Company and its Subsidiaries in connection with the issuance of the Securities. Each Secured Party also acknowledges that it shall, independently and without reliance upon the Collateral Agent or any other Secured Party and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement and other Transaction Documents.

(f) Each Secured Party, severally but not jointly and on a pro rata basis, agrees to indemnify the Collateral Agent and each of its affiliates, and each of their respective directors, officers, employees, agents and advisors (to the extent not reimbursed by the Borrower), from any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses and disbursements (including fees, expenses and disbursements of financial and legal advisors) of any kind or nature whatsoever that may be imposed on, incurred by, or asserted against, the Collateral Agent or any of its affiliates, directors, officers, employees, agents and advisors in any way relating to or arising out of this Agreement or the other Transaction Documents or any action taken or omitted by the Collateral Agent under this Agreement or the document related thereto; *provided, however*, that no Secured Party shall be liable for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from the Collateral Agent's or such Affiliate's gross negligence or willful misconduct.

(g) The Collateral Agent may resign at any time by giving written notice thereof to the Secured Parties and the Company. Upon any such resignation, the Secured Parties shall have the right to appoint a successor Collateral Agent. If no successor Collateral

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Agent shall have been so appointed by the Secured Parties, and shall have accepted such appointment, within 30 days after the retiring Collateral Agent's giving of notice of resignation, then the retiring Collateral Agent may, on behalf of the Secured Parties, appoint a successor Collateral Agent, selected from among the Secured Parties. Upon the acceptance of any appointment as Collateral Agent by a successor Collateral Agent, such successor Collateral Agent shall succeed to, and become vested with, all the rights, powers, privileges and duties of the retiring Collateral Agent, and the retiring Collateral Agent shall be discharged from its duties and obligations under this Agreement, the Transaction Documents and any other documents required to be executed or delivered in connection therewith. Prior to any retiring Collateral Agent's resignation hereunder as Collateral Agent, the retiring Collateral Agent shall take such action as may be reasonably necessary to assign to the successor Collateral Agent its rights as Collateral Agent under the Transaction Documents. After such resignation, the retiring Collateral Agent shall continue to have the benefit of this Agreement as to any actions taken or omitted to be taken by it while it was Collateral Agent under this Agreement, the Transaction Documents and any other documents required to be executed or delivered in connection therewith.

(h) Each Secured Party agrees that any action taken by the Collateral Agent in accordance with the provisions of this Agreement or of the other document relating thereto, and the exercise by the Collateral Agent or the Secured Parties of the powers set forth herein or therein, together with such other powers as are reasonably incidental thereto, shall be authorized and binding upon all of the Secured Parties.

(i) Each of the Secured Parties hereby directs, in accordance with the terms hereof, the Collateral Agent to release (or in the case of *clause (ii)* below, release or subordinate) any Lien held by the Collateral Agent for the benefit of the Secured Parties against any of the following: (i) all of the Collateral upon payment and satisfaction in full of all obligations under the Notes and all other obligations under the Transaction Documents that the Collateral Agent has been notified in writing are then due and payable; (ii) any assets that are subject to a Lien permitted by Section 3.2); and (iii) any part of the Collateral sold or disposed of by the Company or any Subsidiary if such sale or disposition is permitted by this Agreement and the Notes (or permitted pursuant to a waiver or consent of a transaction otherwise prohibited by this Agreement and the Notes). Each of the Secured Parties hereby directs the Collateral Agent to execute and deliver or file such termination and partial release statements and do such other things as are necessary to release Liens to be released pursuant to this Section 7.14 promptly upon the effectiveness of any such release.

(j) The contact information for the Collateral Agent is: JUAN CARLOS LUNA.

(k) The Collateral Agent:

(i) shall not be responsible in any manner for the validity, correctness or sufficiency of any document or instrument received by or made available to it, in its capacity as Collateral Agent hereunder.

(ii) shall be entitled to act upon any written certificate, statement, notice, demand, request, consent, agreement or other instrument whatever, not only in reliance upon its due execution and the validity and effectiveness of its provisions, but also

Grantor's Initials: \_\_\_\_\_

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as to the accuracy and completeness of any information therein contained, which the Collateral Agent shall in good faith believe to be genuine and to have been signed or presented by any authorized person.

(iii) shall be entitled to request and receive from any party hereto such documents in addition to those provided for herein as the Collateral Agent may deem necessary to resolve any questions of fact involved in the administration of its duties hereunder.

(iv) may, at the expense of the remaining parties, consult independent counsel of its choice in respect to any question relating to its duties or responsibilities under this Agreement, and shall not be liable for any action taken or omitted in good faith on advice of such counsel.

(v) shall be under no obligation to advance any monetary sum in connection with the maintenance or administration of this Agreement, to institute or defend any action, suit or legal proceeding in connection herewith, or to take any other action likely to involve the Collateral Agent in expense, unless first indemnified by the remaining parties to the Collateral Agent's satisfaction.

(vi) shall not be bound by any amendment to this Agreement or by any other such amendment or agreement unless the same shall have been executed by the Collateral Agent.

(vii) shall have only such duties and responsibilities as are expressly set forth in this Agreement in the performance of its obligations hereunder.

(viii) acknowledges specifically its obligations under section 6.2(b) above regarding pro rata distributions of the proceeds of any collection or sale of the Collateral, as well as any Collateral consisting of cash.

(ix) may, if it becomes uncertain concerning its rights and responsibilities with respect to its duties or if it receives instructions with respect to the Collateral that it believes to be in conflict with this Agreement or is advised that a dispute has arisen with respect to its duties under this Agreement, without liability, refrain from taking any action until it is directed otherwise in a writing signed by all of the Secured Parties or by an order of a court of competent jurisdiction. The Collateral Agent is not obligated to institute or defend any legal proceedings, although it may, in its sole discretion and at the remaining parties' expense, institute or defend such proceedings (including proceedings seeking a declaratory judgment) and join interested parties.

(x) The Collateral Agent will be paid a fee of \$1,000 USD for its agreement to serve as the Collateral Agent. This fee is payable upon the execution of this Agreement.

*[Signature page follows]*

Grantor's Initials: \_\_\_\_\_

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IN WITNESS WHEREOF, the parties have duly executed this Security Agreement as of the day and year first written above.

**GRANTOR**

By: Sports Pro Development, LLC

Name: JUAN CARLOS PADILLA AZARCOYA

Title: MANAGING-MEMBER

By: \_\_\_\_\_

Name: JUAN CARLOS PADILLA AZARCOYA

Title: AN INDIVIDUAL RESIDING IN TEXAS

**SECURED PARTY**

By: \_\_\_\_\_

Name: BLANC ALPS, LLC,

By: \_\_\_\_\_

Rolando Elias

**Acknowledged and agreed:**

**Collateral Agent:**

By: LAWGISTIC, LTD. CO.

