

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) **February 16, 2015**

Heatwurx, Inc.

(Exact Name of Registrant as Specified in its Charter)

Delaware
(State or Other Jurisdiction
of Incorporation)

333-184948
(Commission File Number)

45-1539785
(IRS Employer Identification No.)

18001 S. Figueroa, Unit F, Gardena, CA
(Address of Principal Executive Offices)

90248
(Zip Code)

Registrant's telephone number, including area code: **(310) 324-4513**

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
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act

Item 1.01 Entry into a Material Definitive Agreement.

The disclosure set forth in Item 2.03 of this Current Report on Form 8-K is incorporated by reference in this Item 1.01.

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

On February 16, 2015, Heatwux, Inc., a Delaware corporation (the “**Company**”) entered into a Senior Secured Loan Agreement (the “**Loan Agreement**”) with JMW Fund, LLC, a Delaware limited liability company, Richland Fund, LLC, a Nevada limited liability company, and San Gabriel Fund, LLC, a California limited liability company (collectively, the “**Lenders**”) whereby the Lenders agreed to loan to the Company up to an aggregate of \$2,000,000. Pursuant to the Loan Agreement, on February 16, 2015, the Company entered into Promissory Notes dated February 16, 2015 with each of the Lenders (the “**Notes**”) for an aggregate of \$90,000. Default in the payment of the principal or unpaid accrued interest of the Notes when due and payable would trigger acceleration of the Notes. Copies of the Loan Agreement and the Notes are attached as exhibits hereto.

The interest rate on the Notes is 12% per annum and monthly interest payments are due the first day each month beginning March 1, 2015. Interest is payable to each Lender pari passu in accordance with the pro rata amounts of each note. The Notes mature on August 16, 2015. If any interest payment remains unpaid in excess of 90 days, and the Lender has not declared the entire principal and unpaid accrued interest due and payable, the interest rate on that amount only will be increased to 18% per annum, until the past due interest amount is paid in full.

Amounts owed under the Notes and any future notes under the Loan Agreement are secured by all of the assets of the Company (including intellectual property rights) and its subsidiaries as agreed to in the Security Agreement dated February 16, 2015 between the Company, its subsidiaries, and the Lenders (the “**Security Agreement**”). Upon the occurrence of an Event of Default (as defined in the Note) the Lenders have the right to foreclose on the assets of the Company. A copy of the Security Agreement is attached as an exhibit hereto.

The security interest granted to the Lenders is guaranteed by Dr. Pave, LLC, and Dr. Pave Worldwide, LLC pursuant to the Subsidiary Guaranty Agreement dated February 16, 2015, a copy of which is attached as an exhibit hereto.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

Exhibit No.	Description
99.1	Senior Secured Loan Agreement dated February 16, 2015
99.2	Promissory Note with San Gabriel Fund, LLC dated February 16, 2015
99.3	Promissory Note with JMW Fund, LLC dated February 16, 2015
99.4	Promissory Note with Richland Fund, LLC dated February 16, 2015
99.5	Security Agreement dated February 16, 2015
99.6	Subsidiary Guaranty Agreement dated February 16, 2015



SIGNATURES

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

Heatwurx, Inc.

Date: February 20, 2015

By /s/ David Dworsky
David Dworsky, Chief Executive Officer

SENIOR SECURED LOAN AGREEMENT

This Senior Secured Loan Agreement (this “**Agreement**”), dated February 16, 2015, is by, between and among JMW Fund, LLC, a Delaware limited liability company, Richland Fund, LLC, a Nevada limited liability company, and San Gabriel Fund, LLC, a California limited liability company (collectively referred to as the “**Lender**”), on the one hand, and Heatwurx, Inc., a Delaware corporation (the “**Borrower**”), on the other hand.

RECITALS

WHEREAS, the Borrower has indicated that it wishes to borrow an aggregate of up to TWO MILLION DOLLARS (\$2,000,000) through a series of loans by the Lender; and

WHEREAS, the parties desire that the Lender will loan the Borrower money to be used to meet its capital needs.

NOW THEREFORE, in consideration of the foregoing recitals, mutual covenants contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as set forth below.

1. Principal. Upon receipt of funds, the Borrower promises to unconditionally pay to the order of the Lender the aggregate principal amount of the Loan Advances in the amounts set forth in **Schedule A** of the 12% Senior Secured Promissory Notes (the “**Loan Amount**”), together with interest pursuant to this Agreement and the corresponding promissory note documenting the Loan Amount. Repayment of the Loan Amount shall be subject to the terms and conditions of the 12% Senior Secured Promissory Notes, a form of which is attached hereto as **Exhibit A** (the “**Note(s)**”).

2. Interest Rate. The rate of simple interest for the Loan Amount shall be TWELVE PERCENT (12%) per annum and will be due as provided in the Note(s) and payable to each Lender pari passu in accordance with the pro rata amounts of their Notes. Each Note will be due as set forth therein (the “**Maturity Date**”). If any interest payment remains unpaid in excess of ninety (90) days, and the Lender has not declared the entire principal and unpaid accrued interest due and payable, the interest rate on that amount only will be increased to EIGHTEEN PERCENT (18%) per annum, until the past due interest amount is paid in full. Interest shall be calculated on the basis of a year of 365 days applied to the actual days on which there exists an unpaid balance under each Note. Interest on each Note shall be payable monthly on the first day of each calendar month. In addition, the Borrower shall repay the entire principal of the Loan Amount as well as all accrued interest according to the terms of this Agreement and the individual Notes on the Maturity Date.

3. Security Agreement. Funding of the Loan Amount is conditioned upon receipt of the Security Agreement by the Borrower and its subsidiaries Dr. Pave, LLC, a California limited liability company, and Dr. Pave Worldwide, LLC, a Delaware limited liability company, attached hereto as **Exhibit B**.

4. Subsidiary Guaranty. Funding of the Loan Amount is conditioned upon receipt of the guaranty of Dr. Pave, LLC, a California limited liability company, and Dr. Pave Worldwide, LLC, a Delaware limited liability company, subsidiary of the Borrower as set forth in the Subsidiary Guaranty, attached hereto as **Exhibit C**.

5. Representations and Warranties.

Each of the parties hereto represents and warrants to the others as follows:

5.1 *Powers and Authority.* It has all necessary power to carry on its present business and has full right, power and authority to enter into this Agreement, to make the loans or borrowings, as applicable, herein provided for, and otherwise perform and to consummate the transactions contemplated hereby.

5.2 *No Conflicts.* This Agreement does not, and the performance or observance by the party of any of the matters and things herein provided for will not, constitute an Event of Default, as defined in the Note, or event which with the lapse of time, the giving of notice or both, would constitute an event of default under any other agreement to which it is a party or by which it is bound.

5.3 *Corporate Organization.* It is a duly organized and validly existing under its jurisdiction of organization.

5.4 *Corporate Authorization.* The board of directors or other governing body of the party has authorized the execution and performance of this Agreement.

6. *Successors and Assigns; Assignment.* Except as otherwise expressly provided herein, the provisions hereof inure to the benefit of, and be binding upon, the successors, assigns, heirs, executors and administrators of the parties hereto. Nothing in this Agreement, express or implied, is intended to confer upon any party, other than the parties hereto and their successors and assigns, any rights, remedies, obligations or liabilities under or by reason of this Agreement, except as expressly provided herein. The Borrower may not assign this Agreement or any of the rights or obligations referenced herein without the prior written consent of the Lender. The Lender may assign this Agreement, in whole or in part, without the prior consent of the Borrower, and any assignee of this Agreement shall inure to all of the rights of the Lender hereunder.

7. *Securities Law Compliance.* In connection with the issuance of the Notes by the Borrower to the Lender, each of the Lenders, severally and not jointly, hereby represents and warrants to the Borrower as follows:

7.1 *Accredited Investor Status.* The Lender is an “accredited investor” as defined in Rule 501(a) of Regulation D promulgated by the Securities and Exchange Commission (the “SEC”) under the Securities Act of 1933, as amended (the “**Securities Act**”) in that the Lender was not formed for the specific purpose of acquiring the Note and has total assets in excess of \$5,000,000, or each equity owner of the Lender is an accredited investor.

7.2 *Restricted Securities.* The Lender understands that the Note has not been registered pursuant to the Securities Act, or any state securities act, and thus is a “restricted security” as defined in Rule 144 promulgated by the SEC. Accordingly, the Lender hereby acknowledges that it is prepared to hold the Note for an indefinite period.

7.3 *Investment Purpose.* The Lender acknowledges that the Notes are being purchased for its own account, for investment, and not with the present view towards the distribution, assignment, or resale to others or fractionalization in whole or in part. The Lender further acknowledges that no other person has or will have a direct or indirect beneficial or pecuniary interest in the Note.

7.4 Limitations on Resale; Restrictive Legend. The Lender acknowledges that it will not sell, assign, hypothecate, or otherwise transfer any rights to, or any interest in, the Notes except (i) pursuant to an effective registration statement under the Securities Act, or (ii) in any other transaction which, in the opinion of counsel acceptable to the Borrower, is exempt from registration under the Securities Act, or the rules and regulations of the SEC thereunder. The Lender also acknowledges that an appropriate legend will be placed upon the Notes stating that the securities have not been registered under the Securities Act and setting forth or referring to the restrictions on transferability and sale thereof.

8. Default Notice. Upon the occurrence of a breach of this Agreement, the defaulting party is entitled to receive written notice specifying the breach. Such notice shall be sent immediately upon discovery of the breach. The defaulting party shall then be entitled to fifteen (15) days in which to cure the problem. Events of Default are defined in the Note, which is incorporated herein by this reference.

9. Rights and Remedies upon Default. Upon the occurrence of an Event of Default the Lender may exercise any and all rights and remedies available in the Note, and available in law, in equity or otherwise.

10. Notices. Any notice, demand, request, waiver or other communication required or permitted to be given pursuant to this Agreement must be in writing (including electronic format) and will be deemed by the parties to have been received (i) upon delivery in person (including by reputable express courier service) at the address set forth below; (ii) upon delivery by electronic mail (as verified by a printout showing satisfactory transmission) at the electronic mail address set forth below (if sent on a business day during normal business hours where such notice is to be received and if not, on the first business day following such delivery where such notice is to be received); or (iii) upon three (3) business days after mailing with the United States Postal Service if mailed from and to a location within the continental United States by registered or certified mail, return receipt requested, addressed to the address set forth below. Any party hereto may from time to time change its physical or electronic address or facsimile number for notices by giving notice of such changed address or number to the other party in accordance with this section.

If to the Lender at:

Richland, JMW, and San Gabriel Funds
4 Richland Place
Pasadena, CA 91103
Attention: Justin Yorke
Email Address: justin@mcgrainfinancial.com

If to the Borrower at:

Heatwurx, Inc.
18001 S. Figueroa, Unit F
Gardena, CA 90248
Attention: Heather Kearns
Email Address: heather@heatwurx.com

With a copy (which will not constitute notice) to:

The Law Office of Ronald N. Vance & Associates, P.C.
1656 Reunion Avenue, Suite 250
South Jordan, UT 84095
Attention: Ron Vance
Email Address: ron@vancelaw.us

11. No Stockholder Rights. Nothing contained in this Agreement shall be construed as conferring upon Lender or any other person the right to vote or to consent or to receive notice as a stockholder in respect of meetings of stockholders for the election of directors of the Borrower or any other matters or any rights whatsoever as a stockholder of the Borrower.

12. Waiver of Notice. The Borrower hereby waives notice, presentment, demand, protest, and notice of dishonor.

13. Heading; References. All headings used herein are used for convenience only and shall not be used to construe or interpret this Agreement. Except as otherwise indicated, all references herein to Sections refer to Sections hereof.

14. Binding Agreement; Survival. This Agreement shall bind and inure to the benefit of both parties, and except as otherwise expressly provided to the contrary herein, each of their respective heirs, successors and assigns.

15. Delays or Omissions. No delay or omission to exercise any right, power, or remedy accruing to the Lender, upon any breach or default of the Borrower under this Agreement shall impair any such right, power, or remedy of the Lender nor shall it be construed to be a waiver of any such breach or default, or an acquiescence therein, or of or in any similar breach or default thereafter occurring; nor shall any waiver of any single breach or default be deemed a waiver of any other breach or default therefore or thereafter occurring. All remedies, either under this Agreement or by law or otherwise afforded to the Lender, shall be cumulative and not alternative.

16. Construction. The parties acknowledge that the parties and their counsel have reviewed and revised this Agreement and that the language used in this Agreement has been chosen by the parties to express their mutual intent. Accordingly, no rules of strict construction will be applied against any party with respect to this Agreement.

17. Cumulative Rights. No delay on the part of the Lender in the exercise of any power or right under this Agreement or under any other instrument executed pursuant to this Agreement shall operate as a waiver of any such power or right, nor shall a single or partial exercise of any power or right preclude other or further exercise of such power or right or the exercise of any other power or right.

18. Payments Free of Taxes, Etc. All payments made by the Borrower under this Agreement shall be made by the Borrower free and clear of and without deduction for any and all present and future taxes, levies, charges, deductions, and withholdings. In addition, the Borrower shall pay upon demand any stamp or other taxes, levies or charges of any jurisdiction with respect to the execution, delivery, registration, performance, and enforcement of this Agreement. Upon request by the Lender, the Borrower shall furnish evidence satisfactory to the Lender that all requisite authorizations and approvals by, and notices to and filings with, governmental authorities and regulatory bodies have been obtained and made and that all requisite taxes, levies, and charges have been paid.

