

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 4, 2020**

SG BLOCKS, INC.
(Exact Name of Registrant as Specified in its Charter)

Delaware
(State or Other Jurisdiction
of Incorporation)

001-38037
(Commission File Number)

95-4463937
(I.R.S. Employer
Identification Number)

195 Montague Street, 14th Floor
Brooklyn, NY 11201
(Address of Principal Executive Offices, Zip Code)

Registrant's telephone number, including area code: 646-240-4235

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 (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on Which Registered
Common Stock, par value \$0.01	SGBX	The Nasdaq Stock Market LLC

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

Emerging growth company

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

Item 1.01. Entry into a Material Definitive Agreement.

On February 4, 2020, SG Blocks, Inc. (the “*Company*”) entered into a Securities Purchase Agreement (the “*Purchase Agreement*”) with an accredited investor, pursuant to which the Company issued to the investor a secured note in the aggregate principal amount of \$200,000 (the “*Note*”). The Note is one of a series of up to \$400,000 of notes that may be issued by the Company, bears interest at a rate of nine percent (9%) per annum, is due on July 31, 2023, and is secured under a Pledge Agreement, dated February 4, 2020, entered into with the investor (the “*Pledge Agreement*”) by a security interest in the royalty payable to the Company under that certain Exclusive License Agreement, dated October 3, 2019, with CPF GP 2019-1 LLC. The Company has the right to prepay the Note, in whole or in part, at any time and from time to time, without premium or penalty.

The foregoing descriptions of the terms of the Note, the Purchase Agreement and the Pledge Agreement do not purport to be complete and are qualified in their entirety by reference to the full text of the forms of the Note, the Purchase Agreement and the Pledge Agreement, copies of each of which are filed as Exhibits 4.1, 10.1 and 10.2, respectively, to this Current Report on Form 8-K.

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

The disclosure provided under Item 1.01 of this Current Report on Form 8-K is hereby incorporated by reference into this Item 2.03.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

The following exhibits are filed with this Current Report on Form 8-K:

Exhibit Number	Description
4.1	Form of 9% Secured Note
10.1	Form of Securities Purchase Agreement
10.2	Form of Pledge Agreement

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.

SG Blocks, Inc.

Dated: February 6, 2020

By: /s/ Paul Galvin
Paul Galvin
Chairman and CEO

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE AND MAY NOT BE SOLD OR OFFERED FOR SALE IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT OR AN OPINION OF COUNSEL OR OTHER EVIDENCE ACCEPTABLE TO THE CORPORATION THAT SUCH REGISTRATION IS NOT REQUIRED.

9% SECURED PROMISSORY NOTE

\$ _____

Brooklyn, New York
_____, 2020

FOR VALUE RECEIVED, SG Blocks, Inc., a Delaware corporation (the "Company"), with its principal place of business at 195 Montague Street, 14th Floor, Brooklyn, New York 11201, its successors and assigns (the "Company"), promises to pay to the order of _____ ("Payee"), having an address at _____, the principal sum of _____ Dollars (\$____,000) on July 31, 2023 (the "Maturity Date"), together with interest on the principal amount hereof at the rate of 9% per annum, payable semi-annually, commencing on July 31, 2020. Payments on both principal and interest are to be made in lawful money of the United States of America unless Payee agrees to another form of payment.

1. This Note is secured by and entitled to the benefit of a first priority lien granted by the Company on certain assets of the Company, as set forth in a Pledge and Security Agreement, dated as of the date hereof, between the Payee and the Company (the "Pledge Agreement"), to which Pledge Agreement reference is hereby made for a description of the collateral accepted as security for this Note, and the nature and extent of the security and the rights of the Payee.

2. This Note is one of a series of up to Four Hundred Thousand Dollars (\$400,000) of notes being issued by the Company to investors (the "Investors"). This Note and all obligations hereunder, and the other Notes issued as part of this series to the Investors and all obligations thereunder, respectively, shall rank *pari passu* with each other and shall be senior in right of payment to all other indebtedness of the Company.

3. As used herein, a "Default" means a material default by the Company of this Note, the Note Purchase Agreement dated the date hereof between the Company and Payee, or the Pledge Agreement issued by the Company to Payee on the date hereof. Amounts not paid when due hereunder shall bear interest from the due date until such amounts are paid at the rate of eighteen percent (18%) per annum; provided, however, that in the event such interest rate would violate any applicable usury law, the default rate shall be the highest lawful interest rate permitted under such usury law. Upon the occurrence of a Default and receipt of written notice by the Company from Payee of such Default, the principal and interest due hereunder shall be immediately due and payable by the Company to Payee.

