
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **June 29, 2018**

CLOUDCOMMERCE, INC.

(Exact name of registrant as specified in its charter)

Nevada

(State or other jurisdiction of incorporation
or organization)

000-13215

(Commission File Number)

30-0050402

IRS Employer Identification No.)

1933 Cliff Drive, Suite 1

Santa Barbara, CA

(Address of Principal Executive Offices)

93109

(Zip Code)

(805) 964-3313

(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter)

Emerging Growth Company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 1.01 Entry into a Material Definitive Agreement.

On June 29, 2018, Parscale Digital Inc. (the “Borrower”), a wholly-owned subsidiary of CloudCommerce, Inc., issued a secured promissory note (the “Note”) in the principal amount of seven hundred and fifty thousand (\$750,000) in favor of P2Binvestor, Incorporated (the “Noteholder”).

Interest on the unpaid principal balance of the Note accrues at an annual rate of 18%, subject to a default interest rate of 27%. Borrower shall remit to Noteholder monthly payments in accordance with the terms of the Note. All unpaid principal and accrued but unpaid interest thereon, and any fees or other amounts due, under the Note shall be due and payable in full on June 30, 2019. The Borrower may prepay any principal amounts due under the Note in whole or in part at any time or from time to time without penalty or premium.

The Note contains certain events of default, including, failure to timely pay any amounts due under the Note and breach of representations and warranties. All payments of principal, interest and other amounts under the Note are payable immediately upon written demand by the Noteholder to the Borrower upon the occurrence of an event of default and at any time thereafter during the continuance of such event of default.

In connection with the issuance of the Note, the Borrower entered into a security agreement (the “Security Agreement”) pursuant to which it granted a security interest in certain collateral of the Borrower to secure the payment and performance of the Secured Obligations, as defined in the Security Agreement.

The foregoing description is a summary of the Note and the Security Agreement, does not purport to be complete and is qualified in its entirety by reference to the full text of the Note and Security Agreement, which are filed as Exhibit 10.1 and 10.2 to this Current Report on Form 8-K and incorporated herein by reference.

Item 2.03 Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant

The information contained in Item 1.01 of this Current Report on Form 8-K is incorporated herein by reference to this Item 2.03.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

The exhibits listed in the following Exhibit Index are filed as part of this Current Report on Form 8-K.

<u>Exhibit No.</u>	<u>Description</u>
<u>10.1</u>	Secured Promissory Note, dated June 29, 2018, issued by Parscale Digital Inc. to P2Binvestor, Incorporated.
<u>10.2</u>	Security Agreement, dated June 29, 2018, between Parscale Digital Inc. and P2Binvestor, Incorporated.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CLOUDCOMMERCE, INC.

Date: July 12, 2018

By: /s/ Andrew Van Noy
Name: Andrew Van Noy
Title: Chief Executive Officer

SECURED PROMISSORY NOTE

\$750,000

June 29, 2018

FOR VALUE RECEIVED, and subject to the terms and conditions set forth herein, Parscale Digital Inc., a Nevada corporation (the "**Borrower**"), hereby unconditionally promises to pay to the order of P2BInvestor, Incorporated, a Colorado corporation located at 1120 Lincoln St., #100, Denver, CO 80203 (the "**Noteholder**"), and together with the Borrower, the "**Parties**"), the principal amount of seven hundred and fifty thousand (\$750,000) (the "**Loan**"), together with all accrued interest thereon, by or on the Maturity Date set forth on Schedule 1 hereto (the "**Maturity Date**") as provided in this Promissory Note (the "**Note**", as the same may be amended, restated, supplemented or otherwise modified from time to time in accordance with its terms). This Note is made as of the Effective Date set forth on Schedule 1 hereto.

WHEREAS, the Parties acknowledge that they have executed between them that certain Financing and Security Agreement, dated as of October 19, 2017 (the "**FSA**"), which provides a working capital facility for Borrower's business, supported by the sale and assignment of its accounts receivable and other assets; and

WHEREAS, the Noteholder wishes to provide an additional term loan to Borrower;

NOW, THEREFORE, in consideration of the premises, the agreements hereinafter set forth and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto hereby covenant and agree as follows, effective as of the date first above written:

1. **Interest and Payments.**

- (a) **Interest Rate.** Except as otherwise provided in this Note, the outstanding principal amount under the Loan shall accrue interest at an annual rate equal to the Interest Rate set forth in Schedule 1 hereto from the date of this Note until the entire Loan, including principal and accrued but unpaid interest, is paid in full, whether at maturity, upon acceleration, by prepayment or otherwise.
 - (b) **Default Interest.** If any amount payable under this Note is not paid when due (without regard to any applicable grace periods), whether at the stated maturity, by acceleration or otherwise, the outstanding principal amount of the Loan shall bear interest at an annual rate equal to the Default Interest Rate set forth on Schedule 1 hereto from the date payment was due until all delinquent amounts are paid in full.
 - (c) **Computation of Interest.** All computations of interest shall be made on the basis of the actual number of days elapsed in a year of 365 (or 366, as the case may be) days. Interest shall commence to accrue on the principal amount of the Loan on the date of this Note, and shall not accrue on the day on which it is paid if payment is made to prior to 12:00 p.m. Mountain time. Any payment of principal on this Note after 12:00 p.m. Mountain time on any business day shall be credited against this Note on the next business day and interest will continue to accrue until so credited.
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- (d) Interest Rate Limitation. The agreements made by Borrower with respect to this Note are expressly limited so that in no event shall the amount of interest received, charged or contracted for by Noteholder exceed the highest lawful amount of interest permissible under the laws applicable to the Loan. If at any time performance of any provision of this Note results in the highest lawful rate of interest permissible under applicable laws being exceeded, then the amount of interest received, charged or contracted for by Noteholder shall automatically and without further action by any party be deemed to have been reduced to the highest lawful amount of interest then permissible under applicable laws.
- (e) Payment of Interest and Principal.
 - (i) Borrower shall remit to Noteholder monthly payments in accordance with the terms of this Note and the Repayment Schedule attached hereto as Exhibit B. All unpaid principal and accrued but unpaid interest thereon, and any fees or other amounts due, under this Note shall be due and payable in full on the Maturity Date.
 - (ii) The Borrower may prepay any principal amounts due hereunder in whole or in part at any time or from time to time without penalty or premium. Any such prepayment shall be applied in reverse order of maturity unless otherwise agreed by the Borrower and the Noteholder. In the event that the Parties agree not to apply prepayments as set forth herein, the Repayment Schedule at Exhibit B shall be deemed to be revised to reflect such prepayment of principal and taking into account the amortization calculation, as set forth herein, beginning on the date of first payment hereunder.