19. Severability. If one or more provisions of this Agreement are held to be unenforceable under applicable law, such provision(s) shall be excluded from this Agreement and the balance of this Agreement shall be interpreted as if such provision(s) were so excluded and shall be enforceable in accordance with its terms.

20. Other Interpretive Provisions. References in this Agreement to any document, instrument or agreement (a) includes all exhibits, schedules, and other attachments thereto, (b) includes all documents, instruments or agreements issued or executed in replacement thereof, and (c) means such document, instrument or agreement, or replacement or predecessor thereto, as amended, modified and supplemented from time to time and in effect at any given time. The words “hereof,” “herein” and “hereunder” and words of similar import when used in this Agreement refer to this Agreement as a whole and not to any particular provision of this Agreement. The words “include” and “including” and words of similar import when used in this Agreement shall not be construed to be limiting or exclusive.

21. No Oral Modification or Waivers. The terms herein may not be modified or waived orally, but only by an instrument in writing signed by the party against which enforcement of the modification or waiver is sought.

22. Attorneys’ Fees. In the event of any suit or action to enforce or interpret any provision of this Agreement or otherwise arising out of this Agreement, the prevailing party is entitled to recover, in addition to other direct incremental costs, reasonable attorney fees in connection with the suit, action, or arbitration, and in any appeals.

23. Governing Law; Jurisdiction; Venue. This Note, and all matters arising directly and indirectly herefrom (the “**Covered Matters**”), shall be governed in all respects by the laws of the State of Delaware as such laws are applied to agreements between parties in Delaware. The Company irrevocably submits to the personal jurisdiction of the courts of the State of Delaware and the United States District Court for the District of Delaware for the purpose of any suit, action, proceeding or judgment relating to or arising out of the Covered Matters. Service of process on the Company in connection with any such suit, action or proceeding may be served on the Company anywhere in the world by the same methods as are specified for the giving of notices under this Note. The Company irrevocably consents to the jurisdiction of any such court in any such suit, action or proceeding and to the laying of venue in such court. The Company irrevocably waives any objection to the laying of venue of any such suit, action or proceeding brought in such courts and irrevocably waives any claim that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum.

24. Entire Agreement; Integration Clause. This Agreement sets forth the entire agreement and understandings of the parties hereto with respect to this transaction, and this Agreement supersedes and nullifies all other agreements made between the parties hereto.

25. Counterparts. This Agreement may be executed in as many counterpart copies as may be required. All counterparts shall collectively constitute a single agreement.

[Signature page follows]

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

**BORROWER:
HEATWURX, INC.**

Signature: /s/ David Dworsky
Name: David Dworsky
Title: CEO

LENDER:

JMW FUND, LLC

Signature: Justin York
Name: Justin York
Its: Manager

RICHLAND FUND, LLC

Signature: Justin York
Name: Justin York
Its: Manager

SAN GABRIEL FUND, LLC

Signature: Justin York
Name: Justin York
Its: Manager

EXHIBIT A
[Sample 12% Senior Secured Promissory Note]

EXHIBIT B
[Security Agreement]

EXHIBIT C
[Subsidiary Guaranty]

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933. IT MAY NOT BE SOLD, OFFERED FOR SALE, PLEDGED OR HYPOTHECATED IN THE ABSENCE OF A REGISTRATION STATEMENT IN EFFECT WITH RESPECT TO THE SECURITY UNDER SUCH ACT OR AN OPINION OF COUNSEL SATISFACTORY TO THE COMPANY THAT SUCH REGISTRATION IS NOT REQUIRED OR UNLESS SOLD PURSUANT TO RULE 144 OF SUCH ACT.

HEATWURX, INC.

12% SENIOR SECURED PROMISSORY NOTE

Up to \$2,000,000

February 16, 2015

HEATWURX, INC., a Delaware corporation (the “**Company**” or “**Borrower**”), for value received, hereby unconditionally promises to pay to SAN GABRIEL FUND, LLC, a California limited liability company (the “**Holder**”), the aggregate principal amount of all the “**Loan Advance(s)**” owing to the Holder as set forth in **Schedule A** hereto, together with accrued and unpaid interest thereon, on the terms and conditions set forth in this 12% Senior Secured Promissory Note (this “**Note**”). Each Loan Advance owing to the Holder by the Company, and all payments made on account of principal thereof, shall be recorded by the Holder upon the transfer thereof, endorsed on the grid marked as **Schedule A** hereto, which is part of this Note; *provided, however*, that the failure of the Holder to make any such recordation or endorsement shall not affect the obligations of the Company under this Note. Payment for all amounts due hereunder shall be made by mail or wire to the registered address of the Holder. The performance of the obligations of the Company hereunder are secured by a security agreement and a guaranty agreement of even date herewith, and all other present and future security agreements between the Company and the Holder.

This Note is one of a series of notes in the aggregate principal amount of up to \$2,000,000, each on equal footing (*pari-passu*), of like tenor and ranking without priority over one another (collectively, the “**Notes**”), made by the Borrower in favor of certain lenders (the “**Lenders**”), issued by the Borrower pursuant to the terms of a Loan Agreement between the Borrower and the Lenders of even date herewith (the “**Loan Agreement**”). Any payments made by the Borrower with respect to this Note or any of the other Notes shall be made to each of the Lenders on a *pro rata* basis in accordance with the aggregate principal and interest owing under each of the Notes then outstanding.

The following is a statement of the rights of the Holder of this Note and the conditions to which this Note is subject, and to which the Holder hereof, by the acceptance of this Note, agrees:

1. Maturity. The principal hereof and any unpaid accrued interest hereon, as set forth below, regardless of when paid or recorded on **Schedule A**, shall be due and payable on the earlier to occur of: (i) August 16, 2015 (the “**Maturity Date**”); or (ii) when declared due and payable by the Holder upon the occurrence of an Event of Default (as defined below).

2. Interest. The principal amount outstanding under this Note shall accrue interest at the rate of TWELVE PERCENT (12%) per annum, commencing on the date set forth in **Schedule A** for that particular Loan Advance (the “**Issuance Date**”). Interest will be payable in equal monthly installments on the fifteenth day of each month, commencing on the month following the Issuance Date and ending on the Maturity Date. If any interest payment remains unpaid in excess of ninety (90) days, and the Holder has not declared the entire principal and unpaid accrued interest due and payable, the interest rate on that amount only will be increased to EIGHTEEN PERCENT (18%) per annum, until the past due interest amount is paid in full. Interest shall be calculated on the basis of a year of 365 days applied to the actual days on which there exists an unpaid balance under this Note. The Principal Amount and all then-accrued and unpaid interest shall be payable on the Maturity Date. If there occurs an acceleration or prepayment of the Note prior to the Maturity Date in accordance with the terms hereof, all interest due and payable at such time on the principal amount due shall be paid in full.

3. Manner and Application of Payments. All payments due hereunder shall be paid in lawful money of the United States of America which shall be legal tender in payment of all debts and dues, public and private, in immediately available funds, without offset, deduction or recoupment. Any payment by check or draft shall be subject to the condition that any receipt issued therefore shall be ineffective unless the amount due is actually received by the Holder. Each payment shall be applied first to the payment of any and all costs, fees, and expenses incurred by or payable to the Holder in connection with the collection or enforcement of this Note, second to the payment of all unpaid late charges (if any), third, to the payment of all accrued and unpaid interest hereunder as allocated by Heatwurx in writing as of the date of receipt of the funds, and fourth, to the payment of the unpaid Principal Amount, or in any other manner which the Holder may, in its sole discretion, elect from time to time.

4. Repayment Extension. If any payment of principal or interest shall be due on a Saturday, Sunday or any other day on which banking institutions in the State of Delaware are required or permitted to be closed, such payment shall be made on the next succeeding business day and such extension of time shall be included in computing interest under this Note.

5. Prepayment. The Borrower shall have the right to prepay this Note in whole or in part, at any time or from time to time, without premium, penalty or prior written notice to the Holder.

6. Subordination. The Company covenants and agrees, and the Holder, by such Holder’s acceptance hereof, likewise covenants and agrees, that, to the extent and in the manner hereinafter set forth in this Section, the indebtedness represented by this Note and the payment of the principal of and interest on this Note are hereby expressly made senior to any other indebtedness of the Company. The Company hereby covenants that to the extent that the Company has other debts outstanding (other than those set forth above), the Company obtain written permission from such creditors to subordinate their debts to that of the Holder.

7. Events of Default. If any of the events specified in this Section occur (herein individually referred to as an “**Event of Default**”), the Holder may, so long as such condition exists, declare the entire principal and unpaid accrued interest hereon immediately due and payable, by notice in writing to the Company:

- a. Default in the payment of the principal or unpaid accrued interest of this Note when due and payable;

b. The institution by the Company of proceedings to be adjudicated as bankrupt or insolvent, or the consent by it to institution of bankruptcy or insolvency proceedings against it or the filing by it of a petition or answer or consent seeking reorganization or release under the Federal Bankruptcy Act, or any other applicable Federal or state law, or the consent by it to the filing of any such petition or the appointment of a receiver, liquidator, assignee, trustee or other similar official of the Company, or of any substantial part of its property, or the making by it of an assignment for the benefit of creditors, or the taking of corporate action by the Company in furtherance of any such action;

c. If, within sixty (60) calendar days after the commencement of an action against the Company, without the consent or acquiescence of the Company (and service of process in connection therewith on the Company) seeking any bankruptcy, insolvency, reorganization, liquidation, dissolution or similar relief under any present or future statute, law or regulation, such action shall not have been resolved in favor of the Company or all orders or proceedings thereunder affecting the operations or the business of the Company stayed, or if the stay of any such order or proceeding shall thereafter be set aside, or if, within sixty (60) calendar days after the appointment without the consent or acquiescence of the Company of any trustee, receiver or liquidator of the Company or of all or any substantial part of the properties of the Company, such appointment shall not have been vacated;

d. The Company is a party to any Change of Control Transaction or agrees to sell or dispose of all or in excess of fifty percent (50%) of its assets in one transaction or a series of related transactions (whether or not such sale would constitute a Change of Control Transaction). For the purpose of this Note, the term **"Change of Control Transaction"** means the occurrence after the date hereof of any of the following: (i) an acquisition after the date hereof by an individual or legal entity or "group" (as described in Rule 13d-5(b)(1) promulgated under the Exchange Act) of effective control (whether through legal or beneficial ownership of the Company, by contract or otherwise) of in excess of fifty percent (50%) of the voting securities of the Company; (ii) the Company merges into or consolidates with any other person or entity, or any person or entity merges into or consolidates with the Company and, after giving effect to such transaction, the stockholders of the Company immediately prior to such transaction own less than sixty percent (60%) of the aggregate voting power of the Company or the successor entity of such transaction; (iii) the Company or its subsidiary sells or transfers all or substantially all of its assets to another person or entity and the stockholders of the Company or the subsidiary immediately prior to such transaction own less than sixty percent (60%) of the aggregate voting power of the successor entity immediately after the transaction; (iv) a replacement at one time or within a two (2) year period of more than one-half of the members of the Board of Directors of the Company or any subsidiary (the **"Board of Directors"**) which is not approved by a majority of those individuals who are members of the Board of Directors on the original issue date (or by those individuals who are serving as members of the Board of Directors on any date whose nomination to the Board of Directors was approved by a majority of the members of the Board of Directors who are members on the date hereof); or (v) the execution by the Company or a subsidiary of an agreement to which the Company is a party or by which it is bound, providing for any of the events set forth in clauses (i) through (iv) above; or

e. Any material breach of this Agreement or the Loan Agreement between the parties of even date herewith, as hereafter amended, that remains uncured after notice of breach and failure to timely cure such breach.

8. The Holder's Rights Upon Event of Default. Upon the occurrence and continuance of any Event of Default, the Holder in its sole and absolute discretion will have the right to (i) declare all unpaid interest and principal immediately due and payable and exercise all other legal rights in connection therewith; and (ii) exercise any and all rights and remedies available to it at law, in equity or otherwise.

9. Remedies Cumulative. Each right, power and remedy of the Holder hereunder shall be cumulative and concurrent, and the exercise or beginning of the exercise of any one or more of them shall not preclude the simultaneous or later exercise by the Holder of any or all such other rights, powers or remedies. No failure or delay by the Holder to insist upon the strict performance of any one or more provisions of this Note or to exercise any right, power or remedy consequent upon a breach thereof or default hereunder shall constitute a waiver thereof or preclude the Holder from exercising any such right, power or remedy. By accepting full or partial payment after the due date of any amount of principal of or interest on this Note, or other amounts payable on demand, the Holder shall not be deemed to have waived the right either to require prompt payment when due and payable of all other amounts of principal of or interest on this Note or other amounts payable on demand, or to exercise any rights and remedies available to it in order to collect all such other amounts due and payable under this Note.

10. Restrictions. The Holder of this Note, by acceptance hereof, both with respect to the Note represents and warrants as follows:

a. The Note is being acquired for the Holder's own account to be held for investment purposes only and not with a view to, or for, resale in connection with any distribution of such Note or any interest therein without registration or other compliance under the Securities Act of 1933 (the "**Act**"), and the Holder hereof has no direct or indirect participation in any such undertaking or in underwriting such an undertaking.

b. The Holder hereof has been advised and understands that the Note has not been registered under the Act and the Note must be held and may not be sold, transferred, or otherwise disposed of for value unless they are subsequently registered under the Act or an exemption from such registration is available; the Company is under no obligation to register the Note under the Act; in the absence of such registration, sale of the Note may be impracticable; the Company or the Company's registrar and transfer agent, if any, will maintain stock transfer orders against registration of transfer of the Note;

c. The Company may refuse to transfer the Note unless the Holder thereof provides an opinion of legal counsel reasonably satisfactory to the Company or a "no action" or interpretive response from the Securities and Exchange Commission to the effect that the transfer is proper; further, unless such letter or opinion states that the Note is free from any restrictions under the Act, the Company may refuse to transfer the Note to any transferee who does not furnish in writing to the Company the same representations and agrees to the same conditions with respect to such Note as set forth herein. The Company may also refuse to transfer the Note if any circumstances are present reasonably indicating that the transferee's representations are not accurate.

