

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): September 18, 2017

ENVISION SOLAR INTERNATIONAL, INC.

(Exact name of registrant as specified in its charter)

Nevada

(State or other jurisdiction of incorporation)

000-53204

(Commission File Number)

26-1342810

(I.R.S. Employer Identification No.)

5660 Eastgate Drive, San Diego, CA

(Address of Principal Executive Offices)

92126

(Zip Code)

Registrant's telephone number, including area code: **(858) 799-4583**

(Former name or former address if changed since last report.)

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))

SECTION 1. REGISTRANT'S BUSINESS AND OPERATIONS

Item 1.01 Entry into a Material Definitive Agreement.

On September 18, 2017, Envision Solar International, Inc., a Nevada corporation (the "Company"), entered into a revolving secured convertible promissory note (the "Revolver") and a secured convertible promissory note (the "Note") with an unaffiliated lender (the "Lender"). Pursuant to the Revolver, the Company has the right to make borrowings from the Lender in amounts of up to 70% of the value of any specific purchase order (each a "PO") received by the Company from a credit worthy customer (each a "Draw Down"), up to a maximum of \$3,000,000, commencing on the date of the Revolver and terminating 300 days after the date of the Revolver, by giving five (5) business days written notice to the Lender of a request for borrowings (the "Evaluation Period"). During the Evaluation Period, if Lender determines in its commercially reasonable judgement that the customer ("Customer") is not credit worthy, Lender may refuse to advance the Draw Down. The Revolver bears simple interest at the floating rate per annum equal to the 12 month USD LIBOR index rate quoted from time to time in New York, New York by the Bloomberg Service plus 600 basis points (the "Interest Rate"). The Interest Rate will be adjusted on the first day of each calendar month during the term of this Note to reflect any changes in the 12 month LIBOR rate as quoted at 1:00 pm Eastern Time in New York, New York on that day, or if that day is not a business day, on the next business day thereafter. The principal and accrued unpaid interest with respect to each Draw Down is due and payable within five (5) business days of receipt from the Customer by the Company of a payment due under the applicable PO (with respect to each Draw Down, the "Maturity Date"). Each Draw Down is secured by a perfected recorded second priority security interest in all of the Company's assets, as set forth in that certain Security Agreement by and between the Company and the Lender, dated September 18, 2017, a copy of which is attached to this Current Report on Form 8-K as Exhibit 10.3. The Lender will have the right at any time until the Maturity Date of a Draw Down, provided the Lender gives the Company written notice of the Lender's election to convert prior to any prepayment of such Draw Down by the Company with respect to converting that portion of such Draw Down covered by the prepayment, to convert all or any portion of the outstanding principal and accrued unpaid interest (the "Conversion Amount"), into such number of fully paid and nonassessable shares of the Company's common stock as is determined by dividing the Conversion Amount by the greater of (i) fifteen cents (\$0.15) or (ii) 75% of the Volume Weighted Average Price of the Company's common stock that is quoted on a public securities trading market (if more than one, the one with the then highest trading volume), during the five (5) consecutive trading days immediately prior to the date of the Lender's written notice of the Lender's election to convert. The Revolver is secured by a second priority perfected recorded security interest in all of the assets of the Company, evidenced by a Security Agreement with the Lender, a copy of which is attached to this Report as Exhibit 10.3.

As additional consideration for the loan made by the Lender to the Company as evidenced by the Revolver, the Company agreed to issue to the Lender common stock purchase warrants exercisable for a period of three years from the date of issuance with an exercise price equal to the greater of (i) \$0.15 per share or (ii) 75% of the Volume Weighted Average Price of the Company's common stock that is quoted on a public securities trading market (if more than one, the one with the then highest trading volume), during the five (5) consecutive trading days immediately prior to the date of the applicable Draw Down. The number of warrants issuable to the Lender will equal 25% of the increase over the highest amount previously drawn down by the Company on the Revolver divided by the greater of (i) fifteen cents (\$0.15) or (ii) 75% of the Volume Weighted Average Price of the Company's common stock that is quoted on a public securities trading market (if more than one, the one with the then highest trading volume), during the five (5) consecutive trading days immediately prior to the date of the applicable Draw Down which causes the increase over the previous highest amount borrowed. A copy of the form of warrant is attached to this Current Report on Form 8-K as Exhibit 10.5.