2. Payment Mechanics.

(a) Manner of Payment. All payments of interest and principal shall be made in lawful money of the United States of America no later than 12:00 p.m. Mountain time on the date on which such payment is due pursuant to Schedule B, as it may be amended from time to time, by cashier's check, certified check or by wire transfer of immediately available funds to the Noteholder's account at a bank specified by the Noteholder in writing to the Borrower from time to time.

(b) Business Day Convention. Whenever any payment to be made hereunder shall be due on a day that is not a business day, such payment shall be made on the next succeeding business day and such extension will be taken into account in calculating the amount of interest payable under this Note.

(c) Application of Payments. Except as otherwise set forth herein, all payments made hereunder shall be applied first to the payment of any fees or charges outstanding hereunder, second to all accrued and unpaid interest outstanding hereunder, and third to the payment of the principal amount outstanding under the Note.

(d) Rescission of Payments. If at any time any payment made by the Borrower under this Note is rescinded or must otherwise be restored or returned upon the insolvency, bankruptcy or reorganization of the Borrower or otherwise, the Borrower's obligation to make such payment shall be reinstated, and interest shall accrue as set forth in this Note, upon any such amounts as though such payment had not been made.

3. Representations and Warranties. The Borrower hereby represents and warrants to the Noteholder on the date hereof as follows:

(a) Existence; Compliance with Laws. The Borrower is (a) an entity as described in the preamble hereto, duly formed, validly existing and in good standing under the laws of the state of its jurisdiction of organization and has the requisite power and authority, and the legal right, to own, lease and operate its properties and assets and to conduct its business as it is now being conducted and (b) in compliance with all applicable laws, rules, regulations and judicial or government orders.

(b) Power and Authority. The Borrower has the power and authority, and the legal right, to execute and deliver this Note and the Security Agreement and to perform its obligations hereunder and thereunder.

(c) Authorization; Execution and Delivery. The execution and delivery of this Note and the Security Agreement by the Borrower and the performance of its obligations hereunder and thereunder have been duly authorized by all necessary corporate action in accordance with its organizational documents and all applicable laws, statutes, rules and regulations. The Borrower has duly executed and delivered this Note and the Security Agreement.

(d) No Approvals. No consent or authorization of, filing with, notice to or other act by, or in respect of, any governmental authority or any other individual, agency or entity is required in order for the Borrower to execute, deliver, or perform any of its obligations under this Note or the Security Agreement.

(e) No Violations. The execution and delivery of this Note and the Security Agreement and the consummation by the Borrower of the transactions contemplated hereby and thereby do not and will not (a) violate any provision of the Borrower's organizational documents; (b) violate any laws, rules, regulations and judicial or government orders applicable to the Borrower or by which any of its properties or assets may be bound; or (c) constitute a default under any material agreement or contract by which the Borrower may be bound.

(f) Enforceability. Each of the Note and the Security Agreement is a valid, legal and binding obligation of the Borrower, enforceable against the Borrower in accordance with its terms.

(g) No Litigation. No action, suit, litigation, investigation or proceeding of, or before, any arbitrator or governmental authority is pending or threatened by or against the Borrower or any of its property or assets (a) with respect to the Note, the Security Agreement or any of the transactions contemplated hereby or thereby or (b) that could be expected to materially adversely affect the Borrower's financial condition or the ability of the Borrower to perform its obligations under the Note or the Security Agreement.

4. Affirmative Covenants. Until all amounts outstanding in this Note have been paid in full, the Borrower shall:

(a) Maintenance of Existence. (a) Preserve, renew and maintain in full force and effect its corporate or organizational existence and (b) take all reasonable action to maintain all rights, privileges and franchises necessary or desirable in the normal conduct of its business, except, in each case, where

the failure to do so could not reasonably be expected to have a material adverse effect on (a) the business, assets, properties, liabilities (actual or contingent), operations, condition (financial or otherwise) or prospects of the Borrower; (b) the validity or enforceability of the Note or Security Agreement; (c) the perfection or priority of any Lien purported to be created under the Security Agreement; (d) the rights or remedies of the Noteholder hereunder or under the Security Agreement; or (e) the Borrower's ability to perform any of its material payment obligations hereunder or under the Security Agreement (each, a "**Material Adverse Effect**").

(b) **Compliance.** Comply with (a) all of the terms and provisions of its organizational documents; (b) its obligations under its material contracts and agreements; and (c) all laws, rules, regulations and judicial or government orders applicable to it and its business, except where the failure to do so could not reasonably be expected to have a Material Adverse Effect.