11. Treatment of Note. To the extent permitted by generally accepted accounting principles, the Company will treat, account, and report the Note as debt and not equity for accounting purposes and with respect to any returns filed with Federal, state or local tax authorities.

12. Notices. Any notice, demand, request, waiver or other communication required or permitted to be given pursuant to this Note must be in writing (including electronic format) and will be deemed by the parties to have been received (i) upon delivery in person (including by reputable express courier service) at the address set forth below; (ii) upon delivery by electronic mail (as verified by a printout showing satisfactory transmission) at the electronic mail address set forth below (if sent on a business day during normal business hours where such notice is to be received and if not, on the first business day following such delivery where such notice is to be received); or (iii) upon three (3) business days after mailing with the United States Postal Service if mailed from and to a location within the continental United States by registered or certified mail, return receipt requested, addressed to the address set forth below. Any party hereto may from time to time change its physical or electronic address or facsimile number for notices by giving notice of such changed address or number to the other party in accordance with this section.

If to the Holder at:

Richland, JMW, and San Gabriel Funds
4 Richland Place
Pasadena, CA 91103
Attention: Justin Yorke
Email Address: justin@mcgrainfinancial.com

If to the Borrower at:

Heatwurx, Inc.
18001 S. Figueroa, Unit F
Gardena, CA 90248
Attention: Heather Kearns
Email Address: heather@heatwurx.com

With a copy (which will not constitute notice) to:

The Law Office of Ronald N. Vance & Associates, P.C.
1656 Reunion Avenue, Suite 250
South Jordan, UT 84095
Attention: Ron Vance
Email Address: ron@vancelaw.us

13. Successors and Assigns; Assignment. Except as otherwise expressly provided herein, the provisions hereof inure to the benefit of, and be binding upon, the successors, assigns, heirs, executors, and administrators of the parties hereto. Nothing in this Note, express or implied, is intended to confer upon any party, other than the parties hereto and their successors and assigns, any rights, remedies, obligations or liabilities under or by reason of this Note, except as expressly provided herein. The Company may not assign this Note or any of the rights or obligations referenced herein without the prior written consent of the Holder. The Holder may assign this Note, in whole or in part, without the prior consent of the Company, and any assignee of this Note shall inure to all of the rights of the Holder hereunder.

14. Waiver of Notice. The Company hereby waives notice, presentment, demand, protest, and notice of dishonor.

15. No Stockholder Rights. Nothing contained in this Note shall be construed as conferring upon Holder or any other person the right to vote or to consent or to receive notice as a stockholder in respect of meetings of stockholders for the election of directors of the Company or any other matters or any rights whatsoever as a stockholder of the Company.

16. Heading; References. All headings used herein are used for convenience only and shall not be used to construe or interpret this Note. Except as otherwise indicated, all references herein to Sections refer to Sections hereof.

17. Binding Agreement; Survival. This Note shall bind and inure to the benefit of both parties, and except as otherwise expressly provided to the contrary herein, each of their respective heirs, successors and assigns.

18. Delays or Omissions. No delay or omission to exercise any right, power, or remedy accruing to the Holder, upon any breach or default of the Company under this Note shall impair any such right, power, or remedy of the Holder nor shall it be construed to be a waiver of any such breach or default, or an acquiescence therein, or of or in any similar breach or default thereafter occurring; nor shall any waiver of any single breach or default be deemed a waiver of any other breach or default therefore or thereafter occurring. All remedies, either under this Note or by law or otherwise afforded to the Holder, shall be cumulative and not alternative.

19. Construction. The parties acknowledge that the parties and their counsel have reviewed and revised this Note and that the language used in this Note has been chosen by the parties to express their mutual intent. Accordingly, no rules of strict construction will be applied against any party with respect to this Note.

20. Cumulative Rights. No delay on the part of the Holder in the exercise of any power or right under this Note or under any other instrument executed pursuant to this Note shall operate as a waiver of any such power or right, nor shall a single or partial exercise of any power or right preclude other or further exercise of such power or right or the exercise of any other power or right.

21. Payments Free of Taxes, Etc. All payments made by the Company under this Note shall be made by the Company free and clear of and without deduction for any and all present and future taxes, levies, charges, deductions, and withholdings. In addition, the Company shall pay upon demand any stamp or other taxes, levies or charges of any jurisdiction with respect to the execution, delivery, registration, performance, and enforcement of this Note. Upon request by the Holder, the Company shall furnish evidence satisfactory to the Holder Party that all requisite authorizations and approvals by, and notices to and filings with, governmental authorities and regulatory bodies have been obtained and made and that all requisite taxes, levies, and charges have been paid.

22. Severability. If one or more provisions of this Note are held to be unenforceable under applicable law, such provision(s) shall be excluded from this Note and the balance of this Note shall be interpreted as if such provision(s) were so excluded and shall be enforceable in accordance with its terms.

23. Other Interpretive Provisions. References in the Note to any document, instrument or agreement (a) includes all exhibits, schedules, and other attachments thereto, (b) includes all documents, instruments or agreements issued or executed in replacement thereof, and (c) means such document, instrument or agreement, or replacement or predecessor thereto, as amended, modified and supplemented from time to time and in effect at any given time. The words "hereof," "herein" and "hereunder" and words of similar import when used in this Note refer to this Note as a whole and not to any particular provision of this Note. The words "include" and "including" and words of similar import when used in this Note shall not be construed to be limiting or exclusive.

24. No Oral Modification or Waivers. The terms herein may not be modified or waived orally, but only by an instrument in writing signed by the party against which enforcement of the modification or waiver is sought.

25. Attorneys' Fees. In the event of any suit or action to enforce or interpret any provision of this Note or otherwise arising out of this Note, the prevailing party is entitled to recover, in addition to other direct incremental costs, reasonable attorney fees in connection with the suit, action, or arbitration, and in any appeals.

26. Governing Law; Jurisdiction; Venue. This Note, and all matters arising directly and indirectly herefrom (the “**Covered Matters**”), shall be governed in all respects by the laws of the State of Delaware as such laws are applied to agreements between parties in Delaware. The Company irrevocably submits to the personal jurisdiction of the courts of the State of Delaware and the United States District Court for the District of Delaware for the purpose of any suit, action, proceeding or judgment relating to or arising out of the Covered Matters. Service of process on the Company in connection with any such suit, action or proceeding may be served on the Company anywhere in the world by the same methods as are specified for the giving of notices under this Note. The Company irrevocably consents to the jurisdiction of any such court in any such suit, action or proceeding and to the laying of venue in such court. The Company irrevocably waives any objection to the laying of venue of any such suit, action or proceeding brought in such courts and irrevocably waives any claim that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum.

27. Entire Agreement; Integration Clause. This Note sets forth the entire agreement and understandings of the parties hereto with respect to this transaction, and this Note supersedes and nullifies all other agreements made between the parties hereto.

28. Counterparts. This Note may be executed in as many counterpart copies as may be required. All counterparts shall collectively constitute a single agreement.

[Signature page follows]

IN WITNESS WHEREOF, the Company has caused this Note to be issued as of the date first written above.

**HEATWURX, INC., a Delaware
corporation**

By: /s/ David Dworsky
Name: David Dworsky
Its: CEO

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933. IT MAY NOT BE SOLD, OFFERED FOR SALE, PLEDGED OR HYPOTHECATED IN THE ABSENCE OF A REGISTRATION STATEMENT IN EFFECT WITH RESPECT TO THE SECURITY UNDER SUCH ACT OR AN OPINION OF COUNSEL SATISFACTORY TO THE COMPANY THAT SUCH REGISTRATION IS NOT REQUIRED OR UNLESS SOLD PURSUANT TO RULE 144 OF SUCH ACT.

HEATWURX, INC.

12% SENIOR SECURED PROMISSORY NOTE

Up to \$2,000,000

February 16, 2015

HEATWURX, INC., a Delaware corporation (the “**Company**” or “**Borrower**”), for value received, hereby unconditionally promises to pay to JMW FUND, LLC, a Delaware limited liability company (the “**Holder**”), the aggregate principal amount of all the “**Loan Advance(s)**” owing to the Holder as set forth in **Schedule A** hereto, together with accrued and unpaid interest thereon, on the terms and conditions set forth in this 12% Senior Secured Promissory Note (this “**Note**”). Each Loan Advance owing to the Holder by the Company, and all payments made on account of principal thereof, shall be recorded by the Holder upon the transfer thereof, endorsed on the grid marked as **Schedule A** hereto, which is part of this Note; *provided, however*, that the failure of the Holder to make any such recordation or endorsement shall not affect the obligations of the Company under this Note. Payment for all amounts due hereunder shall be made by mail or wire to the registered address of the Holder. The performance of the obligations of the Company hereunder are secured by a security agreement and a guaranty agreement of even date herewith, and all other present and future security agreements between the Company and the Holder.

This Note is one of a series of notes in the aggregate principal amount of up to \$2,000,000, each on equal footing (*pari-passu*), of like tenor and ranking without priority over one another (collectively, the “**Notes**”), made by the Borrower in favor of certain lenders (the “**Lenders**”), issued by the Borrower pursuant to the terms of a Loan Agreement between the Borrower and the Lenders of even date herewith (the “**Loan Agreement**”). Any payments made by the Borrower with respect to this Note or any of the other Notes shall be made to each of the Lenders on a *pro rata* basis in accordance with the aggregate principal and interest owing under each of the Notes then outstanding.

The following is a statement of the rights of the Holder of this Note and the conditions to which this Note is subject, and to which the Holder hereof, by the acceptance of this Note, agrees:

1. Maturity. The principal hereof and any unpaid accrued interest hereon, as set forth below, regardless of when paid or recorded on **Schedule A**, shall be due and payable on the earlier to occur of: (i) August 16, 2015 (the “**Maturity Date**”); or (ii) when declared due and payable by the Holder upon the occurrence of an Event of Default (as defined below).

2. Interest. The principal amount outstanding under this Note shall accrue interest at the rate of TWELVE PERCENT (12%) per annum, commencing on the date set forth in **Schedule A** for that particular Loan Advance (the “**Issuance Date**”). Interest will be payable in equal monthly installments on the fifteenth day of each month, commencing on the month following the Issuance Date and ending on the Maturity Date. If any interest payment remains unpaid in excess of ninety (90) days, and the Holder has not declared the entire principal and unpaid accrued interest due and payable, the interest rate on that amount only will be increased to EIGHTEEN PERCENT (18%) per annum, until the past due interest amount is paid in full. Interest shall be calculated on the basis of a year of 365 days applied to the actual days on which there exists an unpaid balance under this Note. The Principal Amount and all then-accrued and unpaid interest shall be payable on the Maturity Date. If there occurs an acceleration or prepayment of the Note prior to the Maturity Date in accordance with the terms hereof, all interest due and payable at such time on the principal amount due shall be paid in full.

3. Manner and Application of Payments. All payments due hereunder shall be paid in lawful money of the United States of America which shall be legal tender in payment of all debts and dues, public and private, in immediately available funds, without offset, deduction or recoupment. Any payment by check or draft shall be subject to the condition that any receipt issued therefore shall be ineffective unless the amount due is actually received by the Holder. Each payment shall be applied first to the payment of any and all costs, fees, and expenses incurred by or payable to the Holder in connection with the collection or enforcement of this Note, second to the payment of all unpaid late charges (if any), third, to the payment of all accrued and unpaid interest hereunder as allocated by Heatwurx in writing as of the date of receipt of the funds, and fourth, to the payment of the unpaid Principal Amount, or in any other manner which the Holder may, in its sole discretion, elect from time to time.

4. Repayment Extension. If any payment of principal or interest shall be due on a Saturday, Sunday or any other day on which banking institutions in the State of Delaware are required or permitted to be closed, such payment shall be made on the next succeeding business day and such extension of time shall be included in computing interest under this Note.

5. Prepayment. The Borrower shall have the right to prepay this Note in whole or in part, at any time or from time to time, without premium, penalty or prior written notice to the Holder.

6. Subordination. The Company covenants and agrees, and the Holder, by such Holder’s acceptance hereof, likewise covenants and agrees, that, to the extent and in the manner hereinafter set forth in this Section, the indebtedness represented by this Note and the payment of the principal of and interest on this Note are hereby expressly made senior to any other indebtedness of the Company. The Company hereby covenants that to the extent that the Company has other debts outstanding (other than those set forth above), the Company obtain written permission from such creditors to subordinate their debts to that of the Holder.

