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11 Attorneys for Receiver
12 KRISTA FREITAG

13 UNITED STATES DISTRICT COURT
14 SOUTHERN DISTRICT OF CALIFORNIA

15
16 SECURITIES AND EXCHANGE
COMMISSION,

17 Plaintiff,

18 v.

19 GINA CHAMPION-CAIN and ANI
20 DEVELOPMENT, LLC,

21 Defendants.

22 AMERICAN NATIONAL
INVESTMENTS, INC.,

23 Relief Defendant.
24
25
26
27
28

Case No. 3:19-cv-01628-LAB-AHG

Ctrm: 14A
Judge Hon. Larry Alan Burns

**DECLARATION OF KRISTA
FREITAG IN SUPPORT OF
MOTION FOR APPROVAL OF
SETTLEMENT WITH ILLA
DESIGNS, LLC, JOHN ERIC
CHURILLA, AND NICOLE
LORRAINE CHURILLA**

Date: April 10, 2023
Time: 11:30 a.m.
Courtroom: 14A
Judge: Hon. Larry Alan Burns

1 I, Krista Freitag, declare:

2 1. I am the Court-appointed permanent receiver for Defendant ANI
3 Development, LLC, Relief Defendant American National Investments, Inc., and
4 their subsidiaries and affiliates ("Receivership Entities"). I make this declaration in
5 support of the Motion for Approval of Settlement with Illa Designs, LLC, John Eric
6 Churilla, and Nicole Lorraine Churilla ("Motion"). I have personal knowledge of
7 the facts stated herein, and if called upon to do so, I could and would personally and
8 competently testify to them.

9 2. On or about June 9, 2019, American National Investments, Inc.
10 ("ANI") loaned Illa Designs \$200,000 ("Loan"). This loan, which was to be used
11 for Illa Design's business of developing and selling a product called the "Dash
12 Wagon", was memorialized by a "Secured Convertible Promissory Note"
13 ("Promissory Note") in favor of ANI. Under the Promissory Note, Illa Designs
14 promised to pay interest on the outstanding principal amount of the Promissory Note
15 from July 9, 2019 until payment or conversion in full, at a fixed rate of ten percent
16 (10%) per annum. Absent conversion or full payment of the Promissory Note, all
17 outstanding principal and accrued and unpaid interest on the Promissory Note, plus
18 all fees, costs and expenses due under the Promissory Note, would become fully due
19 and payable on July 8, 2022. Section 9 of the Promissory Note states that Illa
20 Designs shall pay ANI all reasonable attorneys' fees and court costs incurred by ANI
21 in enforcing and collecting the Promissory Note.

22 3. The performance of Illa Design's obligations under the Promissory
23 Note is secured by a Security Agreement dated July 9, 2019 between Illa Designs
24 and ANI. The Security Agreement grants ANI a continuing security interest in any
25 and all assets of Illa Designs. ANI perfected its security interest in the Collateral by
26 filing a UCC Financing Statement ("UCC Filing") with the Texas Secretary of State
27 on July 9, 2019.

28

1 4. In connection with the Loan to Illa Designs, its owners, John Eric
2 Churilla and Nicole Lorraine Churilla (together, the "Churillas"), executed a
3 "Personal Guarantee of \$200,000 Loan" ("Guaranty") on July 9, 2019. Under the
4 Guaranty, the Churillas jointly and severally guaranteed prompt and full payment of
5 all amounts due under the Promissory Note. Section 17 of the Guaranty states the
6 Churillas shall pay on demand by ANI all costs and expenses, including without
7 limitation, all reasonable attorneys' fees incurred by ANI in connection with the
8 enforcement and/or collection of the Guaranty.

9 5. On July 8, 2022, all outstanding principal and accrued and unpaid
10 interest under the Promissory Note, plus all fees, costs and expenses due under the
11 Promissory Note, became due and payable. Neither Illa Designs, nor the Churillas,
12 timely paid any outstanding amounts due under the Promissory Note.

13 6. After a member of my staff contacted Mr. Churilla and made several
14 attempts to agree on payment terms, on December 16, 2022, through counsel, I sent
15 a Notice of Default to Illa Designs concerning its failure to pay outstanding amounts
16 due under the Promissory Note. My counsel concurrently sent a Notice of Default
17 to the Churillas concerning their failure to pay all outstanding amounts due under
18 the Promissory Note, as required by the Guaranty.

19 7. On January 13, 2023, again through counsel, I filed a Complaint in this
20 Court against Illa Designs and the Churillas seeking to enforce the terms of the
21 Promissory Note and Guaranty and collect all amounts due thereunder ("Loan
22 Enforcement Action").

23 8. I believe the receivership estate's claims against the Churillas Parties
24 are very strong. The value of the existing collateral, however, which I understand is
25 essentially inventory belonging to Illa Designs, is believed to be minimal. The
26 proposed settlement provides for full repayment of the principal balance of the loan
27 (\$200,000), plus between \$35,000 and \$65,000 in interest and attorney fees,
28 depending on when the Churillas close the sale of their real property located in

1 Austin, Texas ("Property"), which serves as collateral for the Settlement Agreement
2 and Stipulated Judgment. The Churillas are also required to make monthly
3 payments of \$1,000 each until the sale closing occurs, which amounts are to be
4 applied to the total settlement payment. If the Churillas do not sell the Property by
5 April 30, 2024, then I have the Stipulated Judgment and Deed of Trust on the
6 Property to protect the receivership estate and enable me to collect the full amount
7 of the Stipulated Judgment (\$300,000 plus post-judgment interest). Considering all
8 the above, I believe the settlement is fair and reasonable and puts the estate in a
9 position to secure a greater net recovery than it likely would through further pursuit
10 of the pending Loan Enforcement Action.

11 I declare under penalty of perjury under the laws of the United States of
12 America that the foregoing is true and correct.

13 Executed this 6th day of March 2023, at Los Angeles, California.

14 
15 KRISTA FREITAG

EXHIBIT INDEX

EXHIBIT NO.	DESCRIPTION	PAGE NO.
Exhibit A	Settlement Agreement and Mutual Release (Illa Designs, LLC., John Eric Churilla and Nicole Lorraine Churilla)	6

EXHIBIT A

EXHIBIT A

SETTLEMENT & RELEASE AGREEMENT

This SETTLEMENT & RELEASE AGREEMENT ("**Agreement**"), dated as of March 1, 2023 is made by and between KRISTA L. FREITAG ("**Receiver**"), in her capacity as Court-appointed permanent receiver for ANI DEVELOPMENT, LLC, AMERICAN NATIONAL INVESTMENTS, INC., and their subsidiaries and affiliates ("**Receivership Entities**"), and ILLA DESIGNS, LLC ("**Illa Designs**"), JOHN ERIC CHURILLA, and NICOLE LORRAINE CHURILLA ("**Churillas**" and together with Illa Designs "**Churilla Parties**").

RECITALS

A. On or about June 9, 2019, American National Investments, Inc. ("ANI") loaned Illa Designs \$200,000 ("**Loan**"). This loan was memorialized by a "Secured Convertible Promissory Note" ("**Promissory Note**") in favor of ANI. Under the Note, Illa Designs promised to pay interest on the outstanding principle amount of the Promissory Note from July 9, 2019 until payment or conversion in full, at a fixed rate of ten percent (10%) per annum. Absent conversion or full payment of the Promissory Note, all outstanding principal and accrued and unpaid interest on the Promissory Note, plus all fees, costs and expenses due under the Promissory Note, would become fully due and payable on July 8, 2022. Section 9 of the Promissory Note states that Illa Designs shall pay ANI all reasonable attorneys' fees and court costs incurred by ANI in enforcing and collecting the Promissory Note.