(c) **Payment Obligations.** Pay, discharge or otherwise satisfy at or before maturity or before they become delinquent, as the case may be, all its material obligations of whatever nature, except where the amount or validity thereof is currently being contested in good faith by appropriate proceedings, and reserves in conformity with GAAP with respect thereto have been provided on its books.

(d) **Notice of Events of Default.** As soon as possible, and in any event within two (2) business days after it becomes aware that an Event of Default has occurred, notify the Noteholder in writing of the nature and extent of such Event of Default and the action, if any, it has taken or proposes to take with respect to such Event of Default.

(e) **Further Assurances.** Upon the request of the Noteholder, promptly execute and deliver such further instruments and do or cause to be done such further acts as may be necessary or advisable to carry out the intent and purposes of this Note and the Security Agreement.

5. **Negative Covenants.** Until all amounts outstanding under this Note have been paid in full, the Borrower shall not:

(a) **Indebtedness.** Incur, create or assume any indebtedness, other than indebtedness existing or arising under this Note, the FSA, or any other agreement, document or instrument between Borrower and Noteholder, together with any continuation or refinancing hereof or thereof or indebtedness otherwise approved or allowed by the Noteholder pursuant to the terms of the FSA (the "**Permitted Debt**").

(b) **Liens.** Incur, create, assume or suffer to exist any Lien on any of its property or assets, whether now owned or hereinafter acquired except for (a) Liens for taxes not yet due or which are being contested in good faith by appropriate proceedings; and (b) non-consensual Liens arising by operation of law, arising in the ordinary course of business, and for amounts which are not overdue for a period of more than 30 days or that are being contested in good faith by appropriate proceedings; and (c) Liens created pursuant to the Security Agreement or the FSA or any other Party Agreement.

(c) **Line of Business.** Enter into any business, directly or indirectly, except for those businesses in which the Borrower is engaged on the date of this Note or that are reasonably related thereto.

6. **Security Agreement; Cross-Collateralization.** Borrower hereby grants to Noteholder, as collateral security for the repayment of this Note, a first priority security interest on the Collateral

described in and otherwise as set forth in the Security Agreement of the parties attached as **Exhibit A** hereto (the "**Collateral**"). Borrower authorizes Noteholder to take, for its own benefit and on behalf of the Borrower, and Borrower itself shall promptly take upon request, all action required under or deemed desirable or appropriate by Noteholder in connection with perfection of Noteholder's security interest in the Collateral, as further set forth in the Security Agreement. To the extent that Borrower has granted a first priority security interest in any of the Collateral to Noteholder pursuant to the FSA or any other agreement, document or instrument (each a "**Security Document**" and, collectively, the "**Security Documents**"), the Collateral shall secure the obligations of Borrower to Noteholder pursuant to any such Security Document *pasi passu* with the obligations under all other such Security Documents.

7. **Events of Default.** The occurrence of any of the following shall constitute an Event of Default hereunder:

(a) **Failure to Pay.** The Borrower fails to pay any amount due and payable hereunder within ten (10) days after such payment is due, and such failure to pay is not cured by payment of the delinquent amount within thirty (30) days after delivery by Noteholder to Borrower of a notice of such default.

(b) **Breach of Representations and Warranties.** Any representation or warranty made or deemed made by the Borrower to the Noteholder herein or in the Security Agreement is incorrect in any material respect on the date as of which such representation or warranty was made or deemed made.

(c) **Breach of Covenants.** The Borrower fails to observe or perform (a) any covenant, condition or agreement contained in this Note or (b) any other material covenant, obligation, condition or agreement contained in the Security Agreement, such failure continues for thirty (30) days after written notice thereof to the Borrower.

(d) **Bankruptcy.**

(i) The Borrower commences any case, proceeding or other action (A) under any existing or future law relating to bankruptcy, insolvency, reorganization, or other relief of debtors, seeking to have an order for relief entered with respect to it, or seeking to adjudicate it as bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition, assignment for the benefit of creditors or other relief with respect to it or its debts, or (B) seeking appointment of a receiver, trustee, custodian, conservator or other similar official for it or for all or any substantial part of its assets, or the Borrower makes a general assignment for the benefit of its creditors;

(ii) There is commenced against the Borrower any case, proceeding or other action of a nature referred to in clause (i) above which (A) results in the entry of an order for relief or any such adjudication, assignment or appointment or (B) remains undismitted, undischarged or unbonded for a period of ninety (90) days;

(iii) There is commenced against the Borrower any case, proceeding or other action seeking issuance of a warrant of attachment, execution or similar process against all or any substantial part of its assets which results in the entry of an order for any such relief which has not been vacated, discharged, or stayed or bonded pending appeal within ninety (90) days from the entry thereof;

(iv) The Borrower takes any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the acts set forth in clause (i), (ii) or (iii) above; or

(v) The Borrower admits in writing its inability to pay its debts as they become due.

8. Cross-Default; Cross-Collateralization. Borrower agrees that an Event of Default under any one of this Note, the FSA, or any other agreement between the Parties related to the Collateral and/or financing or other obligations provided by the Noteholder to the Borrower, or its affiliates (collectively, the "**Party Agreements**"), is an Event of Default under all Party Agreements. Borrower also agrees that the Collateral, including the Collateral encumbered by the FSA, secures all of Borrower's obligations under the Party Agreements, as further set forth in Section 3 of this Note.