Name: JUAN CARLOS LUNA

Grantor's Initials: JCP [Signature] \_\_\_\_\_

Title: MANAGING-MEMBER

STATE OF Texas

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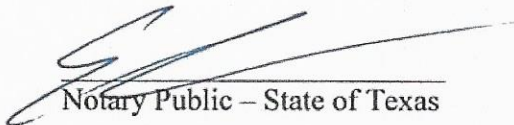
COUNTY OF Montgomery

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BEFORE ME, the undersigned, a Notary Public in and for the State of Texas, on this day personally appeared SPORTS PRO DEVELOPMENT LLC, AND JUAN CARLOS PADILLA, known to me to be the persons whose names are subscribed to the foregoing instrument, and acknowledge to me that they executed it for the purposes and consideration expressed in it.

GIVEN UNDER MY HAND SEAL OF OFFICE, this 25 Day of September, 2019.

  
Notary Public – State of Texas



Return to:

After Recording, Return To:  
Luis F. Hess Law PLLC  
250 Ed English Drive  
Building 3- Unit C  
Shenandoah, TX 77385

Grantor's Initials: JCP

**EXHIBIT A**  
**Secured Parties**

BLANC ALPS; LLC

Grantor's Initials: JG [Signature] \_\_\_\_\_

## **SCHEDULE A**

- 1. Places of Business;**
- 2. Chief Executive Office;**
- 3. Filing Locations**
- 4. Any collateral owed now, or in the future, by the Grantors**

Grantor's Initials: \_\_\_\_\_

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**PROMISSORY NOTE**

\$440,000.00 USD Total

Montgomery County, Texas

09-24-2019

FOR VALUE RECEIVED, the undersigned, **SPORTS PRO DEVELOPMENT LLC**, and **JUAN CARLOS PADILLA AZARCOYA**, with Texas Driver's License 37207268, (individually or collectively, "Maker"), having the former Maker having an address at 25211 GROGANS MILL ROAD #330B, THE WOODLANDS, TX 77380, and the latter Makers having an address at 6 Desert Rose Place, The Woodlands, TX 77382 jointly and severally promises to pay to the order of **BLANC ALPS; LLC**, and any successors and assigns ("Payee"), the principal amount of **FOUR HUNDRED AND FORTY THOUSAND DOLLARS (\$440,000.00 USD)**. Payment can be made directly to Payee or to the any other person or business designated by the Payee.

The principal amount of this Promissory Note ("Note") and its interest are due and payable in two installments, as follows:

On or before October 31st, 2019, the amount of \$80,000.00 dollars

On or before February 15<sup>th</sup>, 2010, the amount of \$360,000.00 dollars

No additional extensions are permitted. No grace period is permitted. The single payment is to be deposited in full into the following bank account: Wells Fargo Bank, Account Number: 2475980799 – Wire transfer routing number RTN 121000248, under the name of **BLANC ALPS, LLC**.

Maker may from time to time prepay all or any portion of the principal under this Note without premium or penalty. All payments and prepayments of principal or interest must be made in U.S. currency in immediately available funds at the address of Payee indicated above or at a place the holder of this Note designates in writing to Maker. Payments by check or draft do not constitute payment in immediately available funds until the required amount is actually received by Payee in full. If any payment of principal or interest under this Note becomes due on a day that is not a Business Day (defined below), the payment must be made on the next Business Day, and this extension of time must be included in computing interest in connection with the payment. The term "Business Day" means any day other than a Saturday, Sunday, or any other day on which banks are closed.

All payments of the indebtedness evidenced by this Note will be applied in the following order of priority: (a) to the payment or reimbursement of any expenses, costs, or obligations (other than the outstanding principal balance of and interest under this Note) for which Maker is obligated or to which Payee is entitled under this Note or any other Loan Document (defined below), (b) to any accrued but unpaid interest then due and payable, and (c) to the principal amount then due and payable. If an Event of Default (defined below) exists under this Note or under any other Loan Document, Payee may, at Payee's sole discretion, apply any payments, at any time and from time to time, to any of the items specified in clauses (a), (b), or (c) above without regard to the order of priority specified above, and any application to the outstanding principal balance under this Note may be made in either direct or inverse order of maturity. The term "Loan Document" means this Note, any mortgage or deed of trust, any loan agreement, any assignment of rents, any guaranty, and any other agreements, documents, and instruments now or later governing, securing, or guaranteeing any portion of the indebtedness evidenced by this Note or executed in connection with the loan evidenced by this Note, together with

Maker's Initials Here: JCA

Maker's Initials Here: [Signature]

any and all renewals, modifications, amendments, restatements, consolidations, substitutions, replacements, extensions, and supplements.

All past-due installments of principal will bear interest at an annual rate ("Default Interest Rate") equal to eighteen percent (18%), or the maximum rate is under Texas law (whichever is lower). During the existence of an Event of Default (defined below), the entire unpaid balance of principal will, at the option of the holder of this Note, bear interest at the Default Interest Rate. Despite the foregoing, if at any time the interest rate that this Note bears exceeds the Highest Lawful Interest Rate (defined below), the rate of interest that this Note bears will be limited to the Highest Lawful Interest Rate. The term "Highest Lawful Interest Rate" means the greater of (a) the maximum rate of interest permitted at the time under any federal law applicable to the indebtedness evidenced by this Note or (b) the "weekly ceiling" in effect at the time as that term is defined in Texas Finance Code Chapter 303, as amended ("Act"), and that would be applicable to the indebtedness evidenced by this Note under the Act. The parties acknowledge that the date of this Note is the date on which the indebtedness evidenced by this Note has been contracted for.

The occurrence of any one of the following is a default under this Note ("Event of Default"):

1. Maker's failure to pay any installment of principal or interest on this Note or on any other indebtedness of Maker to Payee when due.
2. Maker's failure to fully and timely perform, observe, or keep all covenants, agreements, and conditions contained in this Note or in any other Loan Document.
3. Maker: (a) makes a transfer in fraud of creditors, or makes an assignment for the benefit of creditors, or admits in writing its inability to pay its debts as they become due, (b) generally is not paying its debts as they become due, (c) has a receiver, trustee, or custodian appointed for, or take possession of, all or substantially all of its assets, in a proceeding brought either by or against it, and the appointment is not discharged or possession is not terminated within twenty (20) days after the effective date of the appointment or possession or it consents to or acquiesces in the appointment or possession, (d) files a petition for relief under the Bankruptcy Code or any other present or future federal or state insolvency, bankruptcy, or similar laws (collectively called "Applicable Bankruptcy Law"), or an involuntary petition for relief is filed against it under any Applicable Bankruptcy Law and the involuntary petition is not dismissed within thirty (30) days after it is filed, or an order for relief naming Maker is entered under any Applicable Bankruptcy Law, or any composition, rearrangement, extension, reorganization, or other relief of debtors now or later existing is requested or consented to by Maker, (e) fails to have discharged within a period of twenty (20) days any attachment, sequestration, or similar writ levied on any of its property, or (f) fails to pay within twenty (20) days any final money judgment against it.