B. The performance of Illa Design's obligations under the Promissory Note is secured by a Security Agreement dated July 9, 2019 between Illa Designs and ANI. The Security Agreement grants ANI a continuing security interest in any and all assets of Illa Designs. ANI perfected its security interest in the Collateral by filing a UCC Financing Statement ("**UCC Filing**") with the Texas Secretary of State on July 9, 2019.

C. In connection with the Loan to Illa Designs, the Churillas executed a "Personal Guarantee of \$200,000 Loan" ("**Guaranty**") on July 9, 2019. Under the Guaranty, the Churillas jointly and severally guaranteed prompt and full payment of all amounts due under the Promissory Note. Section 17 of the Guaranty states the Churillas shall pay on demand by ANI all costs and expenses, including without limitation, all reasonable attorneys' fees incurred by ANI in connection with the enforcement and/or collection of the Guaranty.

D. On August 28, 2019, the Securities and Exchange Commission ("**Commission**") filed a Complaint in the United States District Court for the Southern District of California ("**District Court**") against Defendants Gina Champion-Cain ("**Champion-Cain**") and ANI Development, Inc., and Relief Defendant ANI. Concurrently with filing the Complaint, the Commission and Champion-Cain filed a Joint Motion and Stipulated Request by All Parties for a Preliminary Injunction Order and Orders (1) Freezing Assets; (2) Requiring Accountings; (3) Prohibiting the Destruction of Documents; and (4) Appointing a Permanent Receiver ("**Joint Motion**").

E. On September 3, 2019, the District Court granted the Joint Motion and entered its Order; Granting the Parties Joint Motion and Stipulated Request by all Parties for a Preliminary Injunction Order and Order (1) Freezing Assets; (2) Requiring Accountings; (3) Prohibiting the Destruction of Documents; and (4) Appointing a Permanent Receiver, including appointment of the Receiver on a permanent basis.



F. On July 8, 2022 all outstanding principal and accrued and unpaid interest under the Promissory Note, plus all fees, costs and expenses due under the Promissory Note, became due and payable. Neither Illa Designs, nor the Churillas, timely paid any outstanding amounts due under the Promissory Note.

G. On December 16, 2022, the Receiver sent a Notice of Default to Illa Designs concerning its failure to pay outstanding amounts due under the Promissory Note. The Receiver concurrently sent a Notice of Default to the Churillas concerning their failure to pay all outstanding amounts due under the Promissory Note, as required by the Guaranty.

H. On January 13, 2023, the Receiver filed a Complaint in the District Court against Illa Designs and the Churillas seeking to enforce the terms of the Promissory Note and Guaranty and collect all amounts due thereunder ("**Loan Enforcement Action**").

I. The Receiver, Illa Designs and the Churillas have agreed to settle and resolve all disputes, and release all claims arising from the Loan, Promissory Note, UCC Filing and Guaranty, under the terms and conditions provided herein.

AGREEMENT

NOW, THEREFORE, in consideration of the covenants and conditions hereinafter contained, and for other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, the undersigned agree as follows:

1. Court Approval. This Agreement is subject to approval by the District Court ("Court Approval") and shall have no force or effect until such approval is obtained. The Receiver shall file a motion with the District Court seeking Court Approval.

2. Stipulated Judgment and Installment Payments. The Churilla Parties shall execute the Stipulated Judgment attached hereto as Exhibit 1 and deliver the same to the Receiver within five (5) business days of Court Approval. The Stipulated Judgment, which is in favor of the Receiver in the amount of \$300,000, plus post-judgment interest, shall be held by the Receiver and not filed with the District Court or enforced for as long as the Churilla Parties timely make the payments required herein. All payments shall be made by wire transfer pursuant to wire instructions provided by the Receiver. The Churilla Parties shall make monthly payments of \$1,000, due on the first of each month, starting with the month following Court Approval. Such monthly payments shall continue until the Churillas close the sale of their real property located at 6002 Rain Creek Parkway, Austin, Texas ("Property"), at which time, the following amount shall be paid to the Receiver directly from escrow for the sale of the Property:

\$235,000 if the sale closes on or before May 15, 2023;

\$250,000 if the sale closes after April 30, 2023 and on or before October 31, 2023; or

\$265,000 if the sale closes after October 31, 2023 and on or before April 30, 2024.

The monthly payments made by the Churillas up until the closing of the sale shall be credited to the amount due at closing. If a sale of the Property has not closed by April 30, 2024, then the Churilla Parties shall nonetheless pay \$265,000 to the Receiver no later than April 30, 2024.



If all payments are timely made as required herein, then the remainder owed under the Stipulated Judgment shall be fully forgiven, shall no longer be owed by the Churilla Parties, and the Receiver shall then destroy the Stipulated Judgment. If any required payment is not timely made, then the Receiver, in her sole discretion, may file the Stipulated Judgment with the Court and once entered by the Court, enforce it against the Churilla Parties by all legally available means to collect and recover the remaining amount due on the Stipulated Judgment (after credit is given for payments made by the Churilla Parties).

3. Deed of Trust. The Churillas shall grant the Receiver a Deed of Trust on the Property. The Deed of Trust, which shall be in the form attached hereto as Exhibit 2, shall be executed by Eric Churilla and Nicole Churilla, delivered to the Receiver within five (5) business days of Court Approval, recorded by the Receiver at the Receiver's cost in the property records for Travis County, Texas, and serve as security for the Churilla Parties' payment obligations under this Agreement and the Stipulated Judgment. In the event of a default by the Churilla Parties, including the failure of the Churillas to make any of the required payments under Section 2 above, the Receiver shall have the right, in her sole discretion, to immediately enforce the terms of the Deed of Trust, including through foreclosure and the exercise of all other legally available rights and remedies to collect the full amount remaining due under this Agreement and the Stipulated Judgment. Once all payments required under Section 2 above have been made in full, the Receiver shall promptly deliver to the Churilla Parties an executed full release and reconveyance of the Deed of Trust to be recorded by the Churilla Parties at their cost. JEC

4. Mutual Release. On the condition that all payments due under Section 2 above have been fully made and effective only upon satisfaction of such condition, the Receiver, on the one hand, and the Churilla Parties on the other hand, and each of them, for themselves, their agents, employees, partners, directors, officers, successors and assigns, forever, irrevocably and unconditionally release and discharge one another, and their respective officers, directors, representatives, heirs, executors, administrators, receivers, successors, assigns, predecessors, agents, attorneys and employees, of and from any and all claims, demands, debts, obligations, liabilities, costs, expenses, rights of action, causes of action, awards and judgments arising from the Loan, Promissory Note, UCC Filing, Guaranty and Loan Enforcement Action, all of which are hereinafter called, "**Released Claims.**" The Released Claims shall include any and all claims that have been or could be asserted by the Churilla Parties either for themselves or on behalf of an entity against the ANI receivership estate.

Each of the Receiver and the Churilla Parties acknowledge and agree that the Released Claims may include claims of every nature and kind whatsoever, whether known or unknown, suspected or unsuspected and further acknowledge that they may be presently unknown or unsuspected, and may be based upon hereafter discovered facts different from, or in addition to, those which they now know, or believe to be true. Nevertheless, the parties agree that the foregoing release shall be and remain effective in all respects, notwithstanding such different or additional facts, or the discovery thereof, and further hereby expressly waive and relinquish any and all rights provided in California Civil Code Section 1542 which provides as follows:

"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY."

The Receiver and the Churilla Parties expressly waive and release any rights and benefits that they have or may have under any similar law or rule of any other jurisdiction pertaining to the matters released herein. It is the intention of the parties through this Agreement and with the advice of counsel to fully, finally and forever settle and release the claims and disputes existing between them as provided herein, known or unknown. The releases herein given shall be and remain in effect as full and complete releases of all such matters notwithstanding the discovery of any additional claims or facts relating thereto.

5. Dismissal of Loan Enforcement Action. With five (5) business days of receipt of all payments due under Section 2 above, the Receiver shall file a motion to dismiss the Loan Enforcement Action with prejudice.