9. Remedies. Upon the occurrence of an Event of Default and at any time thereafter during the continuance of such Event of Default, the Noteholder may at its option:

- (a) By written notice to the Borrower declare the entire principal amount of this Note, together with all accrued interest thereon and all other amounts payable hereunder, immediately due and payable.
- (b) Without any other notice to or demand upon the Borrower, assert all rights and remedies of a secured party under the Security Agreement, the UCC or other applicable law, including, without limitation, the right to take possession of, hold, collect, or otherwise retain, liquidate or dispose of all or any portion of the Collateral. To the extent permitted by applicable law, Noteholder waives all claims, damages and demands it may acquire against the Borrower arising out of the exercise by it of any rights hereunder.
- (c) Take payment of the Balance (as defined herein) of the Loan under this Note by converting all or any part of the balance of unpaid principal together with accrued but unpaid interest, fees and other amounts due under this Note (the "**Balance**") into an Advance (as defined in the FSA) at Noteholder's sole discretion, up to the amount of Available Credit (as defined in the FSA), which Advance shall be payable pursuant to and otherwise governed by the terms and conditions of the FSA.
- (d) Exercise any or all of its rights, powers or remedies under applicable law.

All, and each of the, rights and remedies provided in this Section 5 are cumulative and not exclusive of any other rights or remedies that may be available to the Noteholder, whether provided by law, equity, statute, in any other agreement between the Parties or otherwise.

10. Miscellaneous.

(a) Notices.

(i) All notices, requests or other communications required or permitted to be delivered hereunder shall be delivered in writing to such address as a Party may from time to time specify in writing.

(ii) Notices if (i) mailed by certified or registered mail or sent by hand or overnight courier service shall be deemed to have been given when received, (ii) sent by facsimile during the recipient's normal business hours shall be deemed to have been given when sent (and if sent after normal business hours shall be deemed to have been given at the opening of the recipient's business on the next business day) and (iii) sent by e-mail shall be deemed received upon the sender's receipt of an acknowledgment from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgment).

(b) Default Expenses. The Borrower shall reimburse the Noteholder on demand for all reasonable and documented out-of-pocket costs, expenses and fees (including reasonable expenses and fees of its internal and external counsel) incurred by the Noteholder in connection with an Event of Default under this Note.

(c) Origination Fee. In order to, *inter alia*, reimburse P2Bi for the time and expense P2Bi incurs in its due diligence and underwriting of this Note, Borrower shall pay to the Noteholder an origination fee in the amount set forth on Schedule 1 hereto effective upon execution of this Agreement.

(d) Governing Law; Venue; Waiver of Jury Trial; Attorneys' Fees. This Note will be governed and interpreted by the laws of the state of Colorado as it applies to contracts executed and performed within the state of Colorado by parties domiciled in the state of Colorado, without reference or regard to Colorado's conflict of laws provisions. The parties hereby irrevocably and unconditionally agree to submit any legal action or proceeding relating to this Note to the non-exclusive general jurisdiction of the courts of the State of Colorado located in Denver County and the courts of the United States located in the District of Colorado and, in any such action or proceeding, consent to jurisdiction in such courts and waive any objection to the venue in any such court. The Parties agree that service of process upon them in any such action or proceeding may be made by United States mail, certified or registered, return receipt requested, postage prepaid. The Borrower irrevocably and unconditionally waives, to the fullest extent permitted by applicable law, any objection that it may now or hereafter have to the laying of venue of any action or proceeding arising out of or relating to this Note or the Security Agreement in any court referred herein and the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court. THE BORROWER HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY RELATING TO THIS NOTE, THE SECURITY AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY. Unless otherwise agreed, the prevailing party in any litigation relating to the interpretation or enforcement of this Note shall be entitled to reasonable litigation costs, expenses and attorneys' fees, including such amounts incurred on appeal.

(e) Counterparts; Integration; Effectiveness. This Note and any amendments, waivers, consents or supplements hereto may be executed in counterparts, each of which shall constitute an original, but all taken together shall constitute a single contract. This Note constitutes the entire contract between the Parties with respect to the subject matter hereof and supersedes all previous agreements and understandings, oral or written, with respect thereto. Delivery of an executed counterpart of a signature page to this Note by facsimile or in electronic (i.e., "pdf" or "tif") format shall be effective as delivery of a manually executed counterpart of this Note.

(f) Successors and Assigns. The Borrower may not assign or transfer this Note or any of its obligations hereunder without the prior written consent of the Noteholder. This Note shall inure to the benefit of and be binding upon the parties hereto and their permitted assigns. Noteholder may freely assign and transfer all or any part of this rights under this Note, including Noteholder's rights to payment hereunder, in its sole discretion. This Note shall inure to the benefit of, and be binding upon, the Parties and their respective successors and assigns.

(g) Waiver of Notice. The Borrower hereby (i) waives presentment, demand for payment, protest, notice of dishonor, notice of protest or nonpayment, notice of acceleration of maturity and diligence in connection with the enforcement of this Note or the taking of any action to collect sums owing hereunder; and (ii) waives any right to immunity from any such action or proceeding and waives any immunity or exemption of any property, wherever located, from garnishment, levy, execution, seizure or attachment prior to or in execution of judgment, or sale under execution or other process for the collection of debts.

(h) Amendments and Waivers. No term of this Note may be waived, modified or amended except by an instrument in writing signed by both of the parties hereto. Any waiver of the terms hereof shall be effective only in the specific instance and for the specific purpose given.

(i) Headings. The headings of the various Sections and subsections herein are for reference only and shall not define, modify, expand or limit any of the terms or provisions hereof.

(j) Electronic Execution; Counterparts. The words "execution," "signed," "signature," and words of similar import in the Note shall be deemed to include electronic or digital signatures or the keeping of records in electronic form, each of which shall be of the same effect, validity and enforceability as manually executed signatures or a paper-based recordkeeping system, as the case may be, to the extent and as provided for under applicable law. This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be an original, and all such counterparts together shall constitute one and the same instrument.