Following an Event of Default, the holder of this Note may, at its option, without further notice or demand, (a) declare the outstanding principal balance of and the accrued but unpaid interest under this Note at once due and payable, (b) foreclose any liens securing payment under this Note, (c) pursue any and all other rights, remedies, and recourses available to it under this Note or under any other Loan Document, including but not limited to any such rights, remedies, or recourses available at law or in equity, or (d) pursue any combination of the foregoing. Any homes, automobiles, bank accounts, or other assets of value will serve as collateral on this note.

Maker's Initials Here: JCF      Maker's Initials Here: [Signature]

The failure to exercise the option to accelerate the maturity of the indebtedness evidenced by this Note or any other right, remedy, or recourse available to the holder of this Note on the occurrence of an Event of Default does not constitute a waiver of the holder's right to exercise the same at that time or at any later time with respect to that Event of Default or any other Event of Default. The rights, remedies, and recourses of the holder as provided in this Note and available under applicable law or in equity are cumulative and concurrent and may be pursued separately, successively, or together as often as necessary, at the sole discretion of the holder. The acceptance by the holder of any payment under this Note that is less than the payment in full of all amounts due and payable at the time of the payment will not (a) constitute a waiver of or impair, reduce, release, or extinguish any right, remedy, or recourse of the holder, or nullify any prior exercise of any right, remedy, or recourse, or (b) impair, reduce, release, or extinguish the obligations of any party liable under this Note or any other document executed in connection with this Note as originally provided in these documents.

Except as otherwise set forth in this Note, Maker waives demand, presentment for payment, notice of nonpayment or nonperformance, protest, notice of protest, notice of dishonor, notice of intent to accelerate, notice of acceleration, and all other notice of any kind, filing of suit and diligence in collecting on this Note or enforcing any of the security for this Note, and consents to all extensions that from time to time may be granted by the holder of this Note and to all partial payments on this Note, whether before or after maturity.

If this Note is not paid when due, whether at maturity or by acceleration or otherwise, or if this Note is placed in the hands of an attorney for collection, or is collected in whole or in part by suit or through probate, bankruptcy, or other legal proceedings of any kind, Maker agrees to pay, in addition to all other amounts payable under this Note, all costs and expenses of collection, including but not limited to attorney fees.

Despite any contrary provisions in this Note, or in any other document executed in connection with this Note, or in any other agreement or commitment, whether written or oral, expressed or implied, the holder of this Note cannot charge or be entitled to receive or collect as interest an amount greater than the maximum permitted by applicable law to be charged to the person, partnership, firm, or corporation primarily obligated to pay this Note. If any construction of this Note, or any and all other papers, agreements, or commitments, indicates a different right given to the holder to ask for, demand, or receive any larger amount as interest, it is a mistake in calculation or wording, which this clause will override and control; it being the intention of the parties that this Note and all other instruments executed in connection with this Note will comply with applicable law, and that proper adjustment will automatically be made accordingly. If the holder ever receives, collects, or applies as interest any amount in excess of the maximum permitted by applicable law, the excess amount will be applied to the reduction of the unpaid principal balance of this Note, in the inverse order of maturity, and not to interest, and if this Note is paid in full, any remaining excess will be refunded to Maker. In determining whether the interest paid or payable, under any specific contingency, exceeds the maximum permitted by applicable law, Maker and the holder will, to the maximum extent permitted under applicable law, (a) characterize any no principal payment as an expense, fee, or premium rather than as interest, (b) exclude voluntary prepayments and their effects, and (c) amortize, prorate, allocate, and spread the total amount of interest throughout the entire term of this Note (including any renewals or extensions) so that the interest rate is uniform throughout the entire term of this Note and does not exceed the maximum permitted by applicable law. The provisions of this paragraph control all existing and future

Maker's Initials Here: JSF

Maker's Initials Here: [Signature]

agreements between Maker and the holder.

This Note is executed and delivered in the State of Texas and intended to be performed in Montgomery County, Texas, and except to the extent that the laws of the United States may preempt or govern the terms of this Note, this Note will be governed by and construed in accordance with the laws of the State of Texas. Maker irrevocably agrees that if there is any dispute involving this Note or any other instruments executed in connection with this Note, venue for the dispute will be proper in any court of competent jurisdiction in Montgomery County, Texas.


This Note and all the covenants, promises, and agreements contained in it are binding on and inure to the benefit of the respective heirs, devisees, legal and personal representatives, successors, and assigns of the holder of this Note and the Maker.

All notices, requests, consents, demands, and other communications that are required or that any party wants to give under this Note or under any other Loan Document must be in writing and, unless otherwise specifically provided in the other Loan Document, will be deemed sufficiently given or furnished if delivered by personal delivery, by nationally recognized courier with proof of delivery, by prepaid registered or certified U.S. mail, addressed to the party to whom directed at the address specified in the first paragraph of this Note (unless changed by similar notice in writing given by the particular party whose address is to be changed) or by fax. Any notice or communication will be deemed to have been given either at the time of personal delivery or, in the case of delivery service or mail, as of the date of first attempted delivery at the address and in the manner provided in this Note, or, in the case of fax, on receipt. Despite the foregoing, no notice of change of address will be effective except on receipt, and service of a notice required by Texas Property Code Section 51.002, as amended, will be considered complete when the requirements of that statute are met. This paragraph must not be construed in any way to affect or impair any waiver of notice or demand provided in any Loan Document or to require giving of notice or demand to or on any person in any situation or for any reason.

**THIS NOTE AND THE OTHER DOCUMENTS EXECUTED IN CONNECTION WITH IT REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.**

EXECUTED as of SEPTEMBER 24th, 2019.

**MAKER:**

Signature: 

Name: JUAN CARLOS PADILLA AZARCOYA of  
behalf of SPORTS PRO DEVELOPMENT LLC  
Title: Director & Member of SPORTS PRO  
DEVELOPMENT LLC

Maker's Initials Here: 

Maker's Initials Here: 

MAKER:

Signature: \_\_\_\_\_

Name: JUAN CARLOS PADILLA AZARCOYA

Title: Self

STATE OF Texas §  
COUNTY OF Montgomery §

BEFORE ME, the undersigned, a Notary Public in and for the State of Texas, on this day personally appeared SPORTS PRO DEVELOPMENT LLC, and JUAN CARLOS PADILLA AZARCOYA, on behalf of himself, known to me to be the persons whose names are subscribed to the foregoing instrument, and acknowledge to me that they executed it for the purposes and consideration expressed in it.

GIVEN UNDER MY HAND SEAL OF OFFICE, this 25 Day of September, 2019.