6. Voluntary Signing and Authority. Each of the parties to this Agreement has executed this Agreement without any duress or undue influence. Each of the parties to this Agreement represents and warrants that she or he is duly authorized to execute this Agreement on behalf of themselves and all entities, trusts, benefit plans, and estates, as provided in the signature blocks below.

7. Independent Counsel. Each of the parties acknowledge and agree that it has been represented by independent counsel of its own choice throughout all negotiations which preceded the execution of this Agreement, that it has executed and approved of this Agreement after consultation with said counsel, and that it shall not deny the validity of this Agreement on the ground that such party did not have the advice of legal counsel.

8. Governing Law and Venue. This Agreement shall in all respects be interpreted, enforced, and governed by and under the laws of California, and Federal Equity Receivership law, and subject to the exclusive jurisdiction of the District Court.

9. Waiver/Amendment. No breach of any provision of this Agreement can be waived unless in writing. Waiver of any one breach of any provision of this Agreement is not a waiver of any other breach of the same or of any other provision of this Agreement. Amendment of this Agreement may be made only by written agreement signed by the parties.

10. Fax and Counterparts. This Agreement may be executed by the parties hereto electronically and/or in counterparts and, if so executed, each electronic copy and/or counterpart shall have the full force and effect of an original.

11. No Admission of Liability. This Agreement is acknowledged by the parties hereto to be a compromised settlement, and does not constitute an admission of liability.

12. Entire Agreement. This Agreement constitutes the entire agreement between the parties hereto pertaining to the subject matter contained herein and supersedes all prior and contemporaneous agreements, representations, and understandings of the parties hereto. No supplement, modification, or amendment of this Agreement shall be binding unless executed in writing by all parties.

13. Attorneys' Fees and Costs. The parties hereto shall each bear their own costs and attorneys' fees incurred in connection with the negotiation and documentation of this Agreement. If any proceeding, action, suit or claim is undertaken to interpret or enforce this Agreement, the

prevailing party shall be entitled to reasonable attorneys' fees and costs incurred in connection with such dispute.

14. Notices. Notices to be provided hereunder shall be effective if sent to the following:

To the Churilla Parties:

Ilia Designs, LLC
John Eric Churilla
Nicole Lorraine Churilla
6002 Rain Creek Parkway
Austin, TX 78759

To the Receiver:

Krista L. Freitag, Receiver
c/o Allen Matkins
600 W. Broadway, 27th Floor
San Diego, CA 92101
Attn: Ted Fates, Esq.

ILLA DESIGNS, LLC

By: J. Eric Churilla
Name: J. Eric Churilla
Its: _____

J. Eric Churilla 03-01-2023
JOHN ERIC CHURILLA

Nicole Lorraine Churilla 03-01-2023
NICOLE LORRAINE CHURILLA

KRISTA L. FREITAG, COURT-APPOINTED
PERMANENT RECEIVER FOR ANI
DEVELOPMENT, LLC, AMERICAN
NATIONAL INVESTMENTS, INC., AND THEIR
SUBSIDIARIES AND AFFILIATES

By: Krista L. Freitag
KRISTA L. FREITAG, Receiver
solely in capacity as Receiver

EXHIBIT 1

1 DAVID R. ZARO (BAR NO. 124334)
MATTHEW D. PHAM (BAR NO. 287704)
2 ALLEN MATKINS LECK GAMBLE
MALLORY & NATSIS LLP
3 865 South Figueroa Street, Suite 2800
Los Angeles, California 90017-2543
4 Phone: (213) 622-5555
Fax: (213) 620-8816
5 E-Mail: dzaro@allenmatkins.com
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6 EDWARD G. FATES (BAR NO. 227809)
7 REBECCA H. WILLIAMS (BAR NO. 328320)
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One America Plaza
9 600 West Broadway, 27th Floor
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11 E-Mail: tfates@allenmatkins.com
bwilliams@allenmatkins.com

12 Attorneys for Plaintiff
13 KRISTA FREITAG

14 UNITED STATES DISTRICT COURT
15 SOUTHERN DISTRICT OF CALIFORNIA
16

17 KRISTA FREITAG, Court-appointed
permanent receiver for ANI
18 Development LLC, American National
Investments, Inc., and their subsidiaries
19 and affiliates,

20 Plaintiff,

21 v.

22 ILLA DESIGNS, LLC a Texas limited
liability company; JOHN ERIC
23 CHURILLA, an individual; and
NICOLE LORRAINE CHURILLA, an
24 individual; and DOES 1 through 10,
inclusive,

25 Defendants.
26
27
28

Case No.

**STIPULATION FOR ENTRY OF
JUDGMENT**

STIPULATION FOR ENTRY OF JUDGMENT

Krista Freitag ("Receiver"), the Court-appointed permanent receiver for Defendant ANI Development, LLC, Relief Defendant American National Investments, Inc., and their subsidiaries and affiliates (collectively, "Receivership Entities") pursuant to this Court's Order; Granting The Parties' Joint Motion And Stipulated Request By All Parties For A Preliminary Injunction Order And Order (1) Freezing Assets; (2) Requiring Accountings; (3) Prohibiting Destruction Of Documents; And (4) Appointing A Permanent Receiver (Dkt. No. 6) in the Securities and Exchange Commission enforcement action styled *SEC v. Gina Champion-Cain and ANI Development, LLC, Defendants, and American National Investments, Inc., Relief Defendant*, S.D. Cal. Case No. 3:19-cv-01628-LAB-AHG (the "SEC Action"), and ILLA DESIGNS, LLC ("Illa Designs"); JOHN ERIC CHURILLA; and NICOLE LORRAINE CHURILLA ("Churillas" and together with Illa Designs, the "Churilla Parties") hereby agree and stipulate to the entry of judgment on the terms set forth herein.

WHEREAS, the Receiver was appointed as the federal equity receiver in the SEC Action for the Receivership Entities;

WHEREAS, American National Investments, Inc. made a \$200,000 loan ("Loan") to Illa Designs, memorialized by a Secured Convertible Promissory Note ("Promissory Note"), which loan was guaranteed by the Churillas ("Guaranty");

WHEREAS, the Loan matured on July 8, 2022 and has not been repaid;

WHEREAS, the Receiver made demand on the Churillas Parties for full repayment of the Loan and subsequently filed the instant action to collect the full amount due under the Loan.

WHEREAS, the Receiver and the Churilla Parties reached a settlement in connection with the Promissory Note, Guaranty, and the claims asserted in this action, and entered into a written settlement agreement (the "Settlement Agreement") pursuant to which the Churilla Parties agreed to stipulate to judgment

1 in the amount of \$300,000, plus post-judgment interest, but also agreed to make
2 certain discounted payments to the Receiver, which, if all discounted payments were
3 timely made, would result in a release of any claims the Receiver presently has, or
4 may have in the future, against the Churilla Parties relating to the Promissory Note,
5 Guaranty and claims asserted in this action; and

6 **WHEREAS**, the Churilla Parties further agreed in the Settlement Agreement
7 that in the event the Churilla Parties default on the terms of payment as set forth in
8 the Settlement Agreement, the Churilla Parties agree to the entry of a stipulated
9 judgment against them in the amount of \$300,000, plus post-judgment interest, less
10 any payments made by the Churilla Parties to the Receiver in satisfaction of this
11 amount.