(k) No Waiver; Cumulative Remedies; Release. No failure to exercise and no delay in exercising on the part of the Noteholder, of any right, remedy, power or privilege hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges herein provided are cumulative and not exclusive of any rights, remedies, powers and privileges provided by law. Borrower hereby releases and exculpates Noteholder, Noteholder's officers, employees, agents, designees, attorneys, directors, shareholders, and accountants (the "**Noteholder Parties**") from any liability arising from any acts under this Note, the documents executed in connection with this Note or subsequent to this Note or in furtherance thereof, whether of omission or commission, and whether based upon any error of judgment or mistake of law or fact, except for gross negligence or willful misconduct, but in no event shall the Noteholder Parties have any liability to Borrower for lost profits or other special or consequential damages. Borrower agrees to indemnify the Noteholder Parties against, and hold each of them harmless from, any liability of any kind or nature, including attorneys' fees and Noteholder's expenses which may be imposed upon, incurred by, or asserted against any of the Noteholder Parties, in any way relating to or arising out of this Note or the transactions contemplated hereby, except to the extent of any liability caused by any of the Noteholder Parties' gross negligence or willful misconduct.

(l) Severability. If any term or provision of this Note is invalid, illegal or unenforceable in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other term or provision of this Note or invalidate or render unenforceable such term or provision in any other jurisdiction. Upon such determination that any term or other provision is invalid, illegal or unenforceable, the parties hereto shall negotiate in good faith to modify this Note so as to effect the original intent of the parties as closely as possible in a mutually acceptable manner in order that the transactions contemplated hereby be consummated as originally contemplated to the greatest extent possible.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Borrower has executed this Note as of the 29th day of June, 2018.

Parscale Digital, Inc.

By:  _____
Signature (1A0CAJ0377435)
Name: Andrew Van Noy
Its: President

P2BINVESTOR INCORPORATED

By:  _____
Name: G. Krista Morgan
Its: Chief Executive Officer

SCHEDULE 1

Defined Term	Definition
Interest Rate	18%
Default Interest Rate	27%
Effective Date	6/29/18
Maturity Date	6/30/19
Principal Amount	\$750,000
Repayment Schedule	ATTACHED at <u>Exhibit B</u>
Origination Fee	\$15,000

Modifications of the terms of the Note applicable to the Loan described above:

**EXHIBIT A
SECURITY AGREEMENT**

[Attached]

EXHIBIT B

Payment Due	Beginning Principal Balance	Interest Accrual Period (Days)	Interest Payment	Principal Payment	Ending Outstanding Principal	Total Payment Due
7/31/18	\$750,000	32	\$11,835.62	\$62,500	\$687,500	\$74,335.62
8/31/18	\$687,500	31	\$10,510.27	\$62,500	\$625,000	\$73,010.27
9/30/18	\$625,000	30	\$9,246.58	\$62,500	\$562,500	\$71,746.58
10/31/18	\$562,500	31	\$8,599.32	\$62,500	\$500,000	\$71,099.32
11/30/18	\$500,000	30	\$7,397.26	\$62,500	\$437,500	\$69,897.26
12/31/18	\$437,500	31	\$6,688.36	\$62,500	\$375,000	\$69,188.36
01/31/19	\$375,000	31	\$5,732.88	\$62,500	\$312,500	\$68,232.88
02/28/19	\$312,500	28	\$4,315.07	\$62,500	\$250,000	\$66,815.07
03/31/19	\$250,000	31	\$3,821.92	\$62,500	\$187,500	\$66,321.92
04/30/19	\$187,500	30	\$2,773.97	\$62,500	\$125,000	\$65,273.97
05/31/19	\$125,000	31	\$1,910.96	\$62,500	\$62,500	\$64,410.96
06/30/19	\$62,500	30	924.66	\$62,500	\$0	\$63,424.66

SECURITY AGREEMENT

This SECURITY AGREEMENT, dated as of June 29, 2018 (as amended, supplemented or otherwise modified from time to time in accordance with the provisions hereof, this "**Agreement**"), made by and between Parscale Digital, Inc., a Nevada corporation (the "**Grantor**"), in favor of P2BInvestor Incorporated, a Colorado corporation (the "**Secured Party**").

WHEREAS, on the date hereof, the Secured Party has made a loan or loans to the Grantor (the "**Loan(s)**"), evidenced by that certain Secured Promissory Note, dated as of June 29, 2018, made by the Grantor and payable to the order of the Secured Party, that certain Financing and Security Agreement by and between the Grantor and the Secured Party, dated as of October 19, 2017 (the "**FSA**"), and any other agreements, documents or instruments between the parties evidencing the advance of the principal amount(s) set forth therein, as it may be amended from time to time (as each may be amended, supplemented or otherwise modified from time to time, the "**Loan Agreement(s)**").

WHEREAS, this Agreement is given by the Grantor in favor of the Secured Party to secure the payment and performance of all of the Secured Obligations; and

WHEREAS, it is a condition to the obligations of the Lender to make the Loans under the Loan Agreement(s) that the Grantor execute and deliver this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants, terms and conditions set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. **Definitions.**

(a) Unless otherwise specified herein, all references to Sections and Schedules herein are to Sections and Schedules of this Agreement.

(b) Unless otherwise defined herein, terms used herein that are defined in the UCC shall have the meanings assigned to them in the UCC. However, if a term is defined in Article 9 of the UCC differently than in another Article of the UCC, the term has the meaning specified in Article 9.

(c) For purposes of this Agreement, the following terms shall have the following meanings:

"**Collateral**" has the meaning set forth in Section 2.

"**Event of Default**" has the meaning set forth in the Loan Agreement.

"**First Priority**" means, with respect to any lien and security interest purported to be created in any Collateral pursuant to this Agreement, such lien and security interest is the most senior lien to which such Collateral is subject (subject only to liens permitted under the Loan Agreement).