In addition to the Revolver, the Lender agreed to lend \$1,500,000 to the Company pursuant to the Note. The Company covenanted to use the proceeds of the Note exclusively to pay-off the entire outstanding balance of that certain loan and security agreement that the Company has with Silicon Valley Bank, dated October 30, 2015. The Note bears simple interest at the floating rate per annum equal to the 12 month USD LIBOR index rate quoted from time to time in New York, New York by the Bloomberg Service plus 400 basis points (the "Interest Rate"). The Interest Rate will be adjusted on the first day of each calendar month during the term of the Note to reflect any changes in the 12 month LIBOR rate as quoted at 1:00 pm Eastern Time in New York, New York on that day, or if that day is not a business day, on the next business day thereafter. Interest will only accrue on outstanding principal. Accrued unpaid interest is payable monthly on the first calendar day of each month for interest accrued during the previous month, with all outstanding principal and accrued unpaid interest payable in full on or before three hundred and sixty-four (364) days after the date of the Note (the "Maturity Date"), to the extent not converted into shares of the Company's common stock. The Note is secured by a perfected recorded first priority security interest in all of the Company's assets, as set forth in that certain Security Agreement by and between the Company and the Lender, dated September 18, 2017, a copy of which is attached to this Current Report on Form 8-K as Exhibit 10.4. At any time until the Maturity Date and provided Lender gives the Company written notice of Lender's election to convert prior to any prepayment of this Note by the Company with respect to converting that portion of this Note covered by the prepayment, the Lender has the right to convert all or any portion of the outstanding principal and accrued interest (the "Conversion Amount"), into such number of fully paid and nonassessable shares of the Company's common stock as is determined by dividing the Conversion Amount by the greater of (i) fifteen cents (\$0.15) or (ii) 75% of the Volume Weighted Average Price of the Company's common stock that is quoted on a public securities trading market (if more than one, the one with the then highest trading volume), during the five (5) consecutive trading days immediately prior to the date of the Lender's written notice of its election to convert.

As additional consideration for the loan evidenced by the Note, the Company agreed to issue to the Lender common stock purchase warrants exercisable for a period of three years from the date of issuance with an exercise price equal to \$0.15 per share. The number of warrants issuable to the Lender is equal to 25% of the Loan Amount divided by fifteen cents (\$0.15). A copy of the form of warrant is attached to this Current Report on Form 8-K as Exhibit 10.5.

During any time when the Note or the Revolver is outstanding, or when the Lender holds any Company stock, or any warrants to acquire Company stock where the combination of both could result in the Lender owning stock with a current value of one million dollars or greater, in the Company, the Lender will have certain review and consulting rights as described in the Note and the Revolver.

This brief description of the Revolver, the Note, the Warrant and the Security Agreements is only a summary of the material terms and is qualified in its entirety by reference to the full text of the documents as attached to this Current Report on Form 8-K as Exhibits 10.1, 10.2, 10.3, 10.4, and 10.5, respectively.

SECTION 9. FINANCIAL STATEMENTS, PRO FORMA FINANCIALS & EXHIBITS

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

- 10.1 [Revolving Convertible Promissory Note, dated September 18, 2017.](#)
- 10.2 [Convertible Secured Promissory Note, dated September 18, 2017.](#)
- 10.3 [Security Agreement - Purchase Order Financing, dated September 18, 2017.](#)
- 10.4 [Security Agreement – Convertible Secured Promissory Note, dated September 18, 2017.](#)
- 10.5 [Form of Warrant](#)

SIGNATURES

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

ENVISION SOLAR INTERNATIONAL, INC.