12 **THEREFORE, IT IS HEREBY STIPULATED AND AGREED**, by and
13 between the Receiver and Transferee, as follows:

14 1. In the event of a default under the Settlement Agreement, judgment
15 shall be entered against the Churilla Parties in the amount of \$300,000, plus post
16 judgment interest, less any payments made by the Churilla Parties to the Receiver in
17 satisfaction of this amount;

18 2. A declaration by the Receiver or her designee, successor, or assign
19 shall be deemed sufficient evidence of a default under the Settlement Agreement
20 and of any payments made by the Churilla Parties for purposes of determining the
21 amount of judgment to be entered;

22 3. The Churilla Parties hereby acknowledges that \$300,000, plus post
23 judgment interest (less any payments made by the Churilla Parties to the Receiver)
24 is owed and further agrees to waive notice of entry of judgment, any right to contest
25 entry and enforcement of the judgment, and any notice of motion or application for
26 issuance of writs of execution pursuant to said judgment;

27 4. The Churilla Parties further agree to waive any findings of fact and
28 conclusions of law;

1 5. The Churilla Parties further waive their right to appeal, their right to
2 bring any motions for new trial, and any and all rights they may have to set aside or
3 overturn any judgment entered on this stipulation; and

4 6. The undersigned parties to this Stipulation for Entry of Judgment (the
5 “Stipulation”) have read the foregoing terms and provisions. The undersigned
6 parties hereby acknowledge that they understand the foregoing terms and provisions
7 of the Stipulation, their respective rights hereunder, and that the foregoing terms and
8 provisions are hereby agreed to and accepted.

9 **IT IS SO STIPULATED.**

10 Dated: _____

ALLEN MATKINS LECK GAMBLE
MALLORY & NATSIS LLP

11
12 By: _____

EDWARD G. FATES
Attorneys for Receiver
KRISTA FREITAG

13
14
15 Dated: _____

ILLA DESIGNS, LLC

16
17 By: _____

18 Dated: _____

JOHN ERIC CHURILLA

19
20 Dated: _____

NICOLE LORRAINE CHURILLA

21
22 **APPROVED AS TO FORM AND CONTENT.**

23 Dated: _____

RECEIVER, KRISTA FREITAG

24
25 By: _____

KRISTA FREITAG
Court-appointed permanent receiver

EXHIBIT 2

PREPARED BY, AND AFTER RECORDING RETURN TO:

Allen Matkins Leck Gamble Mallory & Natsis LLP
One America Plaza, 600 West Broadway, 27th Floor
San Diego, California 92101
Attention: Ted Fates, Esq.

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM ANY INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

DEED OF TRUST, ASSIGNMENT OF LEASES AND RENTS, SECURITY AGREEMENT AND FIXTURE FILING

This **DEED OF TRUST, ASSIGNMENT OF LEASES AND RENTS, SECURITY AGREEMENT AND FIXTURE FILING** (this "**Deed of Trust**") is dated as of February __, 2023, and is entered into by **JOHN ERIC CHURILLA**, an individual, and **NICOLE LORRAINE CHURILLA**, an individual, as trustor (individually and collectively, "**Borrower**"); **FIRST AMERICAN TITLE INSURANCE COMPANY**, as trustee ("**Trustee**"); and **KRISTA L. FREITAG**, an individual, in her capacity as Court-appointed permanent receiver for ANI DEVELOPMENT, LLC, AMERICAN NATIONAL INVESTMENTS, INC., and their subsidiaries and affiliates, as beneficiary ("**Beneficiary**").

1. Borrower, in consideration of the Settlement Agreement (as defined below) and for the further consideration, uses, purposes, and trusts provided herein, unconditionally and irrevocably mortgages, grants, sells, conveys and assigns to Trustee, Trustee's successors, and assigns, the following described real property, situated in Travis County, Texas: LOT 32, BLOCK D, GREAT HILLS SECTION X, AN ADDITION IN TRAVIS COUNTY, TEXAS, ACCORDING TO THE MAP OR PLAT THEREOF RECORDED IN BOOK 78, PAGE 237 THRU 242, OF THE PLAT RECORDS OF TRAVIS COUNTY, TEXAS; together with all improvements and fixtures now or attached later to or used in connection with the above-described premises, including heating, air-conditioning, plumbing, refrigeration, and lighting fixtures and equipment, which are deemed to be fixtures and part of the realty, and all personal property ("**Personal Property**") located thereon or used in connection therewith, any contract rights related thereto, and the proceeds of all of the foregoing. All property referenced in this Section 1 shall be referred to as the "**Property**", and the Property includes all of Borrower's interest therein, whether now owned or hereafter acquired.

2. To have and to hold the Property, together with all the rights, privileges, and appurtenances belonging to it, to Trustee, Trustee's successors and assigns, forever. Borrower hereby binds himself and his heirs, executors, administrators, and legal representatives, to warrant and defend the premises to Trustee, Trustee's successors, substitutes, and assigns, forever, against all claims to it.

3. This conveyance is made to Trustee in trust, for the benefit of Beneficiary, to secure the full and punctual payment and performance of all obligations owing to Beneficiary (collectively, the "**Secured Obligations**") under (i) that certain Settlement & Release Agreement dated as of the date hereof (the "**Settlement Agreement**"), by and among Borrower and ILLA DESIGNS LLC, a Texas limited liability company ("**Illa**"), on the one hand, and Beneficiary, on the other hand, the

terms of which are incorporated herein by this reference, and all amendments thereto, and (ii) each and every covenant, conditions, representation and stipulation under this Deed of Trust, and all amendments thereto.

4. If Borrower (and, with respect to the Settlement Agreement, Illa) pays and performs each and every Secured Obligations as and when due, then this Deed of Trust will become null and void and must be released by Beneficiary at the expense of Borrower. If Borrower does not pay and perform each Secured Obligation as and when due, or if any representation or warranty contained in the Settlement Agreement or this Deed of Trust is materially untrue, then the same shall immediately constitute a “**Default**”, and Beneficiary shall immediately be entitled to exercise all remedies under this Deed of Trust, the Settlement Agreement, at law and/or in equity.

5. Borrower covenants and agrees as follows:

(a) Title. Borrower warrants that it is lawfully seised of the above-described Property, that it has the right to convey it, and that it is free from encumbrances other than (i) that certain Deed of Trust, dated as of July 19, 2006, made by John Eric Churilla and Anna Tigre Churilla, as trustor, to Everett L. Anschutz, Jr., as trustee, in favor of First Magnus Financial Corporation, an Arizona corporation, as beneficiary, recorded on July 28, 2006, in the Official Real Property Records of Travis County, as Document No. 2006144203, and (ii) that certain Purchase Money Security Document (Second Lien), dated as of July 19, 2006, made by John Eric Churilla and Ana Tigre Churilla, as trustor, to Melissa Harral, as trustee, for the benefit of Oak Street Mortgage, as beneficiary, recorded on July 28, 2006, in the Official Real Property Records of Travis County, as Document No. 2006144204 (collectively, the “**Permitted Prior DOT**”).

(b) Payment. Borrower will pay the sums due under the Settlement Agreement secured herein in accordance with the terms of the Settlement Agreement.

(c) Taxes. Borrower will pay all taxes and assessments that are or may become due on the Property described herein before any interest or penalty accrues on it.

(d) Insurance. Borrower will insure the improvements on the Property described herein, including improvements made in the future, against fire, windstorm, or other hazard as may be reasonably required by Beneficiary. Policies of such insurance will be carried by companies approved by Beneficiary, will include a mortgage indemnity clause in favor of Beneficiary and will be in form as Beneficiary may require. All insurance policies will be delivered to Beneficiary. Renewals of the policies must be delivered to Beneficiary at least thirty (30) days prior to the expiration of the policies’ renewal. In the event of loss, Beneficiary is authorized to collect the proceeds due under the policies and to apply them at its option (in its sole and absolute discretion) either in reduction of the Secured Obligations or in restoration or repair of the damaged Property.

(e) Prior liens. Borrower agrees that in the event a lien, charge, or encumbrance is claimed or asserted to be prior or superior to the lien of this Deed of Trust (other than the Permitted Prior DOT), Borrower is immediately to pay off, discharge, or remove such lien, charge, or encumbrance from the Property, whether or not it proves in fact to be prior or superior to the lien of this Deed of Trust.