"**Proceeds**" means "proceeds" as such term is defined in section 9-102 of the UCC and, in any event, shall include, without limitation, all dividends or other income from the Collateral, collections thereon or distributions with respect thereto.

"**Secured Obligations**" has the meaning set forth in Section 3.

"**UCC**" means the Uniform Commercial Code as in effect from time to time in the State of Colorado or, when the laws of any other state govern the method or manner of the perfection or enforcement of any security interest in any of the Collateral, the Uniform Commercial Code as in effect from time to time in such state.

2. **Grant of Security Interest.** The Grantor hereby pledges and grants to the Secured Party, and hereby creates a continuing First Priority lien and security interest in favor of the Secured Party in and to all of its right, title and interest in and to in and to all right, title and interest of Client in, to and under the following described property, as defined under the UCC: All now owned or hereafter acquired or arising assets and personal property of Client and any and all wholly-owned subsidiaries ("**Subsidiaries**," which for the purposes of this Section 2 shall be included in the term "Client") of Client (on whose behalf Client hereby duly approves and grants such security interests as the sole interest-holder in the Subsidiaries) including, but not limited to: (1) cash or cash equivalents including funds of Client's in P2Bi's possession for any reason; (2) accounts, including deposit accounts and investment accounts; (3) licenses, leases and general intangibles (including, but not limited to, all trade names and trade styles; patent rights, trademark rights and copyright rights in all countries; software; and all rights in and to domain names in whatever form and all derivative URLs); (4) equipment, machinery, furniture, furnishings, tools, tooling, fixtures and accessories; (5) investment property; (6) inventory; (7) accounts receivable, instruments, contract rights and other rights to receive payment of money; (8) chattel paper and documents; and (9) securities, whether or not certificated or in the possession of P2Bi or the Client, including all interests in and to any Subsidiaries of Client; and all books and records pertaining to the foregoing assets and personal property as well as any and all accounts or funds of Client's in P2Bi's possession for any reason, and any and all additions, accessions, modifications, improvements, replacements and substitutions thereto and therefor, and any and all proceeds, products or income of any of the foregoing assets or personal property, including insurance proceeds (the "**Collateral**"). Notwithstanding any contrary term of this Agreement, Collateral shall not include any waste or other materials that have been or may be designated as toxic or hazardous.

3. **Secured Obligations.** The Collateral secures the due and prompt payment and performance of:

(a) the obligations of the Grantor from time to time arising under the Loan Agreement(s), this Agreement or otherwise with respect to the due and prompt payment of (i) the principal of and premium, if any, and interest on the Loans (including interest accruing during the pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether allowed or allowable in such proceeding), when and as due, whether at maturity, by acceleration, upon one or more dates set for prepayment or otherwise and (ii) all other monetary obligations, including fees, costs, attorneys' fees and disbursements, reimbursement obligations, contract causes of action, expenses and indemnities, whether primary, secondary, direct or indirect, absolute or contingent, due or to become due, now existing or hereafter arising, fixed or otherwise (including monetary obligations incurred during the pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether allowed or allowable in such proceeding), of the Grantor under or in respect of the

Loan Agreement and this Agreement; and

(b) all other covenants, duties, debts, obligations and liabilities of any kind of the Grantor under or in respect of the Loan Agreement, this Agreement or any other document made, delivered or given in connection with any of the foregoing, in each case whether evidenced by a note or other writing, whether allowed in any bankruptcy, insolvency, receivership or other similar proceeding, whether arising from an extension of credit, issuance of a letter of credit, acceptance, loan, guaranty, indemnification or otherwise, and whether primary, secondary, direct or indirect, absolute or contingent, due or to become due, now existing or hereafter arising, fixed or otherwise (all such obligations, covenants, duties, debts, liabilities, sums and expenses set forth in Section 3 being herein collectively called the "**Secured Obligations**").

4. Perfection of Security Interest and Further Assurances.

(a) The Grantor shall, from time to time, as may be required by the Secured Party with respect to all Collateral, immediately take all actions as may be requested by the Secured Party to perfect the security interest of the Secured Party in the Collateral, including, without limitation, with respect to all Collateral over which control may be obtained within the meaning of sections 8-106, 9-104, 9-105, 9-106 and 9-107 of the UCC, section 201 of the federal Electronic Signatures in Global and National Commerce Act and, as the case may be, section 16 of the Uniform Electronic Transactions Act, as applicable, the Grantor shall immediately take all actions as may be requested from time to time by the Secured Party so that control of such Collateral is obtained and at all times held by the Secured Party. All of the foregoing shall be at the sole cost and expense of the Grantor.

(b) The Grantor hereby irrevocably authorizes the Secured Party at any time and from time to time to file in any relevant jurisdiction any financing statements and amendments thereto that contain the information required by Article 9 of the UCC of each applicable jurisdiction for the filing of any financing statement or amendment relating to the Collateral, including any financing or continuation statements or other documents for the purpose of perfecting, confirming, continuing, enforcing or protecting the security interest granted by the Grantor hereunder, without the signature of the Grantor where permitted by law, including the filing of a financing statement describing the Collateral as all assets now owned or hereafter acquired by the Grantor, or words of similar effect. The Grantor agrees to provide all information required by the Secured Party pursuant to this Section promptly to the Secured Party upon request.

(c) The Grantor hereby further authorizes the Secured Party to file with the United States Patent and Trademark Office and the United States Copyright Office (and any successor office and any similar office in any state of the United States or in any other country) this Agreement and other documents for the purpose of perfecting, confirming, continuing, enforcing or protecting the security interest granted by the Grantor hereunder, without the signature of the Grantor where permitted by law.