Date: September 20, 2017

By: /s/ Desmond Wheatley
Desmond Wheatley, Chief Executive Officer

**REVOLVING CONVERTIBLE
PROMISSORY NOTE**

Up to \$3,000,000

September 18, 2017

San Diego, California

FOR VALUE RECEIVED, Envision Solar International, Inc., a Nevada corporation (“Borrower”), hereby promises to pay to the order of [REDACTED], a California limited liability company (“Lender”) at [REDACTED], pursuant to the terms of this Revolving Convertible Promissory Note (the “Note”), the principal sum equal to the amount outstanding from time to time indicated on Schedule A of this Note reflecting advances made by the Lender from time to time to the Borrower under this Note until a date 300 days from the date of this Note first above written (the “Termination Date”), not to exceed a maximum outstanding principal amount of Three Million Dollars (\$3,000,000), bearing simple interest on outstanding principal at the floating rate per annum equal to the 12 month USD LIBOR index rate quoted from time to time in New York, New York by the Bloomberg Service plus 600 basis points (the “Interest Rate”). The Interest Rate will be adjusted on the first day of each calendar month during the term of this Note to reflect any changes in the 12 month LIBOR rate as quoted at 1:00 pm Eastern Time in New York, New York on that day, or if that day is not a business day, on the next business day thereafter. Interest will only accrue on outstanding principal. Principal and accrued interest are payable in accordance with the terms of this Note.

1. **Advances, Maturity, and Payment.** Subject to Lender’s agreement to each draw, Borrower has the right to draw on this Note and make borrowings from Lender in amounts of up to 70% of the value of any specific purchase order (each a “PO”) received by Borrower from a credit worthy customer (each a “Draw Down”), up to a maximum of \$3,000,000, commencing on the date of this Note and terminating on the Termination Date, by giving five (5) business days written notice to the Lender of a request for borrowings (the “Evaluation Period”). During the Evaluation Period, if Lender determines in its commercially reasonable judgement that the customer (“Customer”) is not credit worthy, Lender may refuse to advance the Draw Down. Borrower will use commercially reasonable efforts to ensure the credit worthiness of each Customer for which a Draw Down on this Note is proposed. The principal amount outstanding on this Note from time to time is set forth on Schedule A hereto, which will be updated by the Lender as Draw Downs under this Note are made and outstanding amounts owed are repaid. The principal and accrued unpaid interest with respect to each Draw Down is due and payable within five (5) business days of receipt from the Customer by Borrower of a payment due under the applicable PO (with respect to each Draw Down, the “Maturity Date”). Principal and accrued unpaid interest are payable in cash on the Maturity Date unless sooner converted by Lender into Borrower’s equity in accordance with Paragraph 7 of this Note, or unless Lender elects in its sole discretion to have the principal and/or interest payment made in shares of the Borrower’s common stock, as provided in Paragraph 8 of this Note. After the Termination Date, no further Draw Downs are permitted on the Note unless mutually agreed in writing by the Lender and the Borrower, and all outstanding balances on the Note will become due and payable on the earliest to occur of (i) within five (5) business days of receipt from the Customer by Borrower of a payment due under the applicable PO, (ii) 30 days after

the due date of a Customer payment on a PO with respect to unpaid POs, or (iii) 60 days after the Termination Date.

2. **Security.** Each Draw Down is secured by a perfected recorded second priority security interest in all of the Borrower's assets (the "Collateral"), as set forth in that certain Security Agreement by and between Borrower and Lender, dated September 14, 2017 (the "Security Agreement"). While each PO is included in the Collateral pledged as security for a Draw Down, the Lender may foreclose on the PO or any other assets of the Borrower in the event of a default by the Borrower under this Note with respect to the Draw Down, subject to the senior lien in favor of the Lender (the "Affiliate Senior Lien") securing that certain Convertible Secured Promissory Note of even date herewith, having Lender as the lender and Borrower as the borrower, and the conditions in Paragraph 3 of this Note. The Borrower shall have no right to have any portion of the PO released from the security interest until the corresponding Draw Down is repaid in full. Borrower will not cause any liens to be incurred by it that are senior to the Affiliate Senior Lien.