(f) Repairs. Borrower:

(i) will maintain the Property in good repair;

(ii) will not remove or demolish any building or improvement on it; and

(iii) will not commit, suffer, or permit any waste, impairment, or deterioration of the Property.

(g) Future liens. Borrower agrees not to allow to be fixed, or to enter into any contract where there may be fixed on the Property any mechanic’s lien or other lien (whether senior or subordinate to this Deed of Trust) without the prior written consent of Beneficiary, which consent may be given or withheld in Beneficiary’s sole and absolute discretion.

(h) Condemnation. If the Property or any part of it is condemned and taken under the power of eminent domain, all damages and awards for the Property taken will be paid to Beneficiary, and the amount will be credited to the Secured Obligations and may, at Beneficiary’s sole and absolute discretion, be applied to the last maturing installments.

(i) Unsecured indebtedness. If any part of the Secured Obligations cannot lawfully be secured by this Deed of Trust or the lien granted hereby, Borrower agrees that payments will be applied first to the discharge of that unsecured portion of the Secured Obligations until it is paid.

6. In the event that Borrower fails to pay any taxes or assessments or to insure the Property as provided above, or should Borrower fail to take the necessary steps to preserve the priority of the lien granted by this Deed of Trust, then Beneficiary has the right, at its option, to pay any such taxes or assessments or any necessary insurance premiums, or to remove or defend any suit in relation to the preservation of the priority of the lien granted by this Deed of Trust. Any amounts that may be paid by Beneficiary will at once become an indebtedness from Borrower to Beneficiary, bear interest from the date of payment of it at ten (10%) percent per annum, is payable on demand, and is a part of the Secured Obligations.

7. Upon the occurrence of a Default, the Secured Obligations, together with all accrued interest on it and all other amounts secured by it, will, at the option of Beneficiary, become at once due and payable without demand or notice. Trustee, or any substitute trustee, is authorized and empowered, when requested to do so by Beneficiary after such Default (which request is hereby conclusively presumed), to sell the Property at a public sale at auction held between the hours of 10 a.m. and 4 p.m. of the first Tuesday in any month, in the county in which the premises, or any part is situated, after advertisement of the time, place, and terms of the sale and the Property to be sold by posting, or causing to be posted, for at least twenty-one (21) consecutive days prior to the date of the sale written notice at the courthouse door of each county in which the Property is located. Notice must also be given by filing a copy in the office of the county clerk of each county in which the Property is located and by serving written notice of the proposed sale by certified mail on each debtor obligated to pay such debt according to the records of Beneficiary at least twenty-one (21) days preceding the date of the sale as provided by statute. Borrower authorizes and empowers Trustee to sell the premises, together, or in lots or parcels, as Trustee deems expedient, and to execute and deliver to the purchaser of the premises deeds of conveyance of it by fee simple title, with covenants of general warranty. The title of such purchaser, when so made by Trustee, binds Borrower to warrant and forever defend.

8. In the event of a sale, any one or more of the holders of the Secured Obligations, or any part of it, has the right to become the purchaser in the event that Beneficiary should be the highest bidder, and has the right, in lieu of cash payment, to apply the amount bid against the indebtedness owing by Borrower to the owner and Beneficiary of the indebtedness.

9. In the event of a sale of the Property, or of any part thereof, under the power granted herein, Borrower, Borrower's heirs, executors, administrators, assigns, successors, or any other person holding under them or in possession of the Property, becomes a tenant at will of the purchaser at the foreclosure sale, and should such tenant refuse to surrender possession of the Property on demand, the purchaser is entitled to institute and maintain the statutory action for forcible detainer, and to procure a writ of possession under it.

10. It is expressly agreed that the recitals in the conveyance to the purchaser is full evidence of the truth of the matters stated therein, and all prerequisites to the sale are presumed to have been performed.

11. Beneficiary, in any event, is authorized hereby to appoint a substitute trustee or a successor trustee to act instead of Trustee named herein without other formality than designation of such substitute or successor trustee in writing. The authority conferred herein extends to the appointment of other successor and substitute trustees successively until the Secured Obligations have been paid in full, or until the Property is sold, and each substitute and successor trustee will succeed to all the rights and powers of the original Trustee named herein.

12. Borrower assigns to Beneficiary all rents on the premises covered herein and authorizes Beneficiary:

- (a) to take possession of the premises at any time there is a Default in the payment of the debt secured herein or in the performance of any obligation herein contained;
- (b) to rent them for Borrower;
- (c) to deduct from such rents all costs of collection and administration; and
- (d) to apply the remainder of those rents on the debt secured herein.

13. Failure of Beneficiary to exercise an option available under the terms of this Deed of Trust or under the Settlement Agreement secured hereby will not constitute a waiver of Beneficiary's right to exercise the same on any subsequent Default. All remedies of Beneficiary may be exercised independently or cumulatively.

14. Neither Borrower nor any party liable for the Secured Obligations will be required to pay interest in excess of the rate allowed by the laws of the State of Texas. The intention of the parties is to conform strictly to the usury laws now in force, and any contract for interest secured hereby will be held to be subject to reduction to the amount allowed under the usury laws as now or later construed by the courts having jurisdiction.

15. The time for payment of all or any part of the Secured Obligations may be extended, or any part of the Secured Obligations released from the lien created herein, without affecting or altering the priority of the lien in favor of any junior encumbrancer or any person acquiring an interest in the Property described herein, or any part of it. It is the intention of the parties to preserve the priority of this lien against all liens that may be placed on the Property, notwithstanding the granting of extensions in the time for payment of the Secured Obligations or the release from this lien of portions of the Property.

16. In the event the proceeds of the Secured Obligations are used to pay off or discharge any lien or encumbrance on the Property described herein, Beneficiary will be subrogated to all such liens or encumbrances and to all of the rights of the persons of those to whom such payments are made.

17. Borrower represents that this Deed of Trust and the Settlement Agreement secured hereby are given for business purpose of resolving Beneficiary's prior legal claims against Borrower and Illa, which is affiliated with Borrower.

18. All covenants, agreements, and terms contained herein will bind, and the benefits and advantages will inure to, the respective heirs, executors, administrators, successors, and assigns of the parties.

19. Whenever used, the singular number includes the plural and the plural the singular, and the word "Beneficiary" includes any payee or obligee of the Secured Obligations or any transferee of it whether by operation of law or otherwise.

20. Notice. All notices, demands or other communications under this Deed of Trust shall be in writing (which may be by electronic mail), mailed or delivered to the appropriate party at its number or address set forth below (subject to change from time to time by written notice to all other parties to this Deed of Trust). All such notices and communications shall be effective upon receipt or refusal of delivery.

If to Beneficiary: Krista L. Freitag, Receiver
c/o Allen Matkins
600 W. Broadway, 27th Floor
San Diego, California 92101
Attention: Ted Fates, Esq.

If to Trustee: First American Title Insurance Company
601 Travis, Suite 1875
Houston, Texas 77002

If to Borrower: John Eric Churilla
Nicole Lorraine Churilla
6002 Rain Creek Parkway
Austin, Texas 78759

21. Texas Specific Provisions. To the extent any provision in this Section 21 conflicts with any other provisions of this Deed of Trust, this section 21 shall control.

(a) Security Agreement and Fixture Filing. To secure to Beneficiary, the full and punctual payment and performance of all Secured Obligations, Borrower hereby pledges, assigns, and grants to Beneficiary a continuing security interest in the Personal Property. This Deed of Trust constitutes a security agreement and a financing statement under the Texas Uniform Commercial Code (the "UCC"). This Deed of Trust also constitutes a financing statement pursuant to the terms of the UCC

with respect to any part of the Property that is or may become a fixture under applicable law, and will be recorded as a “fixture filing” in accordance with the UCC. Borrower hereby authorizes Beneficiary to file financing statements, continuation statements and financing statement amendments in such form as Beneficiary may require to perfect or continue the perfection of this security interest without the signature of Borrower. If a Default has occurred, Beneficiary shall have the remedies of a secured party under the UCC or otherwise provided at law or in equity, in addition to all remedies provided by this Deed of Trust and in the Settlement Agreement. Beneficiary may exercise any or all of its remedies against the Personal Property separately or together, and in any order, without in any way affecting the availability or validity of Beneficiary’s other remedies. For purposes of the UCC, the debtor is Borrower and the secured party is Beneficiary. The address of the debtor and secured party are set forth in Section 20 above which are the addresses from which information on the security interest may be obtained and the name of the debtor and secured party are set forth after Borrower’s signature below.