(d) If the Grantor shall at any time hold or acquire any certificated securities, promissory notes, tangible chattel paper, negotiable documents or warehouse receipts relating to the Collateral, the Grantor shall immediately endorse, assign and deliver the same to the Secured Party, accompanied by such instruments of transfer or assignment duly executed in blank as the Secured Party may from time to time specify.

(e) The Grantor agrees that at any time and from time to time, at the expense of the Grantor, the Grantor will promptly execute and deliver all further instruments and documents, obtain such agreements from third parties, and take all further action, that may be necessary or desirable, or that the Secured Party may [reasonably] request, in order to create and/or maintain the validity, perfection or priority of and protect any security interest granted or purported to be granted hereby or to enable the Secured Party to exercise and enforce its rights and remedies hereunder or under any other agreement with respect to any Collateral.

5. Secured Party Appointed Attorney-in-Fact. The Grantor hereby appoints the Secured Party the Grantor's attorney-in-fact, with full authority in the place and stead of the Grantor and in the name of the Grantor or otherwise, from time to time during the continuance of an Event of Default in the Secured Party's discretion to take any action and to execute any instrument which the Secured Party may deem necessary or advisable to accomplish the purposes of this Agreement (but the Secured Party shall not be obligated to and shall have no liability to the Grantor or any third party for failure to do so or take action). This appointment, being coupled with an interest, shall be irrevocable. The Grantor hereby ratifies all that said attorneys shall lawfully do or cause to be done by virtue hereof.

6. Secured Party May Perform. If the Grantor fails to perform any obligation contained in this Agreement, the Secured Party may itself perform, or cause performance of, such obligation, and the expenses of the Secured Party incurred in connection therewith shall be payable by the Grantor; provided that the Secured Party shall not be required to perform or discharge any obligation of the Grantor.

7. Reasonable Care. The Secured Party shall have no duty with respect to the care and preservation of the Collateral beyond the exercise of reasonable care. The Secured Party shall be deemed to have exercised reasonable care in the custody and preservation of the Collateral in its possession if the Collateral is accorded treatment substantially equal to that which the Secured Party accords its own property, it being understood that the Secured Party shall not have any responsibility for (a) ascertaining or taking action with respect to any claims, the nature or sufficiency of any payment or performance by any party under or pursuant to any agreement relating to the Collateral or other matters relative to any Collateral, whether or not the Secured Party has or is deemed to have knowledge of such matters, or (b) taking any necessary steps to preserve rights against any parties with respect to any Collateral. Nothing set forth in this Agreement, nor the exercise by the Secured Party of any of the rights and remedies hereunder, shall relieve the Grantor from the performance of any obligation on the Grantor's part to be performed or observed in respect of any of the Collateral.

8. Remedies Upon Default.

(a) If any Event of Default shall have occurred and be continuing, the Secured Party, without any other notice to or demand upon the Grantor, may assert all rights and remedies of a secured party under the UCC or other applicable law, including, without limitation, the right to take possession of, hold, collect, sell, lease, deliver, grant options to purchase or otherwise retain, liquidate or dispose of all or any portion of the Collateral. If notice prior to disposition of the Collateral or any portion thereof is necessary under applicable law, written notice mailed to the Grantor at its notice address as provided in Section 12 hereof ten days prior to the date of such disposition shall constitute reasonable notice, but notice given in any other reasonable manner shall be sufficient. So long as the sale of the Collateral is made in a commercially reasonable

manner, the Secured Party may sell such Collateral on such terms and to such purchaser(s) as the Secured Party in its absolute discretion may choose, without assuming any credit risk and without any obligation to advertise or give notice of any kind other than that necessary under applicable law. Without precluding any other methods of sale, the sale of the Collateral or any portion thereof shall have been made in a commercially reasonable manner if conducted in conformity with reasonable commercial practices of creditors disposing of similar property. At any sale of the Collateral, if permitted by applicable law, the Secured Party may be the purchaser, licensee, assignee or recipient of the Collateral or any part thereof and shall be entitled, for the purpose of bidding and making settlement or payment of the purchase price for all or any portion of the Collateral sold, assigned or licensed at such sale, to use and apply any of the Secured Obligations as a credit on account of the purchase price of the Collateral or any part thereof payable at such sale. To the extent permitted by applicable law, the Grantor waives all claims, damages and demands it may acquire against the Secured Party arising out of the exercise by it of any rights hereunder. The Grantor hereby waives and releases to the fullest extent permitted by law any right or equity of redemption with respect to the Collateral, whether before or after sale hereunder, and all rights, if any, of marshalling the Collateral and any other security for the Secured Obligations or otherwise. At any such sale, unless prohibited by applicable law, the Secured Party or any custodian may bid for and purchase all or any part of the Collateral so sold free from any such right or equity of redemption. Neither the Secured Party nor any custodian shall be liable for failure to collect or realize upon any or all of the Collateral or for any delay in so doing, nor shall it be under any obligation to take any action whatsoever with regard thereto. The Grantor agrees that it would not be commercially unreasonable for the Secured Party to dispose of the Collateral or any portion thereof by utilizing internet sites that provide for the auction of assets of the type included in the Collateral or that have the reasonable capability of doing so, or that match buyers and sellers of assets. The Secured Party shall not be obligated to clean-up or otherwise prepare the Collateral for sale.