3. **Default.** Any of the following shall constitute a default by Borrower hereunder:

(a) The failure of Borrower to make any payment of principal or interest required hereunder within five (5) business days of the due date for such payment; or

(b) The failure of Borrower to fully perform any other material covenants and agreements under this Note and continuance of such failure for a period of ten (10) days after written notice of the default by Lender to the Borrower.

Upon the occurrence of a default hereunder, Lender may, at its option, declare immediately due and payable the entire unpaid outstanding balance of principal and interest of this Note owing at the time of such declaration pursuant to this Note. In the event of a default by Borrower under Paragraph 3(a) of this Note, commencing on the first day of the default and continuing thereafter until the default is cured, interest will accrue on unpaid outstanding principal at the rate equal to 500 basis points over the Interest Rate on this Note.

4. **Right of Prepayment.** Borrower has the right to prepay all or any portion of any Draw Down at any time during the term of the Note without penalty. Lender will have three (3) business days from receipt of notice of prepayment by the Borrower in which to convert the Draw Down into Borrower's common stock before the Draw Down is deemed to be repaid.

5. **Rights of Lender.** Lender has the right to audit all POs, invoices, and Customer payments related to the Draw Downs.

6. **Covenants of Borrower.** Borrower will maintain and deliver to Lender on a monthly basis a ledger detailing the current status of each Draw Down, its corresponding PO, and all related invoices and Customer payments.

7. **Conversion.** Lender will have the right at any time until the Maturity Date of a Draw Down, provided Lender gives Borrower written notice of Lender's election to convert prior to any prepayment of such Draw Down by the Borrower with respect to converting that portion of such Draw Down covered by the prepayment, to convert all or any portion of the outstanding principal and accrued unpaid interest (the "Conversion Amount"), into such number of fully paid

and nonassessable shares of the Borrower's common stock as is determined by dividing the Conversion Amount by the greater of (i) fifteen cents (\$0.15) or (ii) 75% of the Volume Weighted Average Price of the Borrower's common stock that is quoted on a public securities trading market (if more than one, the one with the then highest trading volume), during the five (5) consecutive trading days immediately prior to the date of Lender's written notice of Lender's election to convert.

8. **Payment of Interest and Principal.** All principal and accrued unpaid interest with respect to each Draw Down is payable in cash on the applicable Maturity Date or, in those instances where the Lender specifically elects (by delivering written notice to Borrower at least one (1) business day before the due date for the payment) to be paid in shares of the Borrower's common stock rather than in cash, principal and accrued unpaid interest will be payable to Lender into such number of fully paid and nonassessable shares of the Borrower's common stock as is determined by dividing the amount of principal and accrued unpaid interest due, by the greater of (i) fifteen cents (\$0.15) or (ii) 75% of the Volume Weighted Average Price of the Borrower's common stock that is quoted on a public securities trading market (if more than one, the one with the then highest trading volume), during the five (5) consecutive trading days immediately prior to each applicable Maturity Date. All payments on this Note are credited first to amounts due to Lender pursuant to Paragraph 11 of this Note, if any, then to accrued unpaid interest, then to outstanding principal.