4. Presentment, demand, protest or notice of any kind are hereby waived by the Company. The Company may not set off against any amounts due to Payee hereunder any claims against Payee or other amounts owed by Payee to the Company.

5. All rights and remedies of Payee under this Note are cumulative and in addition to all other rights and remedies available at law or in equity, and all such rights and remedies may be exercised singly, successively and/or concurrently. Failure to exercise any right or remedy shall not be deemed a waiver of such right or remedy.

6. The Company agrees to pay all reasonable costs of collection, including attorneys' fees which may be incurred in the collection of this Note or any portion thereof and, in case an action is instituted for such purposes, the amount of all attorneys' fees shall be such amount as the court shall adjudge reasonable.

7. This Note is made and delivered in, and shall be governed, construed and enforced under the laws of the State of New York.

8. This Note shall be subject to prepayment, at the option of the Company, in whole or in part, at any time and from time to time, without premium or penalty.

9. This Note or any benefits or obligations hereunder may not be assigned or transferred by the Company.

SG BLOCKS, INC.

By: _____

Paul M. Galvin
Chairman and CEO

SECURITIES PURCHASE AGREEMENT

THIS SECURITIES PURCHASE AGREEMENT, dated as of the date of acceptance set forth below, is entered into by and between SG BLOCKS, INC., a Delaware corporation, with headquarters located at 195 Montague Street, 14th Floor, Brooklyn, New York 11201 (the "Company"), and the undersigned (the "Buyer").

WITNESSETH

WHEREAS, the Company and the Buyer are executing and delivering this Agreement in accordance with and in reliance upon the exemption from securities registration afforded, *inter alia*, by Regulation 506 under Regulation D ("Regulation D") as promulgated by the United States Securities and Exchange Commission (the "SEC") under the Securities Act of 1933, as amended (the "1933 Act"), and/or Section 4(a)(2) of the 1933 Act; and

WHEREAS, the Buyer wishes to purchase, upon the terms and subject to the conditions of this Agreement) the Company's 9% secured promissory note due 2023 in the principal amount of \$_____.00, in the form attached as Exhibit A hereto (the "Note");

NOW THEREFORE, in consideration of the premises and the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. AGREEMENT TO PURCHASE; PURCHASE PRICE.

a. Purchase. The Buyer hereby agrees to purchase the Note from the Company. The purchase price for the Note shall be _____ Dollars (\$_____) and shall be payable in United States Dollars.

b. Form of Payment; Escrow Arrangements. The Buyer shall pay the purchase price for the Note by wiring immediately available good funds in United States Dollars to the Company at *{insert wire instructions}*.

2. BUYER REPRESENTATIONS, WARRANTIES, ETC.; ACCESS TO INFORMATION; INDEPENDENT INVESTIGATION.

The Buyer represents and warrants to, and covenants and agrees with, the Company as follows:

a. The Buyer is purchasing the Note for its own account for investment only and not with a view towards the public sale or distribution thereof and not with a view to or for sale in connection with any distribution thereof;

b. The Buyer is (i) an "accredited investor" as that term is defined in Rule 501 of the General Rules and Regulations under the 1933 Act by reason of Rule 501(a)(3), and (ii) experienced in making investments of the kind described in this Agreement and the related documents, (iii) able, by reason of the business and financial experience of its officers (if an entity) and professional advisors (who are not affiliated with or compensated in any way by the Company or any of its affiliates or selling agents), to protect its own interests in connection with the transactions described in this Agreement, and the related documents, and (iv) able to afford the entire loss of its investment in the Note;

c. All subsequent offers and sales of the Note by the Buyer shall be made pursuant to registration under the 1933 Act or pursuant to an exemption from registration;

d. The Buyer understands that the Note is being offered and sold to it in reliance on specific exemptions from the registration requirements of United States federal and state securities laws and that the Company is relying upon the truth and accuracy of, and the Buyer's compliance with, the representations, warranties, agreements, acknowledgements and understandings of the Buyer set forth herein in order to determine the availability of such exemptions and the eligibility of the Buyer to acquire the Note;

e. The Buyer and its advisors, if any, have been furnished with all materials relating to the business, finances and operations of the Company and materials relating to the offer and sale of the Note which have been requested by the Buyer. The Buyer and its advisors, if any, have been afforded the opportunity to ask questions of the Company and have received complete and satisfactory answers to any such inquiries. Without limiting the generality of the foregoing, the Buyer has also had the opportunity to obtain and to review the Company's Current Reports on Form 8-K, Quarterly Reports on Form 10-Q for the fiscal quarters ended March 31, 2019, June 30, 2019 and September 30, 2019 and Annual Report on Form 10-K for the fiscal year ended December 31, 2018 (the "SEC Documents").