7. Events of Default. If any of the events specified in this Section occur (herein individually referred to as an “**Event of Default**”), the Holder may, so long as such condition exists, declare the entire principal and unpaid accrued interest hereon immediately due and payable, by notice in writing to the Company:

- a. Default in the payment of the principal or unpaid accrued interest of this Note when due and payable;

b. The institution by the Company of proceedings to be adjudicated as bankrupt or insolvent, or the consent by it to institution of bankruptcy or insolvency proceedings against it or the filing by it of a petition or answer or consent seeking reorganization or release under the Federal Bankruptcy Act, or any other applicable Federal or state law, or the consent by it to the filing of any such petition or the appointment of a receiver, liquidator, assignee, trustee or other similar official of the Company, or of any substantial part of its property, or the making by it of an assignment for the benefit of creditors, or the taking of corporate action by the Company in furtherance of any such action;

c. If, within sixty (60) calendar days after the commencement of an action against the Company, without the consent or acquiescence of the Company (and service of process in connection therewith on the Company) seeking any bankruptcy, insolvency, reorganization, liquidation, dissolution or similar relief under any present or future statute, law or regulation, such action shall not have been resolved in favor of the Company or all orders or proceedings thereunder affecting the operations or the business of the Company stayed, or if the stay of any such order or proceeding shall thereafter be set aside, or if, within sixty (60) calendar days after the appointment without the consent or acquiescence of the Company of any trustee, receiver or liquidator of the Company or of all or any substantial part of the properties of the Company, such appointment shall not have been vacated;

d. The Company is a party to any Change of Control Transaction or agrees to sell or dispose of all or in excess of fifty percent (50%) of its assets in one transaction or a series of related transactions (whether or not such sale would constitute a Change of Control Transaction). For the purpose of this Note, the term “**Change of Control Transaction**” means the occurrence after the date hereof of any of the following: (i) an acquisition after the date hereof by an individual or legal entity or “group” (as described in Rule 13d-5(b)(1) promulgated under the Exchange Act) of effective control (whether through legal or beneficial ownership of the Company, by contract or otherwise) of in excess of fifty percent (50%) of the voting securities of the Company; (ii) the Company merges into or consolidates with any other person or entity, or any person or entity merges into or consolidates with the Company and, after giving effect to such transaction, the stockholders of the Company immediately prior to such transaction own less than sixty percent (60%) of the aggregate voting power of the Company or the successor entity of such transaction; (iii) the Company or its subsidiary sells or transfers all or substantially all of its assets to another person or entity and the stockholders of the Company or the subsidiary immediately prior to such transaction own less than sixty percent (60%) of the aggregate voting power of the successor entity immediately after the transaction; (iv) a replacement at one time or within a two (2) year period of more than one-half of the members of the Board of Directors of the Company or any subsidiary (the “**Board of Directors**”) which is not approved by a majority of those individuals who are members of the Board of Directors on the original issue date (or by those individuals who are serving as members of the Board of Directors on any date whose nomination to the Board of Directors was approved by a majority of the members of the Board of Directors who are members on the date hereof); or (v) the execution by the Company or a subsidiary of an agreement to which the Company is a party or by which it is bound, providing for any of the events set forth in clauses (i) through (iv) above; or

e. Any material breach of this Agreement or the Loan Agreement between the parties of even date herewith, as hereafter amended, that remains uncured after notice of breach and failure to timely cure such breach.

8. The Holder’s Rights Upon Event of Default. Upon the occurrence and continuance of any Event of Default, the Holder in its sole and absolute discretion will have the right to (i) declare all unpaid interest and principal immediately due and payable and exercise all other legal rights in connection therewith; and (ii) exercise any and all rights and remedies available to it at law, in equity or otherwise.

9. Remedies Cumulative. Each right, power and remedy of the Holder hereunder shall be cumulative and concurrent, and the exercise or beginning of the exercise of any one or more of them shall not preclude the simultaneous or later exercise by the Holder of any or all such other rights, powers or remedies. No failure or delay by the Holder to insist upon the strict performance of any one or more provisions of this Note or to exercise any right, power or remedy consequent upon a breach thereof or default hereunder shall constitute a waiver thereof or preclude the Holder from exercising any such right, power or remedy. By accepting full or partial payment after the due date of any amount of principal of or interest on this Note, or other amounts payable on demand, the Holder shall not be deemed to have waived the right either to require prompt payment when due and payable of all other amounts of principal of or interest on this Note or other amounts payable on demand, or to exercise any rights and remedies available to it in order to collect all such other amounts due and payable under this Note.

10. Restrictions. The Holder of this Note, by acceptance hereof, both with respect to the Note represents and warrants as follows:

a. The Note is being acquired for the Holder's own account to be held for investment purposes only and not with a view to, or for, resale in connection with any distribution of such Note or any interest therein without registration or other compliance under the Securities Act of 1933 (the "**Act**"), and the Holder hereof has no direct or indirect participation in any such undertaking or in underwriting such an undertaking.

b. The Holder hereof has been advised and understands that the Note has not been registered under the Act and the Note must be held and may not be sold, transferred, or otherwise disposed of for value unless they are subsequently registered under the Act or an exemption from such registration is available; the Company is under no obligation to register the Note under the Act; in the absence of such registration, sale of the Note may be impracticable; the Company or the Company's registrar and transfer agent, if any, will maintain stock transfer orders against registration of transfer of the Note;

c. The Company may refuse to transfer the Note unless the Holder thereof provides an opinion of legal counsel reasonably satisfactory to the Company or a "no action" or interpretive response from the Securities and Exchange Commission to the effect that the transfer is proper; further, unless such letter or opinion states that the Note is free from any restrictions under the Act, the Company may refuse to transfer the Note to any transferee who does not furnish in writing to the Company the same representations and agrees to the same conditions with respect to such Note as set forth herein. The Company may also refuse to transfer the Note if any circumstances are present reasonably indicating that the transferee's representations are not accurate.

11. Treatment of Note. To the extent permitted by generally accepted accounting principles, the Company will treat, account, and report the Note as debt and not equity for accounting purposes and with respect to any returns filed with Federal, state or local tax authorities.

12. Notices. Any notice, demand, request, waiver or other communication required or permitted to be given pursuant to this Note must be in writing (including electronic format) and will be deemed by the parties to have been received (i) upon delivery in person (including by reputable express courier service) at the address set forth below; (ii) upon delivery by electronic mail (as verified by a printout showing satisfactory transmission) at the electronic mail address set forth below (if sent on a business day during normal business hours where such notice is to be received and if not, on the first business day following such delivery where such notice is to be received); or (iii) upon three (3) business days after mailing with the United States Postal Service if mailed from and to a location within the continental United States by registered or certified mail, return receipt requested, addressed to the address set forth below. Any party hereto may from time to time change its physical or electronic address or facsimile number for notices by giving notice of such changed address or number to the other party in accordance with this section.

If to the Holder at:

Richland, JMW, and San Gabriel Funds
4 Richland Place
Pasadena, CA 91103
Attention: Justin Yorke
Email Address: justin@mcgrainfinancial.com

If to the Borrower at:

Heatwurx, Inc.
18001 S. Figueroa, Unit F
Gardena, CA 90248
Attention: Heather Kearns
Email Address: heather@heatwurx.com

With a copy (which will not constitute notice) to:

The Law Office of Ronald N. Vance & Associates, P.C.
1656 Reunion Avenue, Suite 250
South Jordan, UT 84095
Attention: Ron Vance
Email Address: ron@vancelaw.us

13. Successors and Assigns; Assignment. Except as otherwise expressly provided herein, the provisions hereof inure to the benefit of, and be binding upon, the successors, assigns, heirs, executors, and administrators of the parties hereto. Nothing in this Note, express or implied, is intended to confer upon any party, other than the parties hereto and their successors and assigns, any rights, remedies, obligations or liabilities under or by reason of this Note, except as expressly provided herein. The Company may not assign this Note or any of the rights or obligations referenced herein without the prior written consent of the Holder. The Holder may assign this Note, in whole or in part, without the prior consent of the Company, and any assignee of this Note shall inure to all of the rights of the Holder hereunder.

14. Waiver of Notice. The Company hereby waives notice, presentment, demand, protest, and notice of dishonor.

15. No Stockholder Rights. Nothing contained in this Note shall be construed as conferring upon Holder or any other person the right to vote or to consent or to receive notice as a stockholder in respect of meetings of stockholders for the election of directors of the Company or any other matters or any rights whatsoever as a stockholder of the Company.

16. Heading; References. All headings used herein are used for convenience only and shall not be used to construe or interpret this Note. Except as otherwise indicated, all references herein to Sections refer to Sections hereof.

17. Binding Agreement; Survival. This Note shall bind and inure to the benefit of both parties, and except as otherwise expressly provided to the contrary herein, each of their respective heirs, successors and assigns.

18. Delays or Omissions. No delay or omission to exercise any right, power, or remedy accruing to the Holder, upon any breach or default of the Company under this Note shall impair any such right, power, or remedy of the Holder nor shall it be construed to be a waiver of any such breach or default, or an acquiescence therein, or of or in any similar breach or default thereafter occurring; nor shall any waiver of any single breach or default be deemed a waiver of any other breach or default therefore or thereafter occurring. All remedies, either under this Note or by law or otherwise afforded to the Holder, shall be cumulative and not alternative.

19. Construction. The parties acknowledge that the parties and their counsel have reviewed and revised this Note and that the language used in this Note has been chosen by the parties to express their mutual intent. Accordingly, no rules of strict construction will be applied against any party with respect to this Note.

20. Cumulative Rights. No delay on the part of the Holder in the exercise of any power or right under this Note or under any other instrument executed pursuant to this Note shall operate as a waiver of any such power or right, nor shall a single or partial exercise of any power or right preclude other or further exercise of such power or right or the exercise of any other power or right.

21. Payments Free of Taxes, Etc. All payments made by the Company under this Note shall be made by the Company free and clear of and without deduction for any and all present and future taxes, levies, charges, deductions, and withholdings. In addition, the Company shall pay upon demand any stamp or other taxes, levies or charges of any jurisdiction with respect to the execution, delivery, registration, performance, and enforcement of this Note. Upon request by the Holder, the Company shall furnish evidence satisfactory to the Holder Party that all requisite authorizations and approvals by, and notices to and filings with, governmental authorities and regulatory bodies have been obtained and made and that all requisite taxes, levies, and charges have been paid.

22. Severability. If one or more provisions of this Note are held to be unenforceable under applicable law, such provision(s) shall be excluded from this Note and the balance of this Note shall be interpreted as if such provision(s) were so excluded and shall be enforceable in accordance with its terms.

23. Other Interpretive Provisions. References in the Note to any document, instrument or agreement (a) includes all exhibits, schedules, and other attachments thereto, (b) includes all documents, instruments or agreements issued or executed in replacement thereof, and (c) means such document, instrument or agreement, or replacement or predecessor thereto, as amended, modified and supplemented from time to time and in effect at any given time. The words "hereof," "herein" and "hereunder" and words of similar import when used in this Note refer to this Note as a whole and not to any particular provision of this Note. The words "include" and "including" and words of similar import when used in this Note shall not be construed to be limiting or exclusive.

24. No Oral Modification or Waivers. The terms herein may not be modified or waived orally, but only by an instrument in writing signed by the party against which enforcement of the modification or waiver is sought.

25. Attorneys' Fees. In the event of any suit or action to enforce or interpret any provision of this Note or otherwise arising out of this Note, the prevailing party is entitled to recover, in addition to other direct incremental costs, reasonable attorney fees in connection with the suit, action, or arbitration, and in any appeals.

26. Governing Law; Jurisdiction; Venue. This Note, and all matters arising directly and indirectly herefrom (the “**Covered Matters**”), shall be governed in all respects by the laws of the State of Delaware as such laws are applied to agreements between parties in Delaware. The Company irrevocably submits to the personal jurisdiction of the courts of the State of Delaware and the United States District Court for the District of Delaware for the purpose of any suit, action, proceeding or judgment relating to or arising out of the Covered Matters. Service of process on the Company in connection with any such suit, action or proceeding may be served on the Company anywhere in the world by the same methods as are specified for the giving of notices under this Note. The Company irrevocably consents to the jurisdiction of any such court in any such suit, action or proceeding and to the laying of venue in such court. The Company irrevocably waives any objection to the laying of venue of any such suit, action or proceeding brought in such courts and irrevocably waives any claim that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum.

27. Entire Agreement; Integration Clause. This Note sets forth the entire agreement and understandings of the parties hereto with respect to this transaction, and this Note supersedes and nullifies all other agreements made between the parties hereto.

28. Counterparts. This Note may be executed in as many counterpart copies as may be required. All counterparts shall collectively constitute a single agreement.

[Signature page follows]

IN WITNESS WHEREOF, the Company has caused this Note to be issued as of the date first written above.

**HEATWURX, INC., a Delaware
corporation**

By: /s/ David Dworsky
Name: David Dworsky
Its: CEO

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933. IT MAY NOT BE SOLD, OFFERED FOR SALE, PLEDGED OR HYPOTHECATED IN THE ABSENCE OF A REGISTRATION STATEMENT IN EFFECT WITH RESPECT TO THE SECURITY UNDER SUCH ACT OR AN OPINION OF COUNSEL SATISFACTORY TO THE COMPANY THAT SUCH REGISTRATION IS NOT REQUIRED OR UNLESS SOLD PURSUANT TO RULE 144 OF SUCH ACT.

HEATWURX, INC.

12% SENIOR SECURED PROMISSORY NOTE

Up to \$2,000,000

February 16, 2015

HEATWURX, INC., a Delaware corporation (the “**Company**” or “**Borrower**”), for value received, hereby unconditionally promises to pay to RICHLAND FUND, LLC, a Nevada limited liability company (the “**Holder**”), the aggregate principal amount of all the “**Loan Advance(s)**” owing to the Holder as set forth in **Schedule A** hereto, together with accrued and unpaid interest thereon, on the terms and conditions set forth in this 12% Senior Secured Promissory Note (this “**Note**”). Each Loan Advance owing to the Holder by the Company, and all payments made on account of principal thereof, shall be recorded by the Holder upon the transfer thereof, endorsed on the grid marked as **Schedule A** hereto, which is part of this Note; *provided, however*, that the failure of the Holder to make any such recordation or endorsement shall not affect the obligations of the Company under this Note. Payment for all amounts due hereunder shall be made by mail or wire to the registered address of the Holder. The performance of the obligations of the Company hereunder are secured by a security agreement and a guaranty agreement of even date herewith, and all other present and future security agreements between the Company and the Holder.