\_\_\_\_\_  
Notary Public – State of Texas

Return to:



Maker's Initials Here: JP

Maker's Initials Here: \_\_\_\_\_

## SETTLEMENT AGREEMENT AND RELEASE

This Settlement Agreement and Release ("Settlement Agreement" or "this Agreement") is entered into on or about January 30<sup>th</sup>, 2020, by and between BLANC ALPS, LLC. represented by Rolando Elias, referred to as a "Creditor"; and Sports Pro Development LLC, and Juan Carlos Padilla Azarcoya, collectively referred to as "Debtors". Creditor and Debtors are collectively referred to as "the Parties".

### RECITALS

WHEREAS, a dispute arose between Creditor and Debtor whereby Creditor alleged that Debtors breached the promissory notes between Creditor and Debtors by failing to pay promissory notes, interests and penalty fees totaling FOUR HUNDRED AND FORTY SEVEN THOUSAND TWO HUNDRED DOLLARS (\$447,200.00 USD).

WHEREAS, Debtors fully admits, and confirms that the money is owed to Creditor, and that Debtor have the necessary financial conditions to cover such debt.

These stated disputes are collectively referred to as "the Dispute."

WHEREAS, the Parties desire to fully and finally settle and compromise all claims, matters, and causes of action between and among them related to the Dispute, except as expressly described herein, and to enter into certain promises and agreements between them.

WHEREAS, to avoid the costs, risks, burdens, uncertainty and inconvenience of further litigation, and to buy peace, the Parties have agreed to resolve all claims, matters, disputes, and causes of action related to the Dispute, except as expressly described herein, pursuant to the terms of this Agreement.

## AGREEMENT

THEREFORE, in consideration of the promises, mutual agreements and releases set forth in this Agreement, which is acknowledged to be sufficient, the Parties, intending to be legally bound, agree:

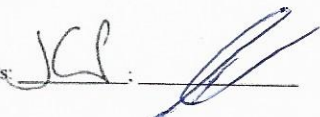
### 1. Definitions

1.1 All references to the Creditor include their members, indemnitor's, insurers, estates, agents, servants, attorneys and legal representatives, and any and all other persons and entities in privity with any of the foregoing persons and entities.

1.2 All references to Sports Pro Development LLC, include all of its respective owners, investors, predecessors, assigns, subsidiaries, affiliates, partners, limited partners, principals, successors, parents, guarantors, contractors, indemnitors, insurers, estates, agents, servants, employees (present and former), volunteers, receivers, administrators, directors, shareholders, direct and indirect equity holders, officers, board, attorneys and legal representatives, and any and all other persons and entities in privity with any of the foregoing persons and entities.

1.3 All references to Juan Carlos Padilla Azarcoya, an individual, include those persons and entities listed in the recitals of this Agreement and include all of his respective guarantors, indemnitor's, insurers, estates, agents, servants, attorneys and legal representatives, and any and all other persons and entities in privity with any of the foregoing persons and entities.

1.4 All references to "Parties" or "the Parties" include Creditor, Debtors, and all persons and entities included in the respective definitions listed in sections 1.1, 1.2, 1.3, of this Agreement.

Debtor Initials: 

## 2. Payment Provision

In consideration of the Parties' mutual releases of any and all claims, whether known or unknown related to the Dispute, and in consideration of all covenants, promises, agreements and payments set forth in this Agreement, which are hereby acknowledged to be sufficient, Debtors promise to make the following payments to and/or for the benefit of Creditor.

(1) Payment in full of debt ammount: A BANK WIRE TRANSFER in the amount of FOUR HUNDRED AND FORTY SEVEN THOUSAND TWO HUNDRED DOLLARS (\$447,200.00 USD). to the benefit of Creditor to be received no later than February 17<sup>th</sup>, 2020.

BANK WIRE TRANSFER INSTRUCTIONS WILL BE PROVIDED AND CONFIRMED BY CREDITOR IN ADVANCED, or as reflected in the Promissory Note executed on this same date.

## 3 Debtors Release of All Claims against Creditor

3.1 UPON THE EXECUTION OF THIS AGREEMENT AND FULL, TIMELY AND COMPLETE PAYMENT OF THE CONSIDERATION SET FORTH IN SECTION 2, DEBTORS RELEASE, AQUIT, WAIVE, AND FOREVER DISCHARGE WITH PREJUDICE CREDITOR FROM ANY AND ALL CLAIMS, ACTIONS, CAUSES OF ACTION, APPEALS, SUITS, RIGHTS, OBLIGATIONS, DAMAGES, LOSSES, CHARGES, DEBTS, PROMISES, COVENANTS, AGREEMENTS, ENDORSEMENTS, CONTROVERSIES, SUITS, LIABILITIES, AND DEMANDS WHATSOEVER, WHETHER FORESEEN OR UNFORESEEN, KNOWN OR UNKNOWN, DISCLOSED OR UNDISCLOSED, DISCOVERED OR UNDISCOVERED, EXPRESS OR IMPLIED, REAL OR IMAGNIARY, SUSPECTED OR UNSUSPECTED, LIQUIDATED OR UNLIQUIDATED, ACCRUED OR

Debtor Initials:

JCP

UNACCRUED, MATURED OR UNMATURED, IN LAW, EQUITY OR OTHERWISE, OF WHATEVER NATURE, WHICH THEY HAVE OR HAD THAT RELATE IN ANY WAY TO THE DISPUTE, INCLUDING ANY CLAIMS THAT WERE ASSERTED OR COULD HAVE BEEN ASSERTED BY THE DEBTOR RELATED TO THE DISPUTE.

3.2 The Debtors further acknowledge that the release in this Agreement encompasses all claims for any type, kind or character of damages, whether now or hereafter recognized by law, BUT DOES NOT INCLUDE A RELEASE AS TO THE OBLIGATION TO MAKE THE FULL PAYMENTS DESCRIBED IN SECTION 2 OF THIS AGREEMENT, nor any other legal consideration, claims, suites and legal actions in case Debtors provide false information, misrepresentations, or inaccurate, false or incomplete information, financial disclosures, business continuity plans, business operations, ongoing claims and any and all other actions that according to Debtors will allow them to fully and timely cover the debts.

3.3 Only the consideration stated herein has been paid or agreed to be paid for this Agreement, it being the understanding that the same, when actually paid to Creditor as provided in Section 2 is to constitute a **FULL** and **FINAL** settlement and release of any and all claims which the Parties may have by virtue of damages described. Once Debtors actually pays Creditor, a full and final settlement and a release of any and all claims against Debtors is fully executed and enforceable.

#### **4. Other Representations and Warranties**

The Parties represent and warrant that they are the sole and lawful owners of all of their respective claims, rights, demands and causes of action that could be asserted in a lawsuit or any other dispute resolution forum with jurisdiction, or are relinquishing by executing this Agreement and that no other person or entity has any interest in such claims, rights, demands and

Debtor Initials:



causes of action. The Parties further represent that they have not assigned or conveyed any of their respective claims, rights, demands, or causes of action to any other person or entity. The Parties further agree that the obligations imposed by this Agreement are not assignable.