9. **Additional Consideration.** As additional consideration for the loan made by the Lender to the Borrower as evidenced by this Note, the Borrower hereby agrees to issue to Lender common stock purchase warrants exercisable for a period of three years from the date of issuance with an exercise price equal to the greater of (i) \$0.15 per share or (ii) 75% of the Volume Weighted Average Price of the Borrower's common stock that is quoted on a public securities trading market (if more than one, the one with the then highest trading volume), during the five (5) consecutive trading days immediately prior to the date of the applicable Draw Down. The number of warrants issuable to Lender pursuant to this Paragraph 9 of the Note will equal 25% of the increase over the highest amount previously drawn down by Borrower on the Note divided by the greater of (i) fifteen cents (\$0.15) or (ii) 75% of the Volume Weighted Average Price of the Borrower's common stock that is quoted on a public securities trading market (if more than one, the one with the then highest trading volume), during the five (5) consecutive trading days immediately prior to the date of the applicable Draw Down which causes the increase over the previous highest amount borrowed. The warrants will be issued to the Lender within five (5) business days after the date of the applicable Draw Down.

10. **Use of Proceeds.** Borrower covenants to use the proceeds of each Draw Down for costs related to supplies, inventory, labor and other direct costs and overhead required to fulfill the PO related to the Draw Down.

11. **Costs of Collections.** Lender shall be entitled to collect reasonable attorney's fees and costs from Borrower, as well as other costs and expenses reasonably incurred, in curing any default or attempting collection of any payment due on this Note.

12. **Payment.** This Note shall be payable at the option of the Lender in lawful money of the United States or cancellation of debt owed by Lender to Borrower for inventory purchases made by Lender.

13. **Place of Payment.** All payments on this Note are to be made or given to Lender at the address first above written or to such other place as Borrower and Lender may from time to time agree by written agreement.

14. **Nonrecourse.** In the event that the Borrower defaults on this Note, Lender shall look solely to the Borrower and its assets for repayment and none of the shareholders, officers, directors or affiliates of the Borrower shall have any personal liability for payment under this Note.

15. **Waiver.** Borrower, for itself and its successors, transfers and assigns, waives presentment, dishonor, protest, notice of protest, demand for payment and dishonor in nonpayment of this Note, bringing of suit or diligence of taking any action to collect any sums owing hereunder or in proceeding against any of the rights and properties securing payment hereunder.

16. **Severability.** If any provision of this Note or the application thereof to any persons or entities or circumstances shall, to any extent, be invalid or unenforceable, the remainder of this Note shall not be deemed affected thereby and every provision of this Note shall be valid and enforceable to the fullest extent permitted by law.

17. **No Partner.** Lender shall not become or be deemed to be a partner or joint venturer with Borrower by reason of any provision of this Note. Nothing herein shall constitute Borrower and Lender as partners or joint venturers or require Lender to participate in or be responsible or liable for any costs, liabilities, expenses or losses of Borrower.

18. **No Waiver.** The failure to exercise any rights herein shall not constitute a waiver of the right to exercise the same or any other right at any subsequent time in respect of the same event or any other event.

19. **Governing Law.** This Note shall be governed by and construed solely in accordance with the laws of the State of California.

20. **Entire Agreement.** This Note contains the entire understanding and agreement between the parties with respect to the subject matter herein and may not be altered or amended except by the written agreement of the parties.

21. **Management Rights.** During any time when this Note is outstanding, or when the Lender holds any stock, or any warrants to acquire stock where the combination of both could result in the Lender owning stock with a current value of one million dollars or greater, in the Borrower, Lender shall have the following rights:

a. Lender shall be entitled to consult with and advise management of the Borrower on significant business issues, including management's proposed annual operating plans, and management will meet with Lender regularly during each year at the Borrower's facilities at mutually agreeable times for such consultation and advice and to review progress in achieving said plans.

b. Lender may examine the books and records of the Borrower and inspect its facilities and may request information at reasonable times and intervals concerning the general status of the Borrower's financial condition and operations, provided that access to

highly confidential proprietary information and facilities need not be provided.

c. The Borrower shall, concurrently with delivery to the board of directors, give a representative of Lender copies of all notices, minutes, consents and other material that the Borrower provides to its directors, except that the representative may be excluded from access to any material or meeting or portion thereof if the board of directors determines in good faith, upon advice of counsel, that such exclusion is reasonably necessary to preserve the attorney-client privilege, to protect highly confidential proprietary information, or for other similar reasons. Upon reasonable notice and at a scheduled meeting of the board or such other time, if any, as the board may determine in its sole discretion, such representative may address the board with respect to Lender's concerns regarding significant business issues facing the Borrower.