This Note is one of a series of notes in the aggregate principal amount of up to \$2,000,000, each on equal footing (*pari-passu*), of like tenor and ranking without priority over one another (collectively, the “**Notes**”), made by the Borrower in favor of certain lenders (the “**Lenders**”), issued by the Borrower pursuant to the terms of a Loan Agreement between the Borrower and the Lenders of even date herewith (the “**Loan Agreement**”). Any payments made by the Borrower with respect to this Note or any of the other Notes shall be made to each of the Lenders on a *pro rata* basis in accordance with the aggregate principal and interest owing under each of the Notes then outstanding.

The following is a statement of the rights of the Holder of this Note and the conditions to which this Note is subject, and to which the Holder hereof, by the acceptance of this Note, agrees:

1. **Maturity.** The principal hereof and any unpaid accrued interest hereon, as set forth below, regardless of when paid or recorded on **Schedule A**, shall be due and payable on the earlier to occur of: (i) August 16, 2015 (the “**Maturity Date**”); or (ii) when declared due and payable by the Holder upon the occurrence of an Event of Default (as defined below).

2. Interest. The principal amount outstanding under this Note shall accrue interest at the rate of TWELVE PERCENT (12%) per annum, commencing on the date set forth in **Schedule A** for that particular Loan Advance (the “**Issuance Date**”). Interest will be payable in equal monthly installments on the fifteenth day of each month, commencing on the month following the Issuance Date and ending on the Maturity Date. If any interest payment remains unpaid in excess of ninety (90) days, and the Holder has not declared the entire principal and unpaid accrued interest due and payable, the interest rate on that amount only will be increased to EIGHTEEN PERCENT (18%) per annum, until the past due interest amount is paid in full. Interest shall be calculated on the basis of a year of 365 days applied to the actual days on which there exists an unpaid balance under this Note. The Principal Amount and all then-accrued and unpaid interest shall be payable on the Maturity Date. If there occurs an acceleration or prepayment of the Note prior to the Maturity Date in accordance with the terms hereof, all interest due and payable at such time on the principal amount due shall be paid in full.

3. Manner and Application of Payments. All payments due hereunder shall be paid in lawful money of the United States of America which shall be legal tender in payment of all debts and dues, public and private, in immediately available funds, without offset, deduction or recoupment. Any payment by check or draft shall be subject to the condition that any receipt issued therefore shall be ineffective unless the amount due is actually received by the Holder. Each payment shall be applied first to the payment of any and all costs, fees, and expenses incurred by or payable to the Holder in connection with the collection or enforcement of this Note, second to the payment of all unpaid late charges (if any), third, to the payment of all accrued and unpaid interest hereunder as allocated by Heatwurx in writing as of the date of receipt of the funds, and fourth, to the payment of the unpaid Principal Amount, or in any other manner which the Holder may, in its sole discretion, elect from time to time.

4. Repayment Extension. If any payment of principal or interest shall be due on a Saturday, Sunday or any other day on which banking institutions in the State of Delaware are required or permitted to be closed, such payment shall be made on the next succeeding business day and such extension of time shall be included in computing interest under this Note.

5. Prepayment. The Borrower shall have the right to prepay this Note in whole or in part, at any time or from time to time, without premium, penalty or prior written notice to the Holder.

6. Subordination. The Company covenants and agrees, and the Holder, by such Holder’s acceptance hereof, likewise covenants and agrees, that, to the extent and in the manner hereinafter set forth in this Section, the indebtedness represented by this Note and the payment of the principal of and interest on this Note are hereby expressly made senior to any other indebtedness of the Company. The Company hereby covenants that to the extent that the Company has other debts outstanding (other than those set forth above), the Company obtain written permission from such creditors to subordinate their debts to that of the Holder.

7. Events of Default. If any of the events specified in this Section occur (herein individually referred to as an “**Event of Default**”), the Holder may, so long as such condition exists, declare the entire principal and unpaid accrued interest hereon immediately due and payable, by notice in writing to the Company:

- a. Default in the payment of the principal or unpaid accrued interest of this Note when due and payable;

b. The institution by the Company of proceedings to be adjudicated as bankrupt or insolvent, or the consent by it to institution of bankruptcy or insolvency proceedings against it or the filing by it of a petition or answer or consent seeking reorganization or release under the Federal Bankruptcy Act, or any other applicable Federal or state law, or the consent by it to the filing of any such petition or the appointment of a receiver, liquidator, assignee, trustee or other similar official of the Company, or of any substantial part of its property, or the making by it of an assignment for the benefit of creditors, or the taking of corporate action by the Company in furtherance of any such action;

c. If, within sixty (60) calendar days after the commencement of an action against the Company, without the consent or acquiescence of the Company (and service of process in connection therewith on the Company) seeking any bankruptcy, insolvency, reorganization, liquidation, dissolution or similar relief under any present or future statute, law or regulation, such action shall not have been resolved in favor of the Company or all orders or proceedings thereunder affecting the operations or the business of the Company stayed, or if the stay of any such order or proceeding shall thereafter be set aside, or if, within sixty (60) calendar days after the appointment without the consent or acquiescence of the Company of any trustee, receiver or liquidator of the Company or of all or any substantial part of the properties of the Company, such appointment shall not have been vacated;

d. The Company is a party to any Change of Control Transaction or agrees to sell or dispose of all or in excess of fifty percent (50%) of its assets in one transaction or a series of related transactions (whether or not such sale would constitute a Change of Control Transaction). For the purpose of this Note, the term “**Change of Control Transaction**” means the occurrence after the date hereof of any of the following: (i) an acquisition after the date hereof by an individual or legal entity or “group” (as described in Rule 13d-5(b)(1) promulgated under the Exchange Act) of effective control (whether through legal or beneficial ownership of the Company, by contract or otherwise) of in excess of fifty percent (50%) of the voting securities of the Company; (ii) the Company merges into or consolidates with any other person or entity, or any person or entity merges into or consolidates with the Company and, after giving effect to such transaction, the stockholders of the Company immediately prior to such transaction own less than sixty percent (60%) of the aggregate voting power of the Company or the successor entity of such transaction; (iii) the Company or its subsidiary sells or transfers all or substantially all of its assets to another person or entity and the stockholders of the Company or the subsidiary immediately prior to such transaction own less than sixty percent (60%) of the aggregate voting power of the successor entity immediately after the transaction; (iv) a replacement at one time or within a two (2) year period of more than one-half of the members of the Board of Directors of the Company or any subsidiary (the “**Board of Directors**”) which is not approved by a majority of those individuals who are members of the Board of Directors on the original issue date (or by those individuals who are serving as members of the Board of Directors on any date whose nomination to the Board of Directors was approved by a majority of the members of the Board of Directors who are members on the date hereof); or (v) the execution by the Company or a subsidiary of an agreement to which the Company is a party or by which it is bound, providing for any of the events set forth in clauses (i) through (iv) above; or

e. Any material breach of this Agreement or the Loan Agreement between the parties of even date herewith, as hereafter amended, that remains uncured after notice of breach and failure to timely cure such breach.

8. The Holder’s Rights Upon Event of Default. Upon the occurrence and continuance of any Event of Default, the Holder in its sole and absolute discretion will have the right to (i) declare all unpaid interest and principal immediately due and payable and exercise all other legal rights in connection therewith; and (ii) exercise any and all rights and remedies available to it at law, in equity or otherwise.

9. Remedies Cumulative. Each right, power and remedy of the Holder hereunder shall be cumulative and concurrent, and the exercise or beginning of the exercise of any one or more of them shall not preclude the simultaneous or later exercise by the Holder of any or all such other rights, powers or remedies. No failure or delay by the Holder to insist upon the strict performance of any one or more provisions of this Note or to exercise any right, power or remedy consequent upon a breach thereof or default hereunder shall constitute a waiver thereof or preclude the Holder from exercising any such right, power or remedy. By accepting full or partial payment after the due date of any amount of principal of or interest on this Note, or other amounts payable on demand, the Holder shall not be deemed to have waived the right either to require prompt payment when due and payable of all other amounts of principal of or interest on this Note or other amounts payable on demand, or to exercise any rights and remedies available to it in order to collect all such other amounts due and payable under this Note.

10. Restrictions. The Holder of this Note, by acceptance hereof, both with respect to the Note represents and warrants as follows:

a. The Note is being acquired for the Holder's own account to be held for investment purposes only and not with a view to, or for, resale in connection with any distribution of such Note or any interest therein without registration or other compliance under the Securities Act of 1933 (the "**Act**"), and the Holder hereof has no direct or indirect participation in any such undertaking or in underwriting such an undertaking.

b. The Holder hereof has been advised and understands that the Note has not been registered under the Act and the Note must be held and may not be sold, transferred, or otherwise disposed of for value unless they are subsequently registered under the Act or an exemption from such registration is available; the Company is under no obligation to register the Note under the Act; in the absence of such registration, sale of the Note may be impracticable; the Company or the Company's registrar and transfer agent, if any, will maintain stock transfer orders against registration of transfer of the Note;

c. The Company may refuse to transfer the Note unless the Holder thereof provides an opinion of legal counsel reasonably satisfactory to the Company or a "no action" or interpretive response from the Securities and Exchange Commission to the effect that the transfer is proper; further, unless such letter or opinion states that the Note is free from any restrictions under the Act, the Company may refuse to transfer the Note to any transferee who does not furnish in writing to the Company the same representations and agrees to the same conditions with respect to such Note as set forth herein. The Company may also refuse to transfer the Note if any circumstances are present reasonably indicating that the transferee's representations are not accurate.

11. Treatment of Note. To the extent permitted by generally accepted accounting principles, the Company will treat, account, and report the Note as debt and not equity for accounting purposes and with respect to any returns filed with Federal, state or local tax authorities.

12. Notices. Any notice, demand, request, waiver or other communication required or permitted to be given pursuant to this Note must be in writing (including electronic format) and will be deemed by the parties to have been received (i) upon delivery in person (including by reputable express courier service) at the address set forth below; (ii) upon delivery by electronic mail (as verified by a printout showing satisfactory transmission) at the electronic mail address set forth below (if sent on a business day during normal business hours where such notice is to be received and if not, on the first business day following such delivery where such notice is to be received); or (iii) upon three (3) business days after mailing with the United States Postal Service if mailed from and to a location within the continental United States by registered or certified mail, return receipt requested, addressed to the address set forth below. Any party hereto may from time to time change its physical or electronic address or facsimile number for notices by giving notice of such changed address or number to the other party in accordance with this section.

If to the Holder at:

Richland, JMW, and San Gabriel Funds
4 Richland Place
Pasadena, CA 91103
Attention: Justin Yorke
Email Address: justin@mcgrainfinancial.com

If to the Borrower at:

Heatwurx, Inc.
18001 S. Figueroa, Unit F
Gardena, CA 90248
Attention: Heather Kearns
Email Address: heather@heatwurx.com

With a copy (which will not constitute notice) to:

The Law Office of Ronald N. Vance & Associates, P.C.
1656 Reunion Avenue, Suite 250
South Jordan, UT 84095
Attention: Ron Vance
Email Address: ron@vancelaw.us

13. Successors and Assigns; Assignment. Except as otherwise expressly provided herein, the provisions hereof inure to the benefit of, and be binding upon, the successors, assigns, heirs, executors, and administrators of the parties hereto. Nothing in this Note, express or implied, is intended to confer upon any party, other than the parties hereto and their successors and assigns, any rights, remedies, obligations or liabilities under or by reason of this Note, except as expressly provided herein. The Company may not assign this Note or any of the rights or obligations referenced herein without the prior written consent of the Holder. The Holder may assign this Note, in whole or in part, without the prior consent of the Company, and any assignee of this Note shall inure to all of the rights of the Holder hereunder.

14. Waiver of Notice. The Company hereby waives notice, presentment, demand, protest, and notice of dishonor.

15. No Stockholder Rights. Nothing contained in this Note shall be construed as conferring upon Holder or any other person the right to vote or to consent or to receive notice as a stockholder in respect of meetings of stockholders for the election of directors of the Company or any other matters or any rights whatsoever as a stockholder of the Company.

16. Heading; References. All headings used herein are used for convenience only and shall not be used to construe or interpret this Note. Except as otherwise indicated, all references herein to Sections refer to Sections hereof.

17. Binding Agreement; Survival. This Note shall bind and inure to the benefit of both parties, and except as otherwise expressly provided to the contrary herein, each of their respective heirs, successors and assigns.

18. Delays or Omissions. No delay or omission to exercise any right, power, or remedy accruing to the Holder, upon any breach or default of the Company under this Note shall impair any such right, power, or remedy of the Holder nor shall it be construed to be a waiver of any such breach or default, or an acquiescence therein, or of or in any similar breach or default thereafter occurring; nor shall any waiver of any single breach or default be deemed a waiver of any other breach or default therefore or thereafter occurring. All remedies, either under this Note or by law or otherwise afforded to the Holder, shall be cumulative and not alternative.

19. Construction. The parties acknowledge that the parties and their counsel have reviewed and revised this Note and that the language used in this Note has been chosen by the parties to express their mutual intent. Accordingly, no rules of strict construction will be applied against any party with respect to this Note.