**5. Basis for Parties' Understanding of the Agreement**

The Parties also acknowledge the contested and adversarial nature of the correct Dispute and stipulate that in executing this Agreement they are not relying on any statements or representations by any other party or its agents, representatives or attorneys, with regard to (1) facts underlying the Dispute, (2) the subject matter or effect of this Agreement, and (3) any other facts or issues which might be deemed material to the decision to enter into this Agreement, other than as specifically set forth in this Agreement. The Debtors hereby expressly waives and releases any claims that it may have with regard to fraud or fraud in the inducement as it relates to this Agreement. The Parties have also been given the opportunity to retain legal counsel to advise them concerning this Agreement.

**6. Governing Law**

This Agreement, and the rights and obligations of the Parties hereunder, shall be governed by and interpreted in accordance with the substantive laws of the State of Texas without regard to its conflict of law principles. The Parties further agree that the state and federal courts situated in Montgomery County, Texas, shall have personal jurisdiction over them for any and all disputes and claims whatsoever between the Parties including the enforceability of this settlement agreement. The Parties also agree that venue for any such disputes and claims shall be exclusively in the state or federal courts in Montgomery County, Texas.

Debtor Initials:

JCF

## **7. Admission of Fault**

7.1 This Agreement, the monies paid and other consideration given by Debtors under this Agreement shall constitute an admission of fault, wrongdoing or liability.

7.2 The Debtors are fully aware and acknowledge that this compromise and any part hereof shall be construed or used against themselves as an admission of liability. The Debtors acknowledge that they do not deny liability, and this compromise is being made with prejudice to any of the rights of the Debtors.

7.3 The Debtors acknowledge that they expressly understand that this Agreement, and the settlement it represents may be asserted against them by the Creditor(s) to any claim, cause of action or suit now pending or hereafter brought by the Creditor, or any other person or entity claiming by, under or through any other party, which is based on any of the matters herein. In this regard, the Debtors specifically accept liability in connection with any claims from the Creditor, which have been made or could have been made, or which are the subject matter of, or arise from, or are connected directly or indirectly with or related in any way to the allegations raised related to the Dispute, including, but not limited to, any violation of any federal or state law (whether statutory or common law), rule or regulation, and the Debtors specifically accept that a violation of any such law, rule, or regulation has occurred.

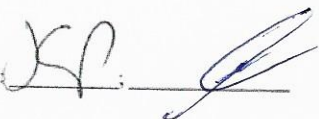
## **8. Attorney's Fees, Expenses and Court Costs**

The Debtors agree to pay the Creditor's attorney's fees, court costs and expenses incurred in relation to the Dispute and this Agreement.

## **9. Confidentiality**

The Parties shall keep the contents of this Agreement confidential and not divulge its terms (specifically including, but not limited to, the amount of money to be paid pursuant to

Debtor Initials:



Section 2) to any person or entity except that (1) Creditor may disclose the terms of this Agreement to its accountant or financial advisor to the extent necessary to render tax or financial advice, or to comply with any laws requiring the disclosure of the terms of this Agreement and to any management level employees or officers / directors on a "need-to-know" basis; (2) Debtors may disclose the terms of this Agreement to their respective accountants or financial advisors to the extent necessary to render tax or financial advice, or to comply with any laws requiring the disclosure of the terms of this Agreement, and to any management level employees or officers/ directors on a "need-to-know" basis; and (3) the Parties may disclose the terms of this Agreement in response to court order or to the extent necessary to enforce this Agreement by legal process, or in order to comply with this Agreement. Disclosure of the mere existence of this Agreement shall not constitute a breach of this provision. The Parties represent that they have not previously revealed the contents of this Agreement to any person or entity except as allowed herein. The Parties acknowledge and agree that the consideration for this provision is the mutual promise of confidentiality among the Parties.

#### **10. Default**

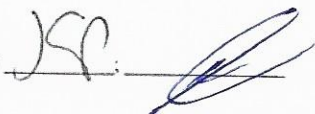
**There shall occur a Default under this Agreement if:**

10.1 The consideration set forth in Section 2 and all subsections thereof is not received by Creditor in accordance with the terms hereof, and if any other obligation assumed by Debtors, is not complied with on time.

#### **11. Notice of Default and Right to Cure**

If and when a Party alleges that another Party is in default of this Agreement, that Party has no obligation to send a notice of default to the defaulting party and its attorney.

Debtor Initials: \_\_\_\_\_




## 12. Prior Agreements Superseded

This Agreement supersedes all prior agreements, written or oral, between the Parties. It is understood and agreed that all future rights and obligations of the Parties as to each other shall be governed solely by this Agreement. There are no other agreements, covenants, promises or arrangements between the Parties relating to the subject of this Agreement other than those set forth herein. There is no other consideration for this Agreement other than the consideration set forth in this Agreement. No amendment, modification, restatement or supplement of this Agreement, except as stated above, shall be valid unless the same is in writing and signed by all of the Parties.

## 13. Severability and Execution

The Parties agree if any provision of this Agreement is held to be illegal or unenforceable, such provision shall be fully severable from this Agreement. Additionally, this Agreement shall be interpreted and enforced as if any such illegal or unenforceable provision had never been part of this Agreement, and the remaining provisions of this Agreement shall remain in full force and effect. The Agreement shall be executed in subparts, each of which shall be deemed an original, but all of which together shall constitute one and the same Agreement. The signature page can be transmitted by via facsimile, mail, or PDF file to counsel or, if not represented by counsel, to an agent of the other Party. Any signature made and transmitted by facsimile, mail, or PDF file for purposes of executing this Agreement shall be deemed an original signature and shall be binding upon the Party whose counsel or agent transmits the signature page by facsimile, mail, or PDF file.

Debtor Initials:

JSN 

#### **14. No Oral Modifications**

This Agreement may not be modified, amended or terminated orally. No modification, amendment or termination, or any waiver of any of the provisions of this Agreement, shall be binding unless same is in writing and signed by the person against whom such modification, amendment or waiver is sought to be enforced.

#### **15. No Waiver**

The failure or delay of any of the Parties to enforce at any time any provision of this Agreement, or any course of dealing among the Parties, shall not be construed to be a waiver of such provision, nor in any way affect the validity of this Agreement or any part thereof or any right of any person thereafter to enforce each and every provision. No waiver of any breach of this Agreement shall be held to constitute a waiver of any other breach.

No single or partial exercise of any right, power or privilege hereunder shall preclude any other or further exercise thereof or the exercise of any other right, power or privilege hereunder. No notice to or demand on any party in any case shall entitle such party to any other or further notice or demand in similar or other circumstances (unless otherwise required hereunder) or constitute a waiver of the rights of any party to any other or further action in any circumstances without notice or demand.