(b) Additional Provisions Regarding Insurance. Any terms to the contrary contained in this Deed of Trust notwithstanding, the following requirements are hereby imposed pursuant to Section 307.052 of the Texas Finance Code:

(i) BORROWER IS REQUIRED TO: (i) KEEP THE PROPERTY INSURED AGAINST DAMAGE IN AN AMOUNT EQUAL TO THE INDEBTEDNESS, (ii) PURCHASE THE INSURANCE FROM AN INSURER THAT IS AUTHORIZED TO DO BUSINESS IN THE STATE OF TEXAS OR AN ELIGIBLE SURPLUS LINES INSURER, AND (iii) NAME BENEFICIARY AS THE PERSON TO BE PAID UNDER THE POLICY IN THE EVENT OF LOSS.

(ii) IF BORROWER FAILS TO COMPLY WITH SUBSECTION (a) ABOVE, BENEFICIARY MAY, BUT WILL NOT BE OBLIGATED TO, OBTAIN COLLATERAL PROTECTION INSURANCE ON BEHALF OF BORROWER AT BORROWER’S EXPENSE.

(c) In the event an interest in any of the Property is foreclosed upon pursuant to a judicial or nonjudicial foreclosure sale, Borrower agrees as follows: notwithstanding the provisions of Sections 51.003, 51.004, and 51.005 of the Texas Property Code (as the same may be amended from time to time), and to the extent permitted by law, Borrower agrees that Beneficiary will be entitled to seek a deficiency judgment from Borrower and any other party obligated on the Settlement Agreement equal to the difference between the amount owing on the Settlement Agreement and the amount for which the Property was sold pursuant to judicial or nonjudicial foreclosure sale. Borrower expressly recognizes that this Section constitutes a waiver of the above-cited provisions of the Texas Property Code which would otherwise permit Borrower and other persons against whom a recovery of deficiencies is sought (even absent the initiation of deficiency proceedings against them) to present competent evidence of the fair market value of the Property as of the date of the foreclosure sale and offset against any deficiency the amount by which the foreclosure sale price is determined to be less than such fair market value. Borrower further recognizes and agrees that this waiver creates an irrebuttable presumption that the foreclosure sale price is equal to the fair market value of the Property for purposes of calculating deficiencies owed by Borrower and others against whom recovery of a deficiency is sought. Alternatively, in the event the waiver provided for in this Section is determined by a court of competent jurisdiction to be unenforceable, in any action for a deficiency after a foreclosure under this Deed of Trust, if any person against whom recovery is sought requests the court in which the action is pending to determine the fair market value of the Property, as of the date of the foreclosure sale, the following will be the basis of the court’s determination of fair market value:

(i) The Property will be valued “as is” and in its condition as of the date of foreclosure, and no assumption of increased value because of post-foreclosure repairs, refurbishment, restorations or improvements will be made.

(ii) Any adverse effect on the marketability of title because of the foreclosure or because of any other title condition not existing as of the date of this Deed of Trust will be considered.

(iii) The valuation of the Property will be based upon an assumption that the foreclosure purchaser desires a prompt resale of the Property for cash within a 6 month-period after foreclosure.

(iv) Although the Property may be disposed of more quickly by the foreclosure purchaser, the gross valuation of the Property as of the date of foreclosure will be discounted for a hypothetical reasonable holding period (not to exceed 6 months).

(v) The gross valuation of the Property as of the date of foreclosure will be further discounted and reduced by reasonable estimated costs of disposition, including brokerage commissions, title policy premiums, environmental assessment and clean-up costs, tax and assessment, prorations, costs to comply with legal requirements and attorneys' fees and costs.

(vi) Expert opinion testimony will be considered only from a licensed appraiser certified by the State of Texas and, to the extent permitted under Texas law, a member of the Appraisal Institute, having at least 5 years' experience in appraising property similar to the Property in the county where the Property is located, and who has conducted and prepared a complete written appraisal of the Property taking into considerations the factors set forth in this Deed of Trust; no expert opinion testimony will be considered without such written appraisal.

(vii) Evidence of comparable sales will be considered only if also included in the expert opinion testimony and written appraisal referred to in subsection (vi), above.

(viii) An affidavit executed by Beneficiary to the effect that the foreclosure bid accepted by Trustee was equal to or greater than the value of the Property determined by Beneficiary based upon the factors and methods set forth in subsections (i) through (vii) above before the foreclosure will constitute *prima facie* evidence that the foreclosure bid was equal to or greater than the fair market value of the Property on the foreclosure date.

(d) Beneficiary may, at Beneficiary's option, comply with these provisions in the manner permitted or required by Title 5, Section 51.002 of the Texas Property Code (relating to the sale of real estate) or by Chapter 9 of the Texas Business and Commerce Code (relating to the sale of collateral after default by a debtor), as those titles and chapters now exist or may be amended or succeeded in the future, or by any other present or future articles or enactments relating to same subject. Unless expressly excluded, the Property will include rents collected before a foreclosure sale, but attributable to the period following the foreclosure sale, and Borrower will pay such rents to the purchaser at such sale.

(e) At any such foreclosure sale, all of the following will be true:

(i) Whether made under the power contained in this Instrument, Section 51.002 of the Texas Property Code, Chapter 9 of the Texas Business and Commerce Code, any other legal requirement or by virtue of any judicial proceedings or any other legal right, remedy or recourse, it will not be necessary for Trustee to have physically present, or to have constructive possession of, the Property. Borrower will deliver to Trustee any portion of the Property not actually or constructively possessed by Trustee immediately upon demand by Trustee and the title to and right of possession of any such property will pass to the purchaser as completely as if the property had been actually present and delivered to the purchaser at the sale.

(ii) Each instrument of conveyance executed by Trustee will contain a general warranty of title, binding upon Borrower.

(iii) The recitals contained in any instrument of conveyance made by Trustee will conclusively establish the truth and accuracy of the matters recited in the Instrument, including nonpayment of the indebtedness and the advertisement and conduct of the sale in the manner provided in this Instrument and otherwise by law and the appointment of any successor Trustee.

(iv) All prerequisites to the validity of the sale will be conclusively presumed to have been satisfied.

(v) The receipt of Trustee or of such other party or officer making the sale will be sufficient to discharge to the purchaser or purchasers for such purchaser(s)' purchase money, and no such purchaser or purchasers, or such purchaser(s)' assigns or personal representatives, will thereafter be obligated to see to the application of such purchase money or be in any way answerable for any loss, misapplication or nonapplication of such purchase money.

(vi) To the fullest extent permitted by law, Borrower will be completely and irrevocably divested of all of Borrower's right, title, interest, claim and demand whatsoever, either at law or in equity, in and to the property sold, and such sale will be a perpetual bar to any claim to all or any part of the property sold, both at law and in equity,

against Borrower and against any person claiming by, through or under Borrower.

(vii) To the extent and under such circumstances as are permitted by law, Beneficiary may be a purchaser at any such sale.

(f) Notwithstanding anything to the contrary contained herein, Beneficiary is entitled to all the rights and remedies of an assignee set forth in Chapter 64 of the Texas Property Code, the Texas Assignment of Rents Act ("**TARA**"). This Deed of Trust shall constitute and serve as a security instrument under TARA. Beneficiary shall have the ability to exercise its rights related to the leases and rents, in Beneficiary's sole discretion and without prejudice to any other remedy available, as provided in this Deed of Trust or as otherwise allowed by applicable law, including, without limitation, TARA.