20. Cumulative Rights. No delay on the part of the Holder in the exercise of any power or right under this Note or under any other instrument executed pursuant to this Note shall operate as a waiver of any such power or right, nor shall a single or partial exercise of any power or right preclude other or further exercise of such power or right or the exercise of any other power or right.

21. Payments Free of Taxes, Etc. All payments made by the Company under this Note shall be made by the Company free and clear of and without deduction for any and all present and future taxes, levies, charges, deductions, and withholdings. In addition, the Company shall pay upon demand any stamp or other taxes, levies or charges of any jurisdiction with respect to the execution, delivery, registration, performance, and enforcement of this Note. Upon request by the Holder, the Company shall furnish evidence satisfactory to the Holder Party that all requisite authorizations and approvals by, and notices to and filings with, governmental authorities and regulatory bodies have been obtained and made and that all requisite taxes, levies, and charges have been paid.

22. Severability. If one or more provisions of this Note are held to be unenforceable under applicable law, such provision(s) shall be excluded from this Note and the balance of this Note shall be interpreted as if such provision(s) were so excluded and shall be enforceable in accordance with its terms.

23. Other Interpretive Provisions. References in the Note to any document, instrument or agreement (a) includes all exhibits, schedules, and other attachments thereto, (b) includes all documents, instruments or agreements issued or executed in replacement thereof, and (c) means such document, instrument or agreement, or replacement or predecessor thereto, as amended, modified and supplemented from time to time and in effect at any given time. The words "hereof," "herein" and "hereunder" and words of similar import when used in this Note refer to this Note as a whole and not to any particular provision of this Note. The words "include" and "including" and words of similar import when used in this Note shall not be construed to be limiting or exclusive.

24. No Oral Modification or Waivers. The terms herein may not be modified or waived orally, but only by an instrument in writing signed by the party against which enforcement of the modification or waiver is sought.

25. Attorneys' Fees. In the event of any suit or action to enforce or interpret any provision of this Note or otherwise arising out of this Note, the prevailing party is entitled to recover, in addition to other direct incremental costs, reasonable attorney fees in connection with the suit, action, or arbitration, and in any appeals.

26. Governing Law; Jurisdiction; Venue. This Note, and all matters arising directly and indirectly herefrom (the “**Covered Matters**”), shall be governed in all respects by the laws of the State of Delaware as such laws are applied to agreements between parties in Delaware. The Company irrevocably submits to the personal jurisdiction of the courts of the State of Delaware and the United States District Court for the District of Delaware for the purpose of any suit, action, proceeding or judgment relating to or arising out of the Covered Matters. Service of process on the Company in connection with any such suit, action or proceeding may be served on the Company anywhere in the world by the same methods as are specified for the giving of notices under this Note. The Company irrevocably consents to the jurisdiction of any such court in any such suit, action or proceeding and to the laying of venue in such court. The Company irrevocably waives any objection to the laying of venue of any such suit, action or proceeding brought in such courts and irrevocably waives any claim that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum.

27. Entire Agreement; Integration Clause. This Note sets forth the entire agreement and understandings of the parties hereto with respect to this transaction, and this Note supersedes and nullifies all other agreements made between the parties hereto.

28. Counterparts. This Note may be executed in as many counterpart copies as may be required. All counterparts shall collectively constitute a single agreement.

[Signature page follows]

IN WITNESS WHEREOF, the Company has caused this Note to be issued as of the date first written above.

**HEATWURX, INC., a Delaware
corporation**

By: /s/ David Dworsky
Name: David Dworsky
Its: CEO

SENIOR SECURITY AGREEMENT

THIS SENIOR SECURITY AGREEMENT, dated as of February 16, 2015 (this “**Agreement**”), is executed by Heatwurx, Inc., a Delaware corporation (the “**Company**”) and its subsidiaries Dr. Pave Worldwide, LLC, a Delaware limited liability company, and Dr. Pave, LLC, a California limited liability company (the “**Subsidiaries**”) (the Company and the Subsidiaries will be collectively referred to as the “**Debtor**”), in favor of JMW Fund, LLC, a Delaware limited liability company, Richland Fund, LLC, a Nevada limited liability company, and San Gabriel Fund, LLC, a California limited liability company (collectively referred to as the “**Secured Party**”).

RECITALS

WHEREAS, in order to induce the Secured Party to enter into a loan agreement with the Company lending up to TWO MILLION DOLLARS (\$2,000,000), the Debtor has agreed to enter into this Agreement and to grant to the Secured Party the security interest in the Collateral described below.

AGREEMENT

NOW, THEREFORE, in consideration of the above recitals and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Debtor hereby agrees with the Secured Party as follows:

1. Definitions and Interpretation.

When used in this Agreement, the following terms have the following respective meanings:

(a) “**Collateral**” has the meaning given to that term in Section 2 hereof.

(b) “**Lien**” means, with respect to any property, any security interest, mortgage, pledge, lien, claim, charge or other encumbrance in, of, or on such property or the income therefrom, including, without limitation, the interest of a vendor or lessor under a conditional sale agreement, capital lease or other title retention agreement, or any agreement to provide any of the foregoing, and the filing of any financing statement or similar instrument under the Uniform Commercial Code or comparable law of any jurisdiction; provided, however, that Lien shall not be deemed to include any Permitted Liens (as defined herein).

(c) “**Loan Documents**” means this Agreement, the 12% Senior Secured Promissory Note(s) (the “**Note(s)**”), the Loan Agreement, the Guaranty Agreement, and any other documents associated with the same transaction.

(d) “**Obligations**” means the Note and all loans, advances, debts, liabilities, and obligations, howsoever arising, owed by the Debtor to the Secured Party of every kind and description (whether or not evidenced by any note or instrument and whether or not for the payment of money), now existing or hereafter arising under or pursuant to the terms of the Loan Documents, including, all interest, fees, charges, expenses, attorneys’ fees and costs and accountants’ fees and costs chargeable to and payable by the Debtor hereunder and thereunder, in each case, whether direct or indirect, absolute or contingent, due or to become due, and whether or not arising after the commencement of a proceeding under Title 11 of the United States Code (11 U.S.C. Section 101 *et seq.*), as amended from time to time (including post-petition interest) and whether or not allowed or allowable as a claim in any such proceeding.

(e) **“Permitted Liens”** means (a) Liens for taxes not yet delinquent or Liens for taxes being contested in good faith and by appropriate proceedings for which adequate reserves have been established or Liens for delinquent tax obligations as of the date hereof; (b) Liens in respect of property or assets imposed by law which were incurred in the ordinary course of business, such as carriers’, warehousemen’s, materialmen’s and mechanics’ Liens and other similar Liens arising in the ordinary course of business which are not delinquent or remain payable without penalty or which are being contested in good faith and by appropriate proceedings; (c) Liens incurred or deposits made in the ordinary course of business in connection with workers’ compensation, unemployment insurance, and other types of social security, and mechanic’s Liens, carrier’s Liens and other Liens to secure the performance of tenders, statutory obligations, contract bids, government contracts, performance, and return of money bonds and other similar obligations, incurred in the ordinary course of business, whether pursuant to statutory requirements, common law or contractual arrangements; (d) Liens in favor of the Secured Party; (e) Liens upon any equipment acquired or held by the Debtor or any of its subsidiaries to secure the purchase price of such equipment or indebtedness incurred solely for the purpose of financing the acquisition of such equipment, so long as such Lien extends only to the equipment financed, and any accessions, replacements, substitutions and proceeds (including insurance proceeds) thereof or thereto; (f) Liens arising from judgments, decrees or attachments in circumstances not constituting an Event of Default (as defined in the Note) under the Note; (g) Liens which constitute rights of setoff of a customary nature or banker’s liens, whether arising by law or by contract; (h) leases or subleases and licenses or sublicenses granted in the ordinary course of the Debtor’s business; (i) Liens in favor of customs and revenue authorities arising as a matter of law to secure payments of customs duties in connection with the importation of goods; and (j) Liens on insurance proceeds in favor of insurance companies granted solely as security for financed premiums.

(f) **“Person”** means and includes an individual, a partnership, a corporation (including a business trust), a joint stock company, a limited liability company, an unincorporated association, a joint venture or other entity or a governmental authority.

(g) **“UCC”** means the Uniform Commercial Code as in effect in the State of Delaware from time to time. Unless otherwise defined herein, all terms defined in the UCC have the respective meanings given to those terms in the UCC.

2. Grant of Security Interest.

As security for the Obligations, the Debtor hereby pledges to the Secured Party, and grants to the Secured Party, a security interest in all right, title, and interest of the Debtor in and to the Collateral. **“Collateral”** shall mean and include all right, title, interest, claims and demands of the Debtor in and to each and every asset, tangible and intangible, in which the Debtor has any right, title, interest, claim or demand, including, but not limited to, equipment, fixtures, real and personal property, patents, trademarks, copyrights, trade secrets, confidential information and any other proprietary or intellectual property rights, whether now owned or hereafter acquired, together with all substitutions, renewals or replacements of and additions, improvements, replacement parts and accumulations to any and all of such assets. The Company explicitly pledges to the Secured Party and grants the Secured Party a security interest in all of its trademarks and patents, which trademarks and patents are encompassed in the definition of Collateral set forth above. The Company agrees that for purposes of recordation with the United States Patent and Trademark Office, it will enter into a separate Intellectual Property Security Agreement, a form of which is included herein as **Exhibit 1**.

3. General Representations and Warranties.

The Debtor represents and warrants to the Secured Party that:



(a) The Debtor is the owner or authorized user of the Collateral (or, in the case of after-acquired Collateral, at the time Debtor acquires rights in the Collateral, will be the owner or authorized user thereof) and that no other Person has (or, in the case of after-acquired Collateral, at the time the Debtor acquires rights therein, will have) any right, title, claim or interest (by way of Lien or otherwise) in, against or to the Collateral, other than Permitted Liens;

(b) Upon the filing of UCC-1 financing statements in the appropriate filing offices and/or patent office (as generally set forth in **Exhibit 2** hereto), the Secured Party has (or, in the case of after-acquired Collateral, at the time the Debtor acquires rights therein, will have) a perfected security interest in the Collateral to the extent that a security interest in the Collateral can be perfected by such filing, except for Permitted Liens; and

(c) The originals of all documents evidencing all accounts receivable and payment intangibles of the Debtor and the only original books of account and records of the Debtor relating thereto are, and will continue to be, kept at the chief executive office of the Debtor as the same may be changed only upon prior written notice to the Secured Party.

4. Covenants Relating to Collateral.

The Debtor hereby agrees:

(a) To perform all acts that may be necessary to maintain, preserve, protect, and perfect the Collateral, the Lien granted to the Secured Party therein and the perfection and priority of such Lien by filing, except for Permitted Liens;

(b) Not to use or permit any Collateral to be used (i) in violation in any material respect of any applicable law, rule or regulation, or (ii) in violation of any policy of insurance covering the Collateral;

(c) To pay prior to delinquency all taxes and other governmental charges, all Liens and all other charges now or hereafter imposed upon or affecting any Collateral, other than Liens for delinquent taxes outstanding as of the date hereof, except as may be subject to good faith contest or as to which a bona fide dispute may arise;

(d) Without prior written notice to the Secured Party, (i) not to change the Debtor's name or place of business (or, if the Debtor has more than one place of business, its chief executive office), or the office in which the Debtor's records relating to accounts receivable and payment intangibles are kept and (ii) not to change the Debtor's state of formation;

(e) To procure, execute, and deliver from time to time any endorsements, assignments, financing statements, and other writings reasonably deemed necessary or appropriate by the Secured Party to perfect, maintain, and protect its Lien hereunder and the priority thereof and to deliver promptly upon the request of the Secured Party all originals of Collateral consisting of instruments;

(f) Not to surrender or lose possession of (other than to the Secured Party), sell, encumber, lease, rent, or otherwise dispose of or transfer any Collateral or right or interest therein, and to keep the Collateral free of all Liens except Permitted Liens; *provided* that the Debtor may sell, lease, transfer, license or otherwise dispose of any of the Collateral in the ordinary course of business consisting of (i) the sale of inventory; (ii) sales of worn-out or obsolete equipment; (iii) non-exclusive licenses and similar arrangements for the use of the property of the Debtor; and (iv) escrows of software or other intellectual property entered into by the Debtor in the ordinary course of the Debtor's business;

(g) To comply with all material requirements of law relating to the production, possession, operation, maintenance, and control of the Collateral; and

(h) To permit the Secured Party and its representatives the right, at any time during normal business hours, upon reasonable prior notice, to visit and inspect the properties of the Debtor and its corporate, financial, and operating records, and make abstracts therefrom, and to discuss the Debtor's affairs, finances, and accounts with its directors, officers, and independent public accountants.

5. Authorized Action by the Secured Party.

The Debtor hereby irrevocably appoints the Secured Party as its attorney-in-fact (which appointment is coupled with an interest) and agrees that the Secured Party may perform (but the Secured Party shall not be obligated to and shall incur no liability to the Debtor or any third party for failure so to do) any act which the Debtor is obligated by this Agreement to perform, and to exercise such rights and powers as the Debtor might exercise with respect to the Collateral, including the right to:

(a) collect by legal proceedings or otherwise and endorse, receive and receipt for all dividends, interest, payments, proceeds, and other sums and property now or hereafter payable on or on account of the Collateral;

(b) enter into any extension, reorganization, deposit, merger, consolidation or other agreement pertaining to, or deposit, surrender, accept, hold or apply other property in exchange for the Collateral;

(c) make any compromise or settlement, and take any action it deems advisable, with respect to the Collateral;

(d) insure, process, and preserve the Collateral;

(e) pay any indebtedness of the Debtor relating to the Collateral; and

(f) file UCC financing statements and execute other documents, instruments, and agreements required hereunder;

provided, however, that the Secured Party shall not exercise any such powers granted pursuant to subsections (a) through (e) prior to the occurrence of an Event of Default and shall only exercise such powers during the continuance of an Event of Default. The Debtor agrees to reimburse the Secured Party upon demand for any reasonable costs and expenses, including attorneys' fees, the Secured Party may incur while acting as the Debtor's attorney-in-fact hereunder, all of which costs and expenses are included in the Obligations. It is further agreed and understood between the parties hereto that such care as the Secured Party gives to the safekeeping of its own property of like kind shall constitute reasonable care of the Collateral when in the Secured Party's possession; *provided, however*, that the Secured Party shall not be required to make any presentment, demand or protest, or give any notice and need not take any action to preserve any rights against any prior party or any other person in connection with the Obligations or with respect to the Collateral.