f. The Buyer understands that its investment in the Note involves a high degree of risk;

g. The Buyer understands that no United States federal or state agency or any other government or governmental agency has passed on or made any recommendation or endorsement of the Note;

h. This Agreement has been duly and validly authorized, executed and delivered on behalf of the Buyer and is a valid and binding agreement of the Buyer enforceable in accordance with its terms, subject as to enforceability to general principles of equity and to bankruptcy, insolvency, moratorium and other similar laws affecting the enforcement of creditors' rights generally.

3. COMPANY REPRESENTATIONS, ETC.

The Company represents and warrants to the Buyer that:

a. Reporting Company Status. The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware, and has the requisite corporate power to own its properties and to carry on its business as now being conducted. The Company is duly qualified as a foreign corporation to do business and is in good standing in each jurisdiction where the nature of the business conducted or property owned by it makes such qualification necessary other than those jurisdictions in which the failure to so qualify would not have a material and adverse effect on the business, operations, properties, prospects or condition (financial or otherwise) of the Company. The Company has registered its Common Stock pursuant to Section 12 of the Securities Exchange Act of 1934, as amended (the "Exchange Act").

b. Authorization. This Agreement, the Pledge and Security Agreement executed by the Company in favor of Buyer of even date herewith (the "Pledge Agreement") and the transactions contemplated hereby and thereby have been duly and validly authorized by the Company, this Agreement and the Pledge Agreement have been duly executed and delivered by the Company and this Agreement, the Note and the Pledge Agreement, when executed and delivered by the Company, will be, a valid and binding agreement of the Company enforceable in accordance with its terms, subject as to enforceability to general principles of equity and to bankruptcy, insolvency, moratorium, and other similar laws affecting the enforcement of creditors' rights generally.

c. Non-contravention. The execution and delivery of this Agreement and the Pledge Agreement by the Company, the issuance of the Note, and the consummation by the Company of the other transactions contemplated by this Agreement do not and will not conflict with or result in a breach by the Company of any of the terms or provisions of, or constitute a default under (i) the articles of incorporation or by-laws of the Company, (ii) any indenture, mortgage, deed of trust, or other material agreement or instrument to which the Company is a party or by which it or any of its properties or assets are bound, (iii) to its knowledge, any existing applicable law, rule, or regulation or any applicable decree, judgment, or (iv) to its knowledge, order of any court, United States federal or state regulatory body, administrative agency, or other governmental body having jurisdiction over the Company or any of its properties or assets, except such conflict, breach or default which would not have a material adverse effect on the transactions contemplated herein. The Company is not in violation of any material laws, governmental orders, rules, regulations or ordinances to which its property, real, personal, mixed, tangible or intangible, or its businesses related to such properties, are subject.

d. Approvals. No authorization, approval or consent of any court, governmental body, regulatory agency, self-regulatory organization, or stock exchange or market is required to be obtained by the Company for the issuance and sale of the Note to the Buyer as contemplated by this Agreement or entry into the Pledge Agreement by the Company, except such authorizations, approvals and consents that have been obtained.

e. SEC Documents, Financial Statements. The Company has filed on a timely basis all reports, schedules, forms, statements and other documents required to be filed by it with the SEC pursuant to the reporting requirements of the Exchange Act, including material filed pursuant to Section 13(a) or 15(d). The Company has not provided to the Buyer any information which, according to applicable law, rule or regulation, should have been disclosed publicly by the Company but which has not been so disclosed, other than with respect to the transactions contemplated by this Agreement.