(g) Obligations of Borrower Joint and Several. If more than one individual or entity has executed this Deed of Trust as "Borrower", the obligations of all such persons hereunder shall be joint and several.

(h) Governing Law. This Deed of Trust shall be construed in accordance with the laws of the State of Texas, except to the extent that Federal laws preempt the laws of the State of Texas.

(i) Suretyship Waivers.

(i) As used in this Section, the term "**Obligated Party**" shall mean each of Borrower and any other person obligated on, providing a guarantor or other surety of, or pledgor of collateral for the Secured Obligations, including, without limitation, Illa, and the term "**Obligated Parties**" shall mean any two or more of such Obligated Parties, collectively.

(ii) Beneficiary may bring an action against any Obligated Party, whether an action is brought against other Obligated Parties. It shall not be necessary for Beneficiary, in order to enforce this Deed of Trust, (1) first to institute suit or pursue or exhaust any rights or remedies against another Obligated Party or others liable on the Secured Obligations for such payment or performance, or to enforce any rights against any collateral that shall ever have been given to secure the Secured Obligations, or (2) to join an Obligated Party or any others liable for the payment or performance of the Secured Obligations or any part thereof in any action against other Obligated Parties or any other person, or to resort to any other means of obtaining payment or performance of the Secured Obligations. Provided, however, nothing herein contained shall prevent Beneficiary from suing on the Secured Obligations or foreclosing on any collateral or from exercising any other rights or remedies. Suit may be brought or demand may be made against any Obligated Party or against all parties who have signed this Deed of Trust, the Settlement Agreement or any guaranty covering all or any part of the Secured Obligations, or against any one or more of them, separately or together, without impairing the rights of Beneficiary against any party hereto. Any time that Beneficiary is entitled to exercise its rights or remedies hereunder, it may in its discretion elect to demand payment and/or performance. If Beneficiary elects to demand performance, it shall at all times thereafter have the right to demand payment until all of the Secured Obligations have been paid and performed in full. If Beneficiary elects to demand payment, it shall at all times thereafter have the right to demand performance until all of the Secured Obligations have been paid and performed in full.

(iii) Borrower agrees that any of the following will not release Borrower from the Secured Obligations.

(1) any partial or full release, whether express or by operation of law, which may be given by Beneficiary to the other Obligated Parties;

(2) the death, insolvency, bankruptcy, disability, dissolution, liquidation, termination, receivership, reorganization, merger, consolidation, change of form, structure or ownership, sale of all assets, or lack of corporate, partnership or other power of any Obligated Party;

(3) any limitation of liability or recourse in any of this Deed of Trust or the Security Agreement or arising under any law;

(4) the taking or accepting of any other security or guaranty for, or right of recourse with respect to, any or

all of the Secured Obligations;

(5) any release, surrender, abandonment, exchange, alteration, sale or other disposition, subordination, deterioration, waste, failure to protect or preserve, impairment, or loss of, or any failure to create or perfect any lien or security interest with respect to, or any other dealings with, any collateral or security at any time existing or purported, believed or expected to exist in connection with any or all of the Secured Obligations, including any impairment of any Obligated Party's recourse against any person or collateral;

(6) either with or without notice to or consent of an Obligated Party: with respect to any other Obligated Party, any renewal, extension, modification or rearrangement of the terms of any or all of the Secured Obligations, including, without limitation, material alterations of the terms of payment or performance or any other terms thereof, or any waiver, termination, or release of, or consent to departure from, the the Secured Obligations, or any adjustment, indulgence, forbearance, or compromise that may be granted from time to time by Beneficiary to any other Obligated Party;

(7) any neglect, lack of diligence, delay, omission, failure, or refusal of Beneficiary to take or prosecute (or in taking or prosecuting) any action for the collection or enforcement of any of the Secured Obligations, or to foreclose or take or prosecute any action to foreclose (or in foreclosing or taking or prosecuting any action to foreclose) upon any security therefor, or to exercise (or in exercising) any other right or power with respect to any security therefor, or to take or prosecute (or in taking or prosecuting) any action in connection with the Secured Obligations, or any failure to sell or otherwise dispose of in a commercially reasonable manner any collateral securing any or all of the Secured Obligations;

(8) any failure of Beneficiary on one or more occasions to notify an Obligated Party, with respect to another Obligated Party, of any creation, renewal, extension, rearrangement, modification, supplement, subordination, or assignment of the Secured Obligations or any part thereof, or of the Settlement Agreement or this Deed of Trust, or of any release of or change in any security, or of any other action taken or refrained from being taken by Beneficiary against such other Obligated Party or any security or other recourse, or of any new agreement between Beneficiary and such other Obligated Party, it being understood that Beneficiary shall not be required to give an Obligated Party any notice of any kind under any circumstances with respect to or in connection with any other Obligated Party, any and all rights to notice an Obligated Party may have otherwise had being hereby waived by each Obligated Party;

(9) if for any reason Beneficiary is required to refund any payment by an Obligated Party to any other Obligated Party or pay the amount thereof to someone else;

(10) the existence of any claim, counterclaim, setoff, defense or other right that Borrower may at any time have against another Obligated Party, or any other person, whether or not arising in connection with the Settlement Agreement or this Deed of Trust;

(11) the unenforceability of all or any part of the Secured Obligations against another Obligated Party, whether because the Secured Obligations exceed the amount permitted by law or violate any usury law, or because the act of creating the Secured Obligations, or any part thereof, is ultra vires, or because the officers or persons creating same acted in excess of their authority, or because of a lack of validity or enforceability of or defect or deficiency in the Settlement Agreement or this Deed of Trust, or because another Obligated Party has any valid defense, claim or offset with respect thereto, or because another Obligated Party's obligation ceases to exist by operation of law, or except with respect to Borrower, because of any other reason or circumstance, it being agreed that Borrower shall remain liable hereon regardless of whether another Obligated Party or any other person be found not liable on the Secured Obligations, or any part thereof, for any reason (and regardless of any joinder of another Obligated Party or any other party in any action to obtain payment or performance of any or all of the Secured Obligations); or

(12) any order, ruling or plan of reorganization emanating from proceedings under 11 U.S.C. §101 et seq., as the same may be amended from time to time (the "**Bankruptcy Code**") with respect to another Obligated Party or any other person, including any extension, reduction, composition, or other alteration of

the Secured Obligations with respect thereto, whether or not consented to by Beneficiary.

(iv) Borrower shall not have any right to assert against Beneficiary any claim, counterclaim, defense or setoff which such Borrower may have against the other Obligated Parties or any other party liable to Beneficiary for the Secured Obligations.

(v) Borrower agrees that it is solely responsible for keeping itself informed as to the financial condition of the other Obligated Parties and of all circumstances which bear upon the risk of nonpayment. Borrower waives any right it may have to require Beneficiary to disclose to Borrower any information which Beneficiary may now or hereafter acquire concerning the financial condition of the other Obligated Parties.

(vi) Borrower represents and warrants to Beneficiary that it has and will derive benefit, directly and indirectly, from the terms of the Settlement Agreement as secured by this Deed of Trust.

(vii) Until all Secured Obligations have been timely paid and performed in full, Borrower shall not have any right of subrogation in or under this Deed of Trust or the Settlement Agreement or to participate in any way therein, or in any right, title or interest in and to any security or right of recourse for the Secured Obligations, or any right to reimbursement, exoneration, contribution (contractual, statutory or otherwise), indemnification or any similar rights, including without limitation, any claim or right of subrogation under the Bankruptcy Code, which Borrower may now or hereafter have against any other Obligated Party with respect to the Secured Obligations. Borrower shall not have any right to enforce any remedy which Beneficiary now has or may hereafter have against any other Obligated Party, or shall have any benefit of, or any right to participate in, any security now or hereafter held by Beneficiary.