6. Litigation and Other Proceedings.

(a) The Debtor shall have the right and obligation to commence and diligently prosecute such suits, proceedings or other actions for infringement or other damage, or reexamination or reissue proceedings, or opposition or cancellation proceedings as are reasonable to protect any of the patents, trademarks, copyrights, mask works or trade secrets.

(b) Upon the occurrence and during the continuation of an Event of Default, as defined in the Note, the Secured Party shall have the right, but not the obligation, to bring suit or institute proceedings in the name of the Debtor or the Secured Party to enforce any rights in the Collateral, including any license thereunder, in which event the Debtor shall at the request of the Secured Party do any and all lawful acts and execute any and all documents reasonably required by the Secured Party in aid of such enforcement. If the Secured Party elects not to bring suit to enforce any right under the Collateral, including any license thereunder, the Debtor agrees to use all reasonable measures, whether by suit, proceeding or other action, to cause to cease any infringement of any right under the Collateral by any Person and for that purpose agrees to diligently maintain any action, suit or proceeding against any Person so infringing necessary to prevent such infringement.

7. Default and Remedies

(a) The Debtor shall be deemed in default under this Agreement upon the occurrence and during the continuance of an Event of Default.

(b) Remedies. Upon the occurrence and during the continuance of any such Event of Default, the Secured Party shall have the rights of a secured creditor under the UCC, all rights granted by this Agreement and by law, including the right to: (i) require the Debtor to assemble the Collateral and make it available to the Secured Party at a place to be designated by the Secured Party; and (ii) prior to the disposition of the Collateral, store, process, repair or recondition it or otherwise prepare it for disposition in any manner and to the extent the Secured Party deems appropriate. The Debtor and the Secured Party each hereby agrees that thirty (30) days' notice of any intended sale or disposition of any Collateral is reasonable. In furtherance of the Secured Party's rights hereunder, the Debtor hereby grants to the Secured Party an irrevocable, non-exclusive license, exercisable without royalty or other payment by the Secured Party, and only in connection with the exercise of remedies hereunder upon an Event of Default, to use, license or sublicense any patent, trademark, trade name, copyright or other intellectual property in which the Debtor now or hereafter has any right, title or interest together with the right of access to all media in which any of the foregoing may be recorded or stored.

(c) Application of Collateral Proceeds. The proceeds and/or avails of the Collateral, or any part thereof, and the proceeds and the avails of any remedy hereunder (as well as any other amounts of any kind held by the Secured Party at the time of, or received by the Secured Party after, the occurrence of an Event of Default) shall be paid to and applied as follows:

(i) First, to the payment of reasonable costs and expenses, including all amounts expended to preserve the value of the Collateral, of foreclosure or suit, if any, and of such sale and the exercise of any other rights or remedies, and of all proper fees, expenses, liability and advances, including reasonable legal expenses and attorneys' fees, incurred or made hereunder by the Secured Party;

(ii) Second, to the payment to the Secured Party of the amount then owing or unpaid on the Note (applied first to any accrued but unpaid interest and thereafter to outstanding principal amounts);

(iii) Third, to the payment of other amounts then payable to the Secured Party under any of the Loan Documents (applied first to any accrued but unpaid interest and thereafter to outstanding principal amounts); and

(iv) Fourth, to the payment of the surplus, if any, to the Debtor, its successors and assigns, or to whosoever may be lawfully entitled to receive the same.

8. Notices. Any notice, demand, request, waiver or other communication required or permitted to be given pursuant to this Agreement must be in writing (including electronic format) and will be deemed by the parties to have been received (i) upon delivery in person (including by reputable express courier service) at the address set forth below; (ii) upon delivery by electronic mail (as verified by a printout showing satisfactory transmission) at the electronic mail address set forth below (if sent on a business day during normal business hours where such notice is to be received and if not, on the first business day following such delivery where such notice is to be received); or (iii) upon three (3) business days after mailing with the United States Postal Service if mailed from and to a location within the continental United States by registered or certified mail, return receipt requested, addressed to the address set forth below. Any party hereto may from time to time change its physical or electronic address or facsimile number for notices by giving notice of such changed address or number to the other party in accordance with this section.

If to the Secured Party at:

Richland, JMW, and San Gabriel Funds
4 Richland Place
Pasadena, CA 91103
Attention: Justin Yorke
Email Address: justin@mcgrainfinancial.com

If to the Debtor at:

Heatwurx, Inc.
18001 S. Figueroa, Unit F
Gardena, CA 90248
Attention: Heather Kearns
Email Address: heather@heatwurx.com

With a copy (which will not constitute notice) to:

The Law Office of Ronald N. Vance & Associates, P.C.
1656 Reunion Avenue, Suite 250
South Jordan, UT 84095
Attention: Ron Vance
Email Address: ron@vancelaw.us

9. Successors and Assigns; Assignment. Except as otherwise expressly provided herein, the provisions hereof inure to the benefit of, and be binding upon, the successors, assigns, heirs, executors, and administrators of the parties hereto. Nothing in this Agreement, express or implied, is intended to confer upon any party, other than the parties hereto and their successors and assigns, any rights, remedies, obligations or liabilities under or by reason of this Agreement, except as expressly provided herein. The Company may not assign this Agreement or any of the rights or obligations referenced herein without the prior written consent of the Holder. The Holder may assign this Agreement, in whole or in part, without the prior consent of the Company, and any assignee of this Agreement shall inure to all of the rights of the Holder hereunder.

10. Waiver of Notice. The Company hereby waives notice, presentment, demand, protest, and notice of dishonor.

11. No Stockholder Rights. Nothing contained in this Agreement shall be construed as conferring upon Holder or any other person the right to vote or to consent or to receive notice as a stockholder in respect of meetings of stockholders for the election of directors of the Company or any other matters or any rights whatsoever as a stockholder of the Company.

12. Heading; References. All headings used herein are used for convenience only and shall not be used to construe or interpret this Agreement. Except as otherwise indicated, all references herein to Sections refer to Sections hereof.

13. Binding Agreement; Survival. This Agreement shall bind and inure to the benefit of both parties, and except as otherwise expressly provided to the contrary herein, each of their respective heirs, successors and assigns.

14. Delays or Omissions. No delay or omission to exercise any right, power, or remedy accruing to the Holder, upon any breach or default of the Company under this Agreement shall impair any such right, power, or remedy of the Holder nor shall it be construed to be a waiver of any such breach or default, or an acquiescence therein, or of or in any similar breach or default thereafter occurring; nor shall any waiver of any single breach or default be deemed a waiver of any other breach or default therefore or thereafter occurring. All remedies, either under this Agreement or by law or otherwise afforded to the Holder, shall be cumulative and not alternative.

15. Construction. The parties acknowledge that the parties and their counsel have reviewed and revised this Agreement and that the language used in this Agreement has been chosen by the parties to express their mutual intent. Accordingly, no rules of strict construction will be applied against any party with respect to this Agreement.

16. Cumulative Rights. No delay on the part of the Holder in the exercise of any power or right under this Agreement or under any other instrument executed pursuant to this Agreement shall operate as a waiver of any such power or right, nor shall a single or partial exercise of any power or right preclude other or further exercise of such power or right or the exercise of any other power or right.

17. Payments Free of Taxes, Etc. All payments made by the Company under this Agreement shall be made by the Company free and clear of and without deduction for any and all present and future taxes, levies, charges, deductions, and withholdings. In addition, the Company shall pay upon demand any stamp or other taxes, levies or charges of any jurisdiction with respect to the execution, delivery, registration, performance, and enforcement of this Agreement. Upon request by the Holder, the Company shall furnish evidence satisfactory to the Holder Party that all requisite authorizations and approvals by, and notices to and filings with, governmental authorities and regulatory bodies have been obtained and made and that all requisite taxes, levies, and charges have been paid.

18. Severability. If one or more provisions of this Agreement are held to be unenforceable under applicable law, such provision(s) shall be excluded from this Agreement and the balance of this Agreement shall be interpreted as if such provision(s) were so excluded and shall be enforceable in accordance with its terms.

19. Other Interpretive Provisions. References in the Agreement to any document, instrument or agreement (a) includes all exhibits, schedules, and other attachments thereto, (b) includes all documents, instruments or agreements issued or executed in replacement thereof, and (c) means such document, instrument or agreement, or replacement or predecessor thereto, as amended, modified and supplemented from time to time and in effect at any given time. The words “hereof,” “herein” and “hereunder” and words of similar import when used in this Agreement refer to this Agreement as a whole and not to any particular provision of this Agreement. The words “include” and “including” and words of similar import when used in this Agreement shall not be construed to be limiting or exclusive.

20. No Oral Modification or Waivers. The terms herein may not be modified or waived orally, but only by an instrument in writing signed by the party against which enforcement of the modification or waiver is sought.

21. Attorneys’ Fees. In the event of any suit or action to enforce or interpret any provision of this Agreement or otherwise arising out of this Agreement, the prevailing party is entitled to recover, in addition to other direct incremental costs, reasonable attorney fees in connection with the suit, action, or arbitration, and in any appeals.

22. Governing Law; Jurisdiction; Venue. This Agreement, and all matters arising directly and indirectly herefrom (the “Covered Matters”), shall be governed in all respects by the laws of the State of Delaware as such laws are applied to agreements between parties in Delaware. The Company irrevocably submits to the personal jurisdiction of the courts of the State of Delaware and the United States District Court for the District of Delaware for the purpose of any suit, action, proceeding or judgment relating to or arising out of the Covered Matters. Service of process on the Company in connection with any such suit, action or proceeding may be served on the Company anywhere in the world by the same methods as are specified for the giving of notices under this Agreement. The Company irrevocably consents to the jurisdiction of any such court in any such suit, action or proceeding and to the laying of venue in such court. The Company irrevocably waives any objection to the laying of venue of any such suit, action or proceeding brought in such courts and irrevocably waives any claim that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum.

23. Entire Agreement; Integration Clause. This Agreement sets forth the entire agreement and understandings of the parties hereto with respect to this transaction, and this Agreement supersedes and nullifies all other agreements made between the parties hereto.

24. Counterparts. This Agreement may be executed in as many counterpart copies as may be required. All counterparts shall collectively constitute a single agreement.

[Signature page follows]

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

**DEBTOR:
HEATWURX, INC.**

Signature: /s/ David Dworsky
Name: David Dworsky
Title: CEO

DR. PAVE WORLDWIDE, LLC

Signature: /s/ David Dworsky
Name: David Dworsky
Title: CEO of Heatwurx, Inc., Sole Member

DR. PAVE, LLC

Signature: /s/ David Dworsky
Name: David Dworsky
Title: CEO of Heatwurx, Inc., Sole Member

**AGREED:
SECURED PARTY**

JMW FUND, LLC

Signature: /s/ Justin York
Name: Justin York
Its: Manager

RICHLAND FUND, LLC

Signature: /s/ Justin York
Name: Justin York
Its: Manager

SAN GABRIEL FUND, LLC

Signature: /s/ Justin York
Name: Justin York
Its: Manager

EXHIBIT 1
[Intellectual Property Security Agreement]

EXHIBIT 2
[UCC-1 Financing Statements]

SUBSIDIARY GUARANTY AGREEMENT

THIS SUBSIDIARY GUARANTY AGREEMENT (this "**Guaranty**"), dated as of February 16, 2015, is made by Dr. Pave Worldwide, LLC, a Delaware limited liability company and Dr. Pave, LLC, a California limited liability company (collectively referred to as the "**Guarantor**"), in favor of JMW Fund, LLC, a Delaware limited liability company, Richland Fund, LLC, a Nevada limited liability company, and San Gabriel Fund, LLC, a California limited liability company B, LLC (collectively referred to as the "**Lender**").

RECITALS

WHEREAS, Heatwurx, Inc., a Delaware corporation (the "**Company**") and the Lender are parties to a Loan Agreement, a Security Agreement, and a series of 12% Senior Secured Promissory Notes, dated on or around February 6, 2015 (collectively referred to as the "**Loan Documents**");

WHEREAS, the Lender has based its investment in part upon the representation that the Guarantor would guaranty the debts of the Company with the Lender; and

WHEREAS, the Guarantor has determined that its execution, delivery, and performance of this Guaranty directly benefits it, and is in its best interests.