(b) If any Event of Default shall have occurred and be continuing, any cash held by the Secured Party as Collateral and all cash Proceeds received by the Secured Party in respect of any sale of, collection from, or other realization upon all or any part of the Collateral shall be applied in whole or in part by the Secured Party to the payment of expenses incurred by the Secured Party in connection with the foregoing or incidental to the care or safekeeping of any of the Collateral or in any way relating to the Collateral or the rights of the Secured Party hereunder, including reasonable attorneys' fees, and the balance of such proceeds shall be applied or set off against all or any part of the Secured Obligations in such order as the Secured Party shall elect. Any surplus of such cash or cash Proceeds held by the Secured Party and remaining after payment in full of all the Secured Obligations shall be paid over to the Grantor or to whomsoever may be lawfully entitled to receive such surplus. The Grantor shall remain liable for any deficiency if such cash and the cash Proceeds of any sale or other realization of the Collateral are insufficient to pay the Secured Obligations and the fees and other charges of any attorneys employed by the Secured Party to collect such deficiency.

(c) If the Secured Party shall determine to exercise its rights to sell all or any of the Collateral pursuant to this Section, the Grantor agrees that, upon request of the Secured Party, the Grantor will, at its own expense, do or cause to be done all such acts and things as may be necessary to make such sale of the Collateral or any part thereof valid and binding and in compliance with applicable law.

9. No Waiver and Cumulative Remedies. The Secured Party shall not by any act (except by a written instrument pursuant to Section 11), delay, indulgence, omission or otherwise be deemed to have waived any right or remedy hereunder or to have acquiesced in any Default or Event of Default. All rights and remedies herein provided are cumulative and are not exclusive of any rights or remedies provided by law.

10. SECURITY INTEREST ABSOLUTE. The Grantor hereby waives demand, notice, protest, notice of acceptance of this Agreement, notice of loans made, credit extended, Collateral received or delivered or other action taken in reliance hereon and all other demands and notices of any description. All rights of the Secured Party and liens and security interests hereunder, and all Secured Obligations of the Grantor hereunder, shall be absolute and unconditional irrespective of:

- (a) any illegality or lack of validity or enforceability of any Secured Obligation or any related agreement or instrument;
- (b) any change in the time, place or manner of payment of, or in any other term of, the Secured Obligations, or any rescission, waiver, amendment or other modification of the Loan Agreement, this Agreement or any other agreement, including any increase in the Secured Obligations resulting from any extension of additional credit or otherwise;
- (c) any taking, exchange, substitution, release, impairment or non-perfection of any Collateral or any other collateral, or any taking, release, impairment, amendment, waiver or other modification of any guaranty, for all or any of the Secured Obligations;
- (d) any manner of sale, disposition or application of proceeds of any Collateral or any other collateral or other assets to all or part of the Secured Obligations;
- (e) any default, failure or delay, intentional or otherwise, in the performance of the Secured Obligations;
- (f) any defense, set-off or counterclaim (other than a defense of payment or performance) that may at any time be available to, or be asserted by, the Grantor against the Secured Party; or
- (g) any other circumstance (including, without limitation, any statute of limitations) or manner of administering the Loans or any existence of or reliance on any representation by the Secured Party that might vary the risk of the Grantor or otherwise operate as a defense available to, or a legal or equitable discharge of, the Grantor or any other grantor, guarantor or surety.

11. Amendments. None of the terms or provisions of this Agreement may be amended, modified, supplemented, terminated or waived, and no consent to any departure by the Grantor therefrom shall be effective unless the same shall be in writing and signed by the Secured Party and the Grantor, and then such amendment, modification, supplement, waiver or consent shall be effective only in the specific instance and for the specific purpose for which made or given.

12. Addresses for Notices. All notices and other communications provided for in this Agreement shall be in writing and shall be given in the manner and become effective as set forth in the Loan Agreement, and addressed to the respective parties at their addresses as last communicated in writing to the other Party.

13. Continuing Security Interest; Further Actions. This Agreement shall create a continuing First Priority lien and security interest in the Collateral and shall (a) subject to Section 14, remain in full force and effect until payment and performance in full of the Secured Obligations, (b) be binding upon the Grantor, its successors and assigns, and (c) inure to the benefit of the Secured Party and its successors, transferees and assigns; provided that the Grantor may not assign or otherwise transfer any of its rights or obligations under this Agreement without the prior written consent of the Secured Party.

14. Termination; Release. On the date on which all Secured Obligations have been paid and performed in full, the Secured Party will, at the request and sole expense of the Grantor, (a) duly assign, transfer and deliver to or at the direction of the Grantor (without recourse and without any representation or warranty) such of the Collateral as may then remain in the possession of the Secured Party, together with any monies at the time held by the Secured Party hereunder, and (b) execute and deliver to the Grantor a proper instrument or instruments acknowledging the satisfaction and termination of this Agreement.


15. GOVERNING LAW. This Agreement and the Loan Agreement and any claim, controversy, dispute or cause of action (whether in contract or tort or otherwise) based upon, arising out of or relating to this Agreement or the Loan Agreement (except, as to the Loan Agreement, as expressly set forth therein) and the transactions contemplated hereby and thereby shall be governed by, and construed in accordance with, the laws of the State of Colorado. The other provisions of Section 10.3 through Section 10.6 of the Loan Agreement are incorporated herein, mutatis mutandis, as if a part hereof.

16. Electronic Execution; Counterparts. This Agreement and any amendments, waivers, consents or supplements hereto may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all taken together shall constitute a single contract. Delivery of an executed counterpart of a signature page to this Agreement by facsimile or in electronic (i.e., "pdf" or "tif") format shall be effective as delivery of a manually executed counterpart of this Agreement.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

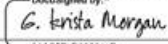
Parscale Digital, Inc.

By  DocuSigned by:
CB1A0CAF0877435

Name: Andrew Van Noy

Title: President

P2Binvestor Incorporated, as Secured Party

By  DocuSigned by:
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Name: G. Krista Morgan

Title: Chief Executive Officer