#### **16. Consideration**

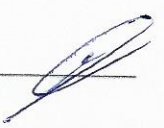
The Parties acknowledge, warrant and agree that adequate consideration was exchanged and supplied by all Parties to this Agreement.

Debtor Initials: JSF : [Signature]

### 17. Execution of Necessary Documents

To the extent not previously reflected in this Agreement, the Parties agree that the following contracts or agreements will be signed and presented effective upon the signing of this Agreement:


1. Debtors agree that in case of breach of its payments obligations, and in a term not to exceed 10 calendar days, they will transfer control of Debtor's bank accounts thru corporate minutes and appoint Creditor (specifically Rolando Elias) as a co-signer on all personal and commercial bank accounts, in order to have direct access to payments funds regarding the debt.
2. Debtors are obligated to provide a list of all assets and complete bank accounts within ten business days from the execution of this contract. Provided that Debtors hereby have confirmed that the following is the sole active bank account for the business, and that no other bank account exist nor will be created, which directly receives deposits of all proceeds and related payments from its business activities, and that such account shall be managed jointly with Creditor, as reflected in a Corporate minute by Debtor, in case of breach of any payment obligation reflected in this document. Account information: Sports Pro Development LLC Account Number 2475980377 – WELLS FARGO BANK , NA – Bank Address: 420 Montgomery San Francisco CA 94104 . (ABA 121000248) (SWIFT WFBIUS6S).
3. Debtors will not engage in, or participate as members, managers, or a shareholder of any other entity that promotes executes the same type of activities (i.e., a company that organizes soccer games within the USA) in order to avoid paying

Debtor Initials: JS : 

Creditor. If Debtors do violate this agreement, Debtors agree to a court-ordered injunction prohibiting Debtors from participating in such activities.

4. In case of any partial breach of its payment obligations, as described above, Debtors commits to immediately execute and sign instruction letters to the stadiums and ticket companies for any programmed games to be organized directly or indirectly by Debtors, and specifically directing the stadiums and ticket companies to hold payments in escrow in the name of the Creditor, until full, complete and direct instructions are given to them by a Creditor representative. Such letters must be signed and delivered to Creditor, no later than five calendar days after the day of partial breach of its payments obligations. The intention is to have a signed commitment by Debtor that all payments on their ticketing sales up to the amount of the debt shall be made directly to the bank account designated by Creditor. – see Exhibit 1 for model IRREVOCABLE LETTER OF INSTRUCTION. Debtor agrees to remain at all time fully liable and responsible for the timely execution of all terms and conditions under its obligations with its partners, and any and all other specific considerations and obligations assumed in the related agreements between them
5. Debtors will execute on the same day of execution of this agreement another single promissory for FOUR HUNDRED AND FORTY SEVEN THOUSAND TWO HUNDRED DOLLARS (\$447,200.00 USD). in favor of the Creditor. The note shall be recorded and then released once payment has been received in full.
6. Debtors will execute on the same day of execution of this agreement a Security Agreement of Favor of Creditor.

Debtor Initials:



**18. No Assignment**

Creditor agrees that to the best of its knowledge, no other person or entity is entitled to assert any claims of any kind based on or arising out of the incident in question and/or Creditor's claims in the potential lawsuit or this Agreement, and that Creditor has not sold or transferred same.

**SIGNATURE PAGE TO FOLLOW**

Debtor Initials:           

A handwritten signature in blue ink, consisting of stylized, overlapping loops and a long horizontal stroke extending to the right.

AGREED AND ACCEPTED:

Print Name:

Rolando Elías

On behalf of

BLANC ALPS, LLC

AGREED AND ACCEPTED:

Print Name:

Juan Carlos Padilla

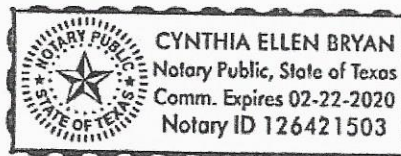
On behalf of Sports Pro Development LLC

STATE OF Texas §  
COUNTY OF Montgomery §

Before me, a Notary Public, on this date personally appeared Juan Carlos Padilla  
(title) of Sports Pro Development LLC., known to be the person and officer  
whose name is subscribed on the foregoing instrument and acknowledged to me the same was  
the act of \_\_\_\_\_ and that he executed the same on behalf of himself for the  
purpose of consideration therein expressed in the capacity stated therein.

Given my hand and seal of office this 31<sup>st</sup> day of January, 2020

Cynthia E. Bryan  
Notary Public, State of



Debtor Initials: X1

AGREED AND ACCEPTED:

[Signature]  
Print Name:

Juan Carlos Padilla Azarcoya.

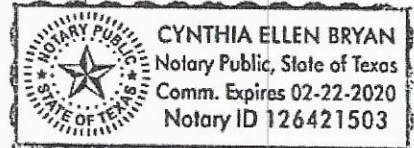
STATE OF Texas §

COUNTY OF Montgomery §

Before me, a Notary Public, on this date personally appeared Juan Carlos Padilla Azarcoya (title) of Juan Carlos Padilla Azarcoya., known to be the person whose name is subscribed on the foregoing instrument and acknowledged to me the same was the act of \_\_\_\_\_ and that he executed the same on behalf of himself for the purpose of consideration therein expressed in the capacity stated therein.

Given my hand and seal of office this 31<sup>st</sup> day of January, 2019.

Cynthia E. Bryan  
Notary Public, State of



Debtor Initials: [Signature]

ANNEX

DRAFT FORMAT

Letters to the stadiums and ticket companies for the  
programmed games

[COMPANY LETTERHEAD]

**THE IRREVOCABLE LETTER OF INSTRUCTION**

Date:

To: *NAME OF STADIUM- TICKET AGENT*

To the attention of:


Dear Sirs,

RE: Sports Pro Development, LLC – event \_\_\_\_\_<sup>th</sup>, 20\_\_

We, Sports Pro Development, LLC, acting by its legal representative signing below Mr. Juan Carlos Padilla, and in reference to our contract and commercial engagement, Dated and executed between you and us, on \_\_\_\_\_, 20\_\_, regarding the soccer game to be held at:

DETAILS

We, hereby give you irrevocable notice that we have absolutely assigned to the benefit of BLANC ALPS, LLC (LENDER), 100%, all the Game Proceeds derived from the tickets sales, and any other amount due and payable to us under the said documents.

Debtor Initials:  \_\_\_\_\_

This letter serves to inform you that the all payments due to us, under the above-mentioned commercial obligations, must be remitted direct to LENDER as follows:

Bank Account:

Wells Fargo Bank, Account Number: 2475980799 – Wire transfer routing number RTN 121000248, under the name of BLANC ALPS, LLC). Accordingly, we hereby irrevocably authorize and instruct you to pay all monies due under the above mentioned agreements, made between you and us, directly to the afore mentioned beneficiary as and when the same shall become due and payable for our account free from all set-off, deductions and counter-claims. Payment made to the third party of any amount invoiced by us and due and payable by you as aforementioned shall constitute a proper discharge of your debts to us.