As of their respective dates, the SEC Documents complied in all material respects with the requirements of the Act or the Exchange Act as the case may be and the rules and regulations of the SEC promulgated thereunder and other federal, state and local laws, rules and regulations applicable to such SEC Documents, and none of the SEC Documents contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. The financial statements of the Company included in the SEC Documents comply as to form in all material respects with applicable accounting requirements and the published rules and regulations of the SEC or other applicable rules and regulations with respect thereto. Such financial statements have been prepared in accordance with generally accepted accounting principles applied on a consistent basis during the periods involved (except (i) as may be otherwise indicated in such financial statements or the notes thereto or (ii) in the case of unaudited interim statements, to the extent they may not include footnotes or may be condensed or summary statements) and fairly present in all material respects the financial position of the Company as of the dates thereof and the results of operations and cash flows for the periods then ended (subject, in the case of unaudited statements, to normal year-end audit adjustments).

4. CERTAIN COVENANTS AND ACKNOWLEDGMENTS.

a. Transfer Restrictions. The Buyer acknowledges that (1) the Note has not been registered under the provisions of the 1933 Act and may not be transferred unless (A) subsequently registered thereunder, as provided for herein, or (B) the Buyer shall have delivered to the Company an opinion of counsel, reasonably satisfactory in form, scope and substance to the Company, to the effect that the Note to be sold or transferred may be sold or transferred pursuant to an exemption from such registration.

b. Restrictive Legend. The Buyer acknowledges and agrees that the Note shall bear a restrictive legend in substantially the following form (and a stop-transfer order may be placed against transfer thereof):

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE AND MAY NOT BE SOLD OR OFFERED FOR SALE IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT OR AN OPINION OF COUNSEL OR OTHER EVIDENCE ACCEPTABLE TO THE CORPORATION THAT SUCH REGISTRATION IS NOT REQUIRED.

c. Filings. The Company undertakes and agrees to make all necessary filings in connection with the sale of the Note to the Buyer under any United States laws and regulations, or by any domestic securities exchange or trading market, and to provide a copy thereof to the Buyer promptly after such filing.

5. GOVERNING LAW: MISCELLANEOUS. This Agreement shall be governed by and interpreted in accordance with the laws of the State of Delaware. A facsimile transmission of this signed Agreement shall be legal and binding on all parties hereto. This Agreement may be signed in one or more counterparts, each of which shall be deemed an original. The headings of this Agreement are for convenience of reference and shall not form part of, or affect the interpretation of, this Agreement. If any provision of this Agreement shall be invalid or unenforceable in any jurisdiction, such invalidity or unenforceability shall not affect the validity or enforceability of the remainder of this Agreement or the validity or enforceability of this Agreement in any other jurisdiction. This Agreement may be amended only by an instrument in writing signed by the party to be charged with enforcement. This Agreement supersedes all prior agreements and understandings among the parties hereto with respect to the subject matter hereof.

6. NOTICES. Any notice required or permitted hereunder shall be given in writing (unless otherwise specified herein) and shall be deemed effectively given, (i) on the date delivered, (a) by personal delivery, or (b) if advance copy is given by fax, (ii) seven business days after deposit in the United States Postal Service by regular or certified mail, or (iii) three business days mailing by international express courier, with postage and fees prepaid, addressed to each of the other parties thereunto entitled at the following addresses, or at such other addresses as a party may designate by ten days advance written notice to each of the other parties hereto.

COMPANY: SG BLOCKS, INC.
195 Montague Street, 14th Floor
Brooklyn, New York 11201
Facsimile: (646) 240-4235

with a copy to:

Gracin & Marlow, LLP
405 Lexington Avenue, 26th Floor
New York, New York 10174
Attention: Hank Gracin, Esq.
Facsimile: (212) 208-4657

BUYER: At the address set forth on the signature page of this Agreement.

7. SUCCESSORS AND ASSIGNS. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns.

IN WITNESS WHEREOF, this Agreement has been duly executed by the Buyer or one of its officers thereunto duly authorized as of the date set forth below.

Printed Name of Buyer

Address:

By: _____
(Signature of Authorized Person)

Fax No.

Printed Name and Title
or organization

Jurisdiction
of incorporation

Taxpayer identification number
or social security number,
as applicable

This Agreement has been accepted as of the date set forth below.

SG BLOCKS, INC.

By: _____
Paul M. Galvin, Chairman and CEO

Dated: _____, 2020

PLEDGE AND SECURITY AGREEMENT

PLEDGE AND SECURITY AGREEMENT (this “Agreement”), dated as of February 4, 2020, made by SG Blocks, Inc., a Delaware corporation with an address at 195 Montague Street, 14th Floor, Brooklyn, New York 11201 (the “Pledgor”), in favor of the noteholders listed on Schedule A hereto (the “Secured Creditors”).

