

SECURITY AGREEMENT

This Security Agreement (“Agreement”) is entered this _____ day of _____, 20__ by and between the Division of Consumer Protection (“Secured Party”), and _____ (“Applicant”).

WITNESSETH

WHEREAS Applicant has applied with Secured Party for a certificate of registration regarding:

- Telemarketing
- Health Spa
- Postsecondary Proprietary School
- Credit Services Organization
- Debt Management Company
- Other _____ ;

WHEREAS the applicable statute requires Applicant to provide a performance surety in the form of a bond, letter of credit or certificate of deposit; and

WHEREAS Applicant desires to comply with the surety requirement by granting to Secured Party a security interest in that certain Certificate of Deposit Account No. _____ (“Deposit Account”), which account is maintained by _____ (“Bank”).

NOW THEREFORE, in consideration of their mutual covenants and promises contained herein, the parties agree as follows:

1. **SECURITY INTEREST.** Applicant hereby grants to Secured Party a security interest in the Deposit Account, including all financial assets now or hereafter credited to the said account, and all replacements or substitutions or other disposition of any kind of the foregoing (“Collateral”). This security interest shall secure the full payment and performance of Applicant’s obligations as determined by the Secured Party under the statutes and rules that are applicable to the registration that it has applied for.

2. **PERFECTION OF SECURITY INTEREST.** Applicant agrees to do all acts which Secured Party deems necessary or desirable to protect the Collateral or to otherwise carry out the provisions of this Agreement; including but not limited to the execution of a Deposit Account Control Agreement.

3. **WARRANTIES.** Applicant warrants that the Collateral is maintained with Bank solely in Applicant’s name, that it has title to the Collateral and that there are no other claims against the Collateral. Applicant covenants to notify Secured Party of any claim, lien, security interest or other encumbrance made against the Collateral and shall defend the Collateral against any claim, lien, security interest or other encumbrance adverse to Secured Party.

4. **MAINTENANCE OF COLLATERAL.** Applicant shall preserve the Collateral for the benefit of the Secured Party. So long as this Agreement is in force, neither the Applicant nor any party other than the Secured Party may make withdrawals from the Deposit Account,

except that Applicant may withdraw such portion of the Collateral which consists of interest earned. Applicant shall pay all taxes, assessments, or all other charges on the Collateral when due.

5. **DEFAULT.** Any one or more of the following events shall be the cause for Applicant's default:

- (a) Any representation made by Applicant with is untrue or any warranty is not fulfilled;
- (b) Applicant fails to perform its obligations as set forth in the statute or rules that are applicable to the registration that it has applied for;
- (c) Applicant fails to pay any fine or assessment as determined by the Secured Party; or
- (d) Applicant fails to perform its obligations as set forth in the Deposit Account Control Agreement.

6. **RIGHTS OF SECURED PARTY.** In addition to any other rights and remedies it may have, Secured Party may exercise any of the rights and remedies accorded a secured party by the Utah Uniform Commercial Code, including but not limited to Utah Code Ann. §70A-9a-607.

7. **NOTICES.** Any notice under this Agreement shall be in writing and shall be deemed delivered if mailed, postage prepaid, to a party at the addresses noted below or as may be specified by written notice given after the date hereof.

8. **SUCCESSORS AND ASSIGNS.** This Agreement shall be binding upon and inure to the benefit of the heirs, executors, administrators, legal representatives, successors and assigns of the parties.

9. **AMENDMENTS.** This Agreement may be amended or modified only in writing signed by all parties hereto.

10. **ATTORNEY FEES AND COSTS.** In the event that it becomes necessary for either party to enforce the terms of this Agreement, the prevailing party shall be reimbursed its costs and expenses, including a reasonable attorney's fee.

11. **GOVERNING LAW.** This Agreement shall be governed by and construed under the laws of the State of Utah.

IN WITNESS WHEREOF, the parties have executed this Agreement on the dates set forth below.

APPLICANT:

SECURED PARTY:
DIVISION OF CONSUMER PROTECTION

By: _____

Its:

PO Box 146704

Address:

Salt Lake City, Utah 84114-6704