We wish to also confirm that such payments made by you directly to the third party pursuant to this letter shall be deemed as payments made to us under the terms and conditions of the aforementioned POs and shall exonerate you from seeing to the application of the money so paid or being responsible for the loss or misapplication thereof.

We acknowledge that this assignment is merely to facilitate our own financial requirements to enable us to fully discharge our obligations under the aforementioned POs and that we remain fully liable to you under the terms and conditions of the PO


Signed by:

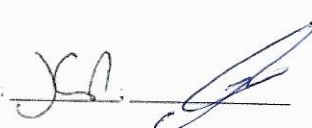
Sports Pro Development, LLC

Mr. Juan Carlos Padilla

CEO & Legal Representative

ACKNOWLEDGE AND ACCEPTED BY:

  
\_\_\_\_\_  
Name  
Company  
Title

Debtor Initials:  \_\_\_\_\_

**PROMISSORY NOTE**

\$447,200.00 USD Total

Montgomery County, Texas

01-30-2020

FOR VALUE RECEIVED, the undersigned, **SPORTS PRO DEVELOPMENT LLC**, and **JUAN CARLOS PADILLA AZARCOYA**, with Texas Driver's License 37207268, (individually or collectively, "Maker"), having the former Maker having an address at 25211 GROGANS MILL ROAD #330B, THE WOODLANDS, TX 77380, and the latter Makers having an address at 6 Desert Rose Place, The Woodlands, TX 77382 jointly and severally promises to pay to the order of **BLANC ALPS, LLC**, and any successors and assigns ("Payee"), the principal amount of FOUR HUNDRED AND FORTY SEVEN THOUSAND TWO HUNDRED DOLLARS (\$447,200.00 USD).. Payment can be made directly to Payee or to the any other person or business designated by the Payee.

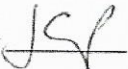
The principal amount of this Promissory Note ("Note") and its interest are due and payable on or before February 17<sup>th</sup>, 2020

No additional extensions are permitted. No grace period is permitted. The single payment is to be deposited in full into the following bank account: Wells Fargo Bank, Account Number: 2475980799 – Wire transfer routing number RTN 121000248, under the name of BLANC ALPS, LLC).

Maker may from time to time prepay all or any portion of the principal under this Note without premium or penalty. All payments and prepayments of principal or interest must be made in U.S. currency in immediately available funds at the address of Payee indicated above or at a place the holder of this Note designates in writing to Maker. Payments by check or draft do not constitute payment in immediately available funds until the required amount is actually received by Payee in full. If any payment of principal or interest under this Note becomes due on a day that is not a Business Day (defined below), the payment must be made on the next Business Day, and this extension of time must be included in computing interest in connection with the payment. The term "Business Day" means any day other than a Saturday, Sunday, or any other day on which banks are closed.

All payments of the indebtedness evidenced by this Note will be applied in the following order of priority: (a) to the payment or reimbursement of any expenses, costs, or obligations (other than the outstanding principal balance of and interest under this Note) for which Maker is obligated or to which Payee is entitled under this Note or any other Loan Document (defined below), (b) to any accrued but unpaid interest then due and payable, and (c) to the principal amount then due and payable. If an Event of Default (defined below) exists under this Note or under any other Loan Document, Payee may, at Payee's sole discretion, apply any payments, at any time and from time to time, to any of the items specified in clauses (a), (b), or (c) above without regard to the order of priority specified above, and any application to the outstanding principal balance under this Note may be made in either direct or inverse order of maturity. The term "Loan Document" means this Note, any mortgage or deed of trust, any loan agreement, any assignment of rents, any guaranty, and any other agreements, documents, and instruments now or later governing, securing, or guaranteeing any portion of the indebtedness evidenced by this Note or executed in connection with the loan evidenced by this Note, together with any and all renewals, modifications, amendments, restatements, consolidations, substitutions, replacements, extensions, and supplements.

Maker's Initials Here:



Maker's Initials Here:



All past-due installments of principal will bear interest at an annual rate ("Default Interest Rate") equal to eighteen percent (18%), or the maximum rate is under Texas law (whichever is lower). During the existence of an Event of Default (defined below), the entire unpaid balance of principal will, at the option of the holder of this Note, bear interest at the Default Interest Rate. Despite the foregoing, if at any time the interest rate that this Note bears exceeds the Highest Lawful Interest Rate (defined below), the rate of interest that this Note bears will be limited to the Highest Lawful Interest Rate. The term "Highest Lawful Interest Rate" means the greater of (a) the maximum rate of interest permitted at the time under any federal law applicable to the indebtedness evidenced by this Note or (b) the "weekly ceiling" in effect at the time as that term is defined in Texas Finance Code Chapter 303, as amended ("Act"), and that would be applicable to the indebtedness evidenced by this Note under the Act. The parties acknowledge that the date of this Note is the date on which the indebtedness evidenced by this Note has been contracted for.

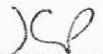
The occurrence of any one of the following is a default under this Note ("Event of Default"):

1. Maker's failure to pay any installment of principal or interest on this Note or on any other indebtedness of Maker to Payee when due.
2. Maker's failure to fully and timely perform, observe, or keep all covenants, agreements, and conditions contained in this Note or in any other Loan Document.
3. Maker: (a) makes a transfer in fraud of creditors, or makes an assignment for the benefit of creditors, or admits in writing its inability to pay its debts as they become due, (b) generally is not paying its debts as they become due, (c) has a receiver, trustee, or custodian appointed for, or take possession of, all or substantially all of its assets, in a proceeding brought either by or against it, and the appointment is not discharged or possession is not terminated within twenty (20) days after the effective date of the appointment or possession or it consents to or acquiesces in the appointment or possession, (d) files a petition for relief under the Bankruptcy Code or any other present or future federal or state insolvency, bankruptcy, or similar laws (collectively called "Applicable Bankruptcy Law"), or an involuntary petition for relief is filed against it under any Applicable Bankruptcy Law and the involuntary petition is not dismissed within thirty (30) days after it is filed, or an order for relief naming Maker is entered under any Applicable Bankruptcy Law, or any composition, rearrangement, extension, reorganization, or other relief of debtors now or later existing is requested or consented to by Maker, (e) fails to have discharged within a period of twenty (20) days any attachment, sequestration, or similar writ levied on any of its property, or (f) fails to pay within twenty (20) days any final money judgment against it.