WHEREAS, each of the Secured Creditors have agreed to make loans to the Pledgor to be evidenced by certain 9% secured notes due 2023 (the “Notes”) issuable pursuant to the respective Securities Purchase Agreements with the Secured Creditors, dated even date herewith; and

WHEREAS, in order to induce the Secured Creditors to extend the loans to be evidenced by the Notes, the Pledgor has agreed to execute and deliver to the Secured Creditors a pledge and security agreement providing for the pledge and grant to the Secured Creditors of a security interest in the Pledgor’s interest in the collateral identified and defined below.

NOW, THEREFORE, in consideration of the premises and the agreements herein and in order to induce the Secured Creditors to accept the Notes, the Pledgor hereby agrees with the Secured Creditors as follows:

SECTION 1. Definitions. All terms used in this Agreement which are defined in Article 9 of the Uniform Commercial Code (the “Code”) currently in effect in the State of New York and which are not otherwise defined herein shall have the same meanings herein as set forth therein.

SECTION 2. Pledge and Grant of Security Interest. (a) As collateral security for all of the Obligations (as defined in Section 3 hereof), the Pledgor hereby pledges, assigns and grants to the Secured Creditors a continuing security interest in: (i) the royalty payable owed to the Pledgor pursuant to the exclusive license agreement executed on October 3, 2019 (the “Pledged Collateral”) and (i) all proceeds of the foregoing.

(b) The Pledgor hereby represents and warrants to the Secured Creditors as follows:

(i) The Pledged Collateral is not pledged to secure any indebtedness other than the Notes;

(ii) The execution, delivery, and performance of the Pledgor of this Agreement will not violate any provision of law, any order of any court or other agency of government, or any agreement or other instrument to which the Pledgor is a party or by which the Pledgor is bound, or be in conflict with, result in a breach of or constitute (with due notice, lapse of time, or both) a default under any such agreement or other instrument, or result in the creation or imposition of any lien, charge, or encumbrance of any nature whatsoever upon any of the property of assets of the Pledgor, except as contemplated by the provisions of this Agreement;

(iii) This Agreement constitutes the legal, valid and binding obligation of the Pledgor and is enforceable against the Pledgor in accordance with the terms hereof; and

(iv) The Pledgor is the legal and beneficial owner of the Pledged Collateral.

SECTION 3. Security for Obligations. The security interest created hereby in the Pledged Collateral constitutes continuing collateral security for all of the following obligations, whether now existing or hereafter incurred (the "Obligations"):

- (a) the prompt payment by the Pledgor, as and when due and payable, of all amounts owing by it in respect of the Notes; and
- (b) the due performance and observance by the Pledgor of all of its other obligations from time to time existing under this Agreement.

SECTION 4. Covenants as to the Pledged Collateral. So long as any of the Obligations shall remain outstanding, the Pledgor will not create or suffer to exist any lien, security interest or other charge or encumbrance upon or with respect to any Pledged Collateral except for the security interest created hereby.

SECTION 5. Additional Provisions Concerning the Pledged Collateral. The Pledgor hereby authorizes the Secured Creditors to file, without the signature of the Pledgor where permitted by law, one or more financing or continuation statements, and amendments thereto, relating to the Pledged Collateral.

SECTION 6. Remedies Upon Default. If any Event of Default under the Notes shall have occurred and be continuing:

(a) The Secured Creditors may, exercise in respect of the Pledged Collateral, in addition to other rights and remedies provided for herein or otherwise available to them, all of the rights and remedies of a secured party on default under the Code then in effect in the State of Delaware, and without limiting the generality of the foregoing and without notice except as specified below, sell the Pledged Collateral or any part thereof in one or more parcels at public or private sale at such price or prices and on such other terms as the Secured Creditors may deem commercially reasonable. The Pledgor agrees that, to the extent notice of sale shall be required by law, at least five days' notice to the Pledgor of the time and place of any public sale or the time after which any private sale is to be made shall constitute reasonable notification. The Secured Creditors shall not be obligated to make any sale of Pledged Collateral regardless of notice of sale having been given. The Secured Creditors may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned.