NOW, THEREFORE, in consideration of the premises and the agreements herein and in order to induce the Lender to enter into and perform the Loan Documents, the Guarantor hereby agrees with the Lender as follows:

1. **Definitions.** All terms used in this Guaranty, which are defined in the Loan Documents and not otherwise defined herein, will have the same meanings herein as set forth therein. The following terms shall have the following meanings under this Guaranty:

"**Material Adverse Effect**" means any change or effect that is, or is reasonably likely to be, materially adverse to the business, assets and liabilities (taken together), financial condition or operations or results of operations of the Company and its subsidiaries, taken as a whole; *provided, however,* that none of the following shall be deemed (either alone or in combination) to constitute such a change or effect: (a)(i) any adverse change attributable to the announcement or pendency of the transactions contemplated by this Guaranty; or (ii) any adverse change attributable to or conditions generally affecting the United States economy or financial markets in general; or (b) any act or threat of terrorism or war anywhere in the world, any armed hostilities or terrorist activities anywhere in the world, any threat or escalation of armed hostilities or terrorist activities anywhere in the world or any governmental or other response or reaction to any of the foregoing.

2. **Guaranty.** The Guarantor hereby unconditionally and irrevocably, guaranties the punctual payment, when due and payable, by stated maturity or otherwise, of all obligations of the Company from time to time owing by it in respect to the Loan Documents, including, without limitation, all interest that accrues after the commencement of any insolvency proceeding of the Company or the Guarantor, whether or not the payment of such interest is unenforceable or is not allowable due to the existence of such insolvency proceeding), and all fees, commissions, expense reimbursements, indemnifications, and all other amounts due or to become due under any of the Loan Documents (such obligations, to the extent not paid by the Company, being the "**Guaranteed Obligations**"), and agrees to pay any and all expenses (including reasonable counsel fees and expenses) reasonably incurred by the Lender in enforcing any rights under this Guaranty. Without limiting the generality of the foregoing, the Guarantor's liability hereunder extends to all amounts that constitute part of the Guaranteed Obligations and would be owed by the Company to the Lender under the Loan Documents but for the fact that they are unenforceable or not allowable due to the existence of an insolvency proceeding involving the Guarantor or the Company (each, a "**Transaction Party**").

3. Guaranty Absolute; Continuing Guaranty; Assignments.

a. The Guarantor guaranties that the Guaranteed Obligations will be paid strictly in accordance with the terms of the Loan Documents, regardless of any law, regulation or order now or hereafter in effect in any jurisdiction affecting any of such terms or the rights of the Lender with respect thereto. The obligations of the Guarantor under this Guaranty are independent of the Guaranteed Obligations, and a separate action or actions may be brought and prosecuted against the Guarantor to enforce such obligations, irrespective of whether any action is brought against any Transaction Party or whether any Transaction Party is joined in any such action or actions. The liability of the Guarantor under this Guaranty will be irrevocable, absolute, and unconditional irrespective of, and the Guarantor hereby irrevocably waives, to the extent permitted by law, any defenses it may now or hereafter have in any way relating to, any or all of the following:

- i. any lack of validity or enforceability of any Loan Document or any agreement, Guaranty or instrument relating thereto;
- ii. any change in the time, manner or place of payment of, or in any other term of, all or any of the Guaranteed Obligations, or any other amendment or waiver of or any consent to departure from any Loan Document, including, without limitation, any increase in the Guaranteed Obligations resulting from the extension of additional credit to any Transaction Party or otherwise;
- iii. any taking, release or amendment or waiver of or consent to departure from any other guaranty, for all or any of the Guaranteed Obligations;
- iv. any change, restructuring or termination of the corporate, limited liability company or partnership structure or existence of any Transaction Party; or
- v. any other circumstance (including any statute of limitations) or any existence of or reliance on any representation by the Lender that might otherwise constitute a defense available to, or a discharge of, any Transaction Party or any other guarantor or surety.

This Guaranty will continue to be effective or be reinstated, as the case may be, if at any time any payment of any of the Guaranteed Obligations is rescinded or must otherwise be returned by the Lender or any other person upon the insolvency, bankruptcy or reorganization of any Transaction Party or otherwise, all as though such payment had not been made.

b. This Guaranty is a continuing guaranty and will (i) remain in full force and effect until the cash payment in full of the Guaranteed Obligations (other than inchoate indemnity obligations) and payment of all other amounts payable under this Guaranty and will not terminate for any reason prior to the Maturity Date of the Note (other than payment in full of the Note) and (ii) be binding upon the Guarantor and his successors and assigns. This Guaranty will inure to the benefit of and be enforceable by the Lender and its successors, and permitted pledgees, transferees, and assigns. Without limiting the generality of the foregoing sentence, the Lender may pledge, assign or otherwise transfer all or any portion of its rights and obligations under and subject to the terms of any Loan Documents to any other person, and such other person will thereupon become vested with all the benefits in respect thereof granted to Lender herein or otherwise, in each case as provided in such Loan Document.

4. Waivers. To the extent permitted by applicable law, the Guarantor hereby waives promptness, diligence, notice of acceptance, and any other notice with respect to any of the Guaranteed Obligations and this Guaranty and any requirement that the Lender exhaust any right or take any action against any Transaction Party or any other person. The Guarantor acknowledges that it will receive direct and indirect benefits from the financing arrangements contemplated herein and that the waiver set forth in this Section is knowingly made in contemplation of such benefits. The Guarantor hereby waives any right to revoke this Guaranty, and acknowledges that this Guaranty is continuing in nature and applies to all Guaranteed Obligations, whether existing now or in the future.

5. Subrogation. The Guarantor may not exercise any rights that it may now or hereafter acquire against any Transaction Party or any other guarantor that arise from the existence, payment, performance or enforcement of the Guarantor's obligations under this Guaranty, including, without limitation, any right of subrogation, reimbursement, exoneration, contribution or indemnification, and any right to participate in any claim or remedy of the Lender against any Transaction Party or any other guarantor, whether or not such claim, remedy or right arises in equity or under contract, statute or common law, including, without limitation, the right to take or receive from any Transaction Party or any other guarantor, directly or indirectly, in cash or other property or by set-off or in any other manner, payment or security solely on account of such claim, remedy or right, unless and until all of the Guaranteed Obligations (other than inchoate indemnity obligations) and all other amounts payable under this Guaranty have been paid in full in cash. If any amount is paid to the Guarantor in violation of the immediately preceding sentence at any time prior to the later of the payment in full in cash of the Guaranteed Obligations and all other amounts payable under this Guaranty, such amount will be held in trust for the benefit of the Lender and will forthwith be paid to the Lender to be credited and applied to the Guaranteed Obligations and all other amounts payable under this Guaranty, whether matured or unmatured, in accordance with the terms of the Loan Documents, or to be held as collateral for any Guaranteed Obligations or other amounts payable under this Guaranty thereafter arising. If (a) the Guarantor makes payment to the Lender of all or any part of the Guaranteed Obligations, and (b) all of the Guaranteed Obligations (other than inchoate indemnity obligations) and all other amounts payable under this Guaranty are paid in full in cash, the Lender will, at the Guarantor's request and expense, execute and deliver to the Guarantor appropriate documents, without recourse and without representation or warranty, necessary to evidence the transfer by subrogation to the Guarantor of an interest in the Guaranteed Obligations resulting from such payment by the Guarantor.

6. Representations, Warranties and Covenants. The Guarantor hereby represents and warrants as follows:

a. The execution, delivery and performance by the Guarantor of this Guaranty and each other Loan Document to which the Guarantor is a party (i) have been duly authorized by all necessary actions, (ii) do not and will not contravene its charter or by-laws, or any applicable law or any contractual restriction binding or otherwise affecting on the Guarantor or its properties, (iii) do not and will not result in or require the creation of any lien (other than pursuant to any Loan Document) upon or with respect to any of its properties, and (iv) do not and will not result in any default, noncompliance, suspension, revocation, impairment, forfeiture or nonrenewal of any permit, license, authorization or approval applicable to it or its operations or any of its properties.

b. No authorization or approval or other action by, and no notice to or filing with, any governmental authority is required in connection with the due execution, delivery and performance by the Guarantor of this Guaranty or any of the other Loan Document to which the Guarantor is a party.

c. Each of this Guaranty and the other Loan Documents to which the Guarantor or the Company is or will be a party, when delivered, will be, a legal, valid, and binding obligation of the Guarantor, enforceable against the Guarantor in accordance with its terms, except as may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, suretyship or other similar laws.

d. There is no pending or, to the best knowledge of the Guarantor, threatened action, suit or proceeding affecting the Guarantor or to which any of the properties of the Guarantor are subject, before any court or other governmental authority or any arbitrator that (i) if adversely determined, could reasonably be expected to have a Material Adverse Effect or (ii) relates to this Guaranty or any of the other Loan Documents to which the Guarantor or the Company are a party or any transaction contemplated hereby or thereby.

e. The Guarantor (i) has read and understands the terms and conditions of the Loan Documents, and (ii) now has and will continue to have independent means of obtaining information concerning the affairs, financial condition, and business of the Transaction Parties, and has no need of, or right to obtain from any Lender, any credit or other information concerning the affairs, financial condition or business of the Transaction Parties that may come under the control of any Lender.

7. Right of Set-off. Upon the occurrence and during the continuance of any Event of Default under any of the Loan Documents, the Lender may, and is hereby authorized to, at any time and from time to time, without notice to the Guarantor (any such notice being expressly waived by the Guarantor) and to the fullest extent permitted by law, set-off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by the Lender to or for the credit or the account of the Guarantor against any and all obligations of the Guarantor now or hereafter existing under this Guaranty or any other Loan Document, irrespective of whether or not any Lender has made any demand under this Guaranty or any other Loan Document and although such obligations may be contingent or unmatured. The Lender agrees to notify the Guarantor promptly after any such set-off and application made by such Lender, provided that the failure to give such notice shall not affect the validity of such set-off and application. The rights of the Lender under this Section are in addition to other rights and remedies (including, without limitation, other rights of set-off) which the Lender may have under this Guaranty or any other Loan Document in law or otherwise.

8. Successors and Assigns; Assignment. Except as otherwise expressly provided herein, the provisions hereof inure to the benefit of, and be binding upon, the successors, assigns, heirs, executors and administrators of the parties hereto. Nothing in this Guaranty, express or implied, is intended to confer upon any party, other than the parties hereto and their successors and assigns, any rights, remedies, obligations or liabilities under or by reason of this Guaranty, except as expressly provided herein. The Guarantor may not assign this Guaranty or any of the rights or obligations referenced herein without the prior written consent of the Lender. The Lender may assign this Guaranty, in whole or in part, without the prior consent of the Guarantor, and any assignee of this Guaranty shall inure to all of the rights of the Lender hereunder.

9. Notices. Any notice, demand, request, waiver or other communication required or permitted to be given pursuant to this Guaranty must be in writing (including electronic format) and will be deemed by the parties to have been received (i) upon delivery in person (including by reputable express courier service) at the address set forth below; (ii) upon delivery by electronic mail (as verified by a printout showing satisfactory transmission) at the electronic mail address set forth below (if sent on a business day during normal business hours where such notice is to be received and if not, on the first business day following such delivery where such notice is to be received); or (iii) upon three (3) business days after mailing with the United States Postal Service if mailed from and to a location within the continental United States by registered or certified mail, return receipt requested, addressed to the address set forth below. Any party hereto may from time to time change its physical or electronic address or facsimile number for notices by giving notice of such changed address or number to the other party in accordance with this section.

If to the Lender at:

JMW, Richland, and San Gabriel Funds
4 Richland Place
Pasadena, CA 91103
Attention: Justin Yorke
Email Address: justin@mcgrainfinancial.com

If to the Guarantor at:

Dr. Pave and Dr. Pave Worldwide
18001 S. Figueroa, Unit F
Gardena, CA 90248
Attention: Heather Kearns
Email Address: heather@heatwurx.com

With a copy (which will not constitute notice) to:

Ronald N. Vance

The Law Office of Ronald N. Vance & Associates, P.C.
1656 Reunion Avenue
Suite 250
South Jordan, UT 84095
Email Address: ron@vancelaw.us

10. Heading: References. All headings used herein are used for convenience only and shall not be used to construe or interpret this Guaranty. Except as otherwise indicated, all references herein to Sections refer to Sections hereof.

11. Waiver of Notice. The Guarantor hereby waives notice, presentment, demand, protest, and notice of dishonor.

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17. Severability. If one or more provisions of this Guaranty are held to be unenforceable under applicable law, such provision(s) shall be excluded from this Guaranty and the balance of this Guaranty shall be interpreted as if such provision(s) were so excluded and shall be enforceable in accordance with its terms.

18. Other Interpretive Provisions. References in the Loan Documents to any document, instrument or agreement (a) includes all exhibits, schedules, and other attachments thereto, (b) includes all documents, instruments or agreements issued or executed in replacement thereof, and (c) means such document, instrument or agreement, or replacement or predecessor thereto, as amended, modified and supplemented from time to time and in effect at any given time. The words “hereof,” “herein” and “hereunder” and words of similar import when used in this Guaranty refers to this Guaranty as a whole and not to any particular provision of this Guaranty. The words “include” and “including” and words of similar import when used in this Guaranty shall not be construed to be limiting or exclusive.

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22. Entire Agreement; Integration Clause. This Guaranty sets forth the entire agreement and understandings of the parties hereto with respect to this transaction, and this Guaranty supersedes and nullifies all other agreements made between the parties hereto.

23. Counterparts. This Guaranty may be executed in as many counterpart copies as may be required. All counterparts shall collectively constitute a single agreement.

[Signature page follows]

IN WITNESS WHEREOF, the Guarantor has caused this Guaranty to be executed as of the date first above written.

GUARANTOR

DR. PAVE WORLDWIDE, LLC

Signature: /s/ David Dworsky
Name: David Dworsky
Title: CEO of Heatwurx, Inc., Sole Member

DR. PAVE, LLC

Signature: /s/ David Dworsky
Name: David Dworsky
Title: CEO of Heatwurx, Inc., Sole Member