Following an Event of Default, the holder of this Note may, at its option, without further notice or demand, (a) declare the outstanding principal balance of and the accrued but unpaid interest under this Note at once due and payable, (b) foreclose any liens securing payment under this Note, (c) pursue any and all other rights, remedies, and recourses available to it under this Note or under any other Loan Document, including but not limited to any such rights, remedies, or recourses available at law or in equity, or (d) pursue any combination of the foregoing. Any homes, automobiles, bank accounts, or other assets of value will serve as collateral on this note.

The failure to exercise the option to accelerate the maturity of the indebtedness evidenced by this Note or any other right, remedy, or recourse available to the holder of this Note on the occurrence of an

Maker's Initials Here:



Maker's Initials Here:



Event of Default does not constitute a waiver of the holder's right to exercise the same at that time or at any later time with respect to that Event of Default or any other Event of Default. The rights, remedies, and recourses of the holder as provided in this Note and available under applicable law or in equity are cumulative and concurrent and may be pursued separately, successively, or together as often as necessary, at the sole discretion of the holder. The acceptance by the holder of any payment under this Note that is less than the payment in full of all amounts due and payable at the time of the payment will not (a) constitute a waiver of or impair, reduce, release, or extinguish any right, remedy, or recourse of the holder, or nullify any prior exercise of any right, remedy, or recourse, or (b) impair, reduce, release, or extinguish the obligations of any party liable under this Note or any other document executed in connection with this Note as originally provided in these documents.

Except as otherwise set forth in this Note, Maker waives demand, presentment for payment, notice of nonpayment or nonperformance, protest, notice of protest, notice of dishonor, notice of intent to accelerate, notice of acceleration, and all other notice of any kind, filing of suit and diligence in collecting on this Note or enforcing any of the security for this Note, and consents to all extensions that from time to time may be granted by the holder of this Note and to all partial payments on this Note, whether before or after maturity.

If this Note is not paid when due, whether at maturity or by acceleration or otherwise, or if this Note is placed in the hands of an attorney for collection, or is collected in whole or in part by suit or through probate, bankruptcy, or other legal proceedings of any kind, Maker agrees to pay, in addition to all other amounts payable under this Note, all costs and expenses of collection, including but not limited to attorney fees.

Despite any contrary provisions in this Note, or in any other document executed in connection with this Note, or in any other agreement or commitment, whether written or oral, expressed or implied, the holder of this Note cannot charge or be entitled to receive or collect as interest an amount greater than the maximum permitted by applicable law to be charged to the person, partnership, firm, or corporation primarily obligated to pay this Note. If any construction of this Note, or any and all other papers, agreements, or commitments, indicates a different right given to the holder to ask for, demand, or receive any larger amount as interest, it is a mistake in calculation or wording, which this clause will override and control; it being the intention of the parties that this Note and all other instruments executed in connection with this Note will comply with applicable law, and that proper adjustment will automatically be made accordingly. If the holder ever receives, collects, or applies as interest any amount in excess of the maximum permitted by applicable law, the excess amount will be applied to the reduction of the unpaid principal balance of this Note, in the inverse order of maturity, and not to interest, and if this Note is paid in full, any remaining excess will be refunded to Maker. In determining whether the interest paid or payable, under any specific contingency, exceeds the maximum permitted by applicable law, Maker and the holder will, to the maximum extent permitted under applicable law, (a) characterize any no principal payment as an expense, fee, or premium rather than as interest, (b) exclude voluntary prepayments and their effects, and (c) amortize, prorate, allocate, and spread the total amount of interest throughout the entire term of this Note (including any renewals or extensions) so that the interest rate is uniform throughout the entire term of this Note and does not exceed the maximum permitted by applicable law. The provisions of this paragraph control all existing and future agreements between Maker and the holder.

Maker's Initials Here: JSP

Maker's Initials Here: [Signature]

This Note is executed and delivered in the State of Texas and intended to be performed in Montgomery County, Texas, and except to the extent that the laws of the United States may preempt or govern the terms of this Note, this Note will be governed by and construed in accordance with the laws of the State of Texas. Maker irrevocably agrees that if there is any dispute involving this Note or any other instruments executed in connection with this Note, venue for the dispute will be proper in any court of competent jurisdiction in Montgomery County, Texas.

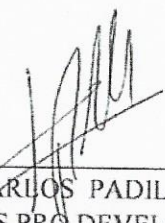
This Note and all the covenants, promises, and agreements contained in it are binding on and inure to the benefit of the respective heirs, devisees, legal and personal representatives, successors, and assigns of the holder of this Note and the Maker.

All notices, requests, consents, demands, and other communications that are required or that any party wants to give under this Note or under any other Loan Document must be in writing and, unless otherwise specifically provided in the other Loan Document, will be deemed sufficiently given or furnished if delivered by personal delivery, by nationally recognized courier with proof of delivery, by prepaid registered or certified U.S. mail, addressed to the party to whom directed at the address specified in the first paragraph of this Note (unless changed by similar notice in writing given by the particular party whose address is to be changed) or by fax. Any notice or communication will be deemed to have been given either at the time of personal delivery or, in the case of delivery service or mail, as of the date of first attempted delivery at the address and in the manner provided in this Note, or, in the case of fax, on receipt. Despite the foregoing, no notice of change of address will be effective except on receipt, and service of a notice required by Texas Property Code Section 51.002, as amended, will be considered complete when the requirements of that statute are met. This paragraph must not be construed in any way to affect or impair any waiver of notice or demand provided in any Loan Document or to require giving of notice or demand to or on any person in any situation or for any reason.

**THIS NOTE AND THE OTHER DOCUMENTS EXECUTED IN CONNECTION WITH IT REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.**

EXECUTED as of January 30th, 2020.

**MAKER:**

Signature: 

Name: JUAN CARLOS PADILLA AZARCOYA of  
behalf of SPORTS PRO DEVELOPMENT LLC  
Title: Director & Member of SPORTS PRO  
DEVELOPMENT LLC

Maker's Initials Here: 

Maker's Initials Here: 

MAKER:

Signature: \_\_\_\_\_

Name: JUAN CARLOS PADILLA AZARCOYA

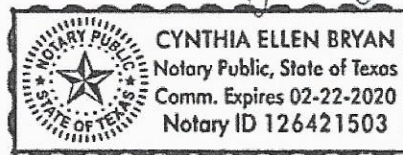
Title: Self

STATE OF Texas §  
COUNTY OF Montgomery §

BEFORE ME, the undersigned, a Notary Public in and for the State of Texas, on this day personally appeared SPORTS PRO DEVELOPMENT LLC, and JUAN CARLOS PADILLA AZARCOYA, on behalf of himself, known to me to be the persons whose names are subscribed to the foregoing instrument, and acknowledge to me that they executed it for the purposes and consideration expressed in it.

GIVEN UNDER MY HAND SEAL OF OFFICE, this 31<sup>st</sup> Day of January, 2020.

Cynthia E. Bryan  
Notary Public – State of Texas



Return to:

Maker's Initials Here: JCP Maker's Initials Here: \_\_\_\_\_