(b) All cash proceeds received by the Secured Creditors in respect of any sale of, collection from, or other realization upon, all or any part of the Pledged Collateral shall be applied by the Secured Creditors against the Obligations. Any surplus of such cash or cash proceeds held by the Secured Creditors and remaining after payment in full of all of the Obligations shall be paid over to the Pledgor or to such person as may be lawfully entitled to receive such surplus.

(c) In the event that the proceeds of any such sale, collection or realization are insufficient to pay all amounts to which the Secured Creditors are legally entitled, the Pledgor shall remain liable for the deficiency and the Secured Creditors shall retain all rights to collect on such Obligations provided by applicable law.

SECTION 7. Notices, Etc. All notices and other communications provided for hereunder shall be in writing and shall be mailed, faxed or delivered, if to the Pledgor, to it at the address set forth above; and if to the Secured Creditors to them at the addresses set forth on Schedule A, or as to any of such parties at such other address as shall be designated by such parties in a written notice to the other parties hereto complying as to delivery with the terms of this Section 7. All such notices and other communications shall be effective (i) if mailed, when deposited in the mail, (ii) if faxed, when the facsimile transmission is acknowledged as received, or (iii) if delivered, upon delivery.

SECTION 8. Miscellaneous.

(a) No amendment of any provisions of this Agreement shall be effective unless it is in writing and signed by the Pledgor and the Secured Creditors, and no waiver of any provision of this Agreement, and no consent to any departure by the Pledgor, shall be effective unless it is in writing and signed by the Secured Creditors, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

(b) No failure on the part of the Secured Creditors to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any such right preclude any other or further exercise thereof or the exercise of any other right. The rights and remedies of the Secured Creditors provided herein are cumulative and are in addition to, and not exclusive of, any rights or remedies provided by law.

(c) Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining portions hereof or thereof or affecting the validity or enforceability of such provision on any other jurisdiction.

(d) This Agreement shall create a continuing security interest in the Pledged Collateral and shall (i) remain in full force and effect until the payment in full or release of the Obligations and (ii) be binding on the Pledgor and its assigns and shall inure, together with all rights and remedies of the Secured Creditors hereunder, to the benefit of the Secured Creditors and their heirs, transferees and assigns.

(e) Upon the satisfaction in full of the Obligations: (i) this Agreement and the security interest created hereby shall terminate and all rights to the Pledged Collateral shall revert to the Pledgor, and (ii) the Secured Creditors will, upon the Pledgor's request at the Pledgor's expense, (A) return to the Pledgor such of the Pledged Collateral as shall not have been sold or otherwise disposed of or applied pursuant to the terms hereof and (B) execute and deliver to the Pledgor such documents as the Pledgor shall reasonably request to evidence such termination.

(f) This Agreement shall be governed by and construed in accordance with the laws of the State of New York, except as required by mandatory provisions of law and except to the extent that the validity and perfection or the perfection and the effect of perfection or non-perfection of the security interest created hereby, or remedies hereunder, in respect of any particular Pledged Collateral are governed by the law of a jurisdiction other than the State of New York. The parties hereto agree that all actions or proceedings arising in connection with this Agreement shall be tried and litigated exclusively in the State and Federal courts located in Kings County, New York. The aforementioned choice of venue is intended by the parties to be mandatory and not permissive in nature, thereby precluding the possibility of litigation between the parties with respect to or arising out of this Agreement in any jurisdiction other than that specified in this paragraph. Each party hereby waives any right it may have to assert the doctrine of forum non conveniens or similar doctrine or to object to venue with respect to any proceeding brought in accordance with this paragraph, and stipulates that the State and Federal courts located in New York shall have in personam jurisdiction and venue over each of them for the purpose of litigating any dispute, controversy, or proceeding arising out of or related to this Agreement. Each party hereby authorizes and accepts service of process sufficient for personal jurisdiction in any action against it as contemplated by this paragraph by registered or certified mail, return receipt requested, postage prepaid, to its address for the giving of notices as set forth in this Agreement. Any final judgment rendered against a party in any action or proceeding shall be conclusive as to the subject of such final judgment and may be enforced in other jurisdictions in any manner provided by law.

IN WITNESS WHEREOF, the Pledgor has caused this Agreement to be executed and delivered as of the date first above written.

SG BLOCKS, INC.

By: _____
Name: Paul M. Galvin
Title: Chairman and CEO

SCHEDULE A

Secured Creditors