(viii) Borrower waives all rights and defenses that Borrower may have because the Secured Obligations are secured by real property. This means, among other things:

(1) Beneficiary may collect from each Obligated Party (including enforcing the Settlement Agreement and/or this Deed of Trust against such Obligated Party's interest in the property secured thereby) without first foreclosing on any real or personal property collateral pledged by Borrower or any other Obligated Party.

(2) If Beneficiary forecloses on any real property collateral pledged by Borrower or any other Obligated Party:

(a) The amount of the Secured Obligations may be reduced only by the price for which that collateral is sold at the foreclosure sale, even if the collateral is worth more than the sale price. At any such sale of the collateral, Beneficiary may at its discretion purchase all or any part of the collateral so sold or offered for sale for its own account and may deduct the price bid from the Secured Obligations. The price at such foreclosure sale shall only be the net proceeds therefrom, after deduction of all charges and expenses of every kind and nature whatsoever.

(b) Beneficiary may collect from each Obligated Party (including enforcing the Settlement Agreement and/or this Deed of Trust against such Obligated Party's interest) even if Beneficiary, by foreclosing on the real property collateral pledged by Borrower or the other Obligated Parties, has destroyed any right Borrower or such Obligated Party may have to collect from the other Obligated Parties.

(c) Beneficiary shall not be required to institute or prosecute proceedings to recover any deficiency as a condition of payment hereunder or enforcement hereof.

(ix) To the extent permitted under applicable law, Borrower hereby expressly waives any and all rights to which they may be entitled under any suretyship laws in effect from time to time, including any right or privilege, whether existing under statute, at law or in equity, to require Beneficiary to take prior recourse or proceedings against any collateral, security, any other Obligated Party or any other person. Borrower unconditionally and irrevocably waives any rights, defenses or remedies it may have under (1) Chapter 43 and Section 17.001 of the Texas Civil

Practice and Remedies Code and Texas Rule of Civil Procedure 31, including without limitation, notice, discharge, levy and subrogation, and (2) Sections 51.003 through 51.005 of the Texas Property Code, relating to deficiency judgments.

(x) In the event any payment by another Obligated Party or any other person to Beneficiary is held to constitute a preference, fraudulent transfer or other voidable payment under any bankruptcy, insolvency or similar law or theory, including any equitable remedy, or if for any other reason Beneficiary is required to refund such payment or pay the amount thereof to any other party, such payment by another Obligated Party or any other party to Beneficiary shall not constitute a release of Borrower or the Property from this Deed of Trust, and this Deed of Trust shall continue to be effective or shall be reinstated (notwithstanding any prior release, surrender or discharge by Beneficiary of the Secured Obligations or Borrower), as the case may be, with respect to and this Deed of Trust shall continue to send, any and all amounts so refunded by Beneficiary or paid by Beneficiary to another person (which amounts shall constitute part of the Secured Obligations), and any interest paid by Beneficiary and any attorneys' fees, costs and expenses paid or incurred by Beneficiary in connection with any such event. It is the intent of Borrower and Beneficiary that the obligations and liabilities of Borrower hereunder are absolute and unconditional under any and all circumstances and that until the Secured Obligations are fully and finally paid and performed, and not subject to refund or disgorgement, the obligations and liabilities of Borrower hereunder shall not be discharged or released, in whole or in part, by any act or occurrence that might, but for the provisions of this Section, be deemed a legal or equitable discharge or release of Borrower.

(xi) If acceleration of the time for payment of any amount payable by another Obligated Party under the Settlement Agreement and/or this Deed of Trust is stayed or delayed by any law or tribunal, all such amounts shall nonetheless continue to be secured by this Deed of Trust

(xii) If, for any reason whatsoever, another Obligated Party is now or hereafter becomes indebted to Borrower:

(1) such indebtedness and all interest thereon and all liens, security interests and rights now or hereafter existing with respect to property of the other Obligated Party securing same shall, at all times, be subordinate in all respects to the Secured Obligations and to all liens, security interests and rights now or hereafter existing to secure the Secured Obligations;

(2) Borrower shall not be entitled to enforce or receive payment, directly or indirectly, of any such indebtedness of another Obligated Party to Borrower until the Secured Obligations have been fully and finally paid and performed;

(3) Borrower hereby assigns and grants to Beneficiary a security interest in all such indebtedness and security therefor, if any, of another Obligated Party to Borrower now existing or hereafter arising, including any dividends and payments pursuant to debtor relief or insolvency proceedings referred to below. In the event of receivership, bankruptcy, reorganization, arrangement or other debtor relief or insolvency proceedings involving another Obligated Party as debtor, Beneficiary shall have the right to prove its claim in any such proceeding so as to establish its rights hereunder and shall have the right to receive directly from the receiver, trustee or other custodian (whether or not Default shall have occurred), dividends and payments that are payable upon any obligation of another Obligated Party to Borrower now existing or hereafter arising, and to have all benefits of any security therefor, until the Secured Obligations have been fully and finally paid and performed. If, notwithstanding the foregoing provisions, Borrower should receive any payment, claim or distribution that is prohibited as provided above in this subsection, Borrower shall pay the same to Beneficiary immediately, Borrower hereby agreeing that it shall receive the payment, claim or distribution in trust for Beneficiary and shall have absolutely no dominion over the same except to pay it immediately to Beneficiary; and

(4) Borrower shall promptly upon request of Beneficiary from time to time execute such documents and perform such acts as Beneficiary may require to evidence and perfect its interest and to permit or facilitate exercise of its rights under this subsection, including, but not limited to, execution and delivery of proofs of claim, further assignments and security agreements, and delivery to Beneficiary of any promissory notes or other instruments evidencing indebtedness of another Obligated Party to Borrower.

(xiii) If Borrower is or becomes liable, by endorsement or otherwise, for any indebtedness owing by another Obligated Party to Beneficiary, such liability shall not be in any manner impaired or affected hereby, and the rights of Beneficiary hereunder shall be cumulative of any and all other rights that Beneficiary may have against Borrower. If another Obligated Party is or becomes indebted to Beneficiary for any indebtedness other than or in excess of the Secured Obligations, any payment received or recovery realized upon any indebtedness of another Obligated Party to Beneficiary may, except to the extent paid by Borrower on the Secured Obligations or specifically required by law or agreement of Beneficiary to be applied to the Secured Obligations, in Beneficiary's sole discretion, be applied upon indebtedness of another Obligated Party to Beneficiary other than the Secured Obligations.

[Remainder of Page Intentionally Left Blank; Signature Pages Follow]

BY SIGNING BELOW, Borrower accepts and agrees to the terms and covenants contained in this Deed of Trust.

BORROWER:

_____(Seal)
JOHN ERIC CHURILLA, an individual

_____(Seal)
NICOLE LORRAINE CHURILLA, an individual

STATE OF TEXAS
COUNTY OF _____

Before me, _____ (name of notary), on this day personally appeared _____
(name of signer), known to me (or proved to me on the oath of _____ or through _____
(description of identity card or other document)) to be the person whose name is subscribed to the foregoing instrument and
acknowledged to me that he/she executed the same for the purposes and consideration therein expressed.

Given under my hand and seal of office this ____ day of _____, 2023.

(Personalized Seal)

Notary Public's Signature

STATE OF TEXAS
COUNTY OF _____

Before me, _____ (name of notary), on this day personally appeared _____
(name of signer), known to me (or proved to me on the oath of _____ or through _____
(description of identity card or other document)) to be the person whose name is subscribed to the foregoing instrument and
acknowledged to me that he/she executed the same for the purposes and consideration therein expressed.

Given under my hand and seal of office this ____ day of _____, 2023.

(Personalized Seal)

Notary Public's Signature