IN WITNESS WHEREOF, Borrower has executed this Note as of the date first hereinabove written.

BORROWER:

Envision Solar International, Inc.
a Nevada corporation

By: /s/ Desmond Wheatley___
Desmond Wheatley, Chief Executive Officer

LENDER:


a California limited liability company

By: /s/ Lender___

[]

Schedule A to Note
Dated September 14, 2017
Payable By Envision Solar International, Inc.
to [REDACTED]

<u>Date of Advance</u>	<u>Amount of Advance</u>	<u>Amount of Repayment</u>	<u>Date of Repayment</u>	<u>Cumulative Outstanding Balance</u>

CONVERTIBLE SECURED PROMISSORY NOTE

\$1,500,000

September 18, 2017

San Diego, California

FOR VALUE RECEIVED, Envision Solar International, Inc., a Nevada corporation (“Borrower”), hereby promises to pay to the order of [REDACTED], a California limited liability company (“Lender”) at [REDACTED], pursuant to the terms of this convertible secured promissory note (the “Note”), the principal sum of One Million Five Hundred Thousand Dollars U.S. (\$1,500,000) plus simple interest at the floating rate per annum equal to the 12 month USD LIBOR index rate quoted from time to time in New York, New York by the Bloomberg Service plus 400 basis points (the “Interest Rate”). The Interest Rate will be adjusted on the first day of each calendar month during the term of this Note to reflect any changes in the 12 month LIBOR rate as quoted at 1:00 pm Eastern Time in New York, New York on that day, or if that day is not a business day, on the next business day thereafter. Interest will only accrue on outstanding principal. Accrued unpaid interest is payable monthly on the first calendar day of each month for interest accrued during the previous month, with all outstanding principal and accrued unpaid interest payable in full on or before three hundred and sixty-four (364) days after the date of this Note first above written (the “Maturity Date”), to the extent not converted into Borrower’s equity securities pursuant to Paragraph 5 of this Note.

1. **Loan.** On the date of this Note first above written, Borrower will borrow from Lender and Lender will lend to Borrower an amount equal to One Million Five Hundred Thousand Dollars (\$1,500,000) in cash (the “Loan Amount”). Payments on this Note will be credited first to any reimbursable costs under Paragraph 9 of this Note, then to accrued but unpaid interest, and then to outstanding principal. The Lender will keep the record of all repayments on this Note.

2. **Security.** This Note is secured by a perfected recorded first priority security interest in all of the Borrower’s assets (the “Collateral”) as set forth in that certain Security Agreement by and between Borrower and Lender, dated September 14, 2017 (the “Security Agreement”). Upon full payment of this Note, as provided elsewhere in this Note, the Lender shall immediately execute all documents and take all actions necessary or appropriate in order to release the security interest of this Note in the Collateral. While the Collateral is pledged as security for this Note, the Lender may foreclose on the Collateral in the event of a default by the Borrower under this Note, subject to senior liens, if any, and the conditions in Paragraph 3 of this Note. The Borrower shall have no right to have any portion of the Collateral released from the security interest until the Note is repaid in full and no more Advances will be made on it.

3. **Default.** Any of the following shall constitute a default by Borrower hereunder:
- (a) The failure of Borrower to make any payment of principal or interest required hereunder within five (5) business days of the due date for such payment, as it may properly be extended pursuant to the terms of this Note; or
 - (b) The failure of Borrower to fully perform any other material covenants and agreements under this Note and continuance of such failure for a period of ten (10) business days after written notice of the default by Lender to the Borrower.

Upon the occurrence of a default hereunder, Lender may, at its option, declare immediately due and payable the entire unpaid principal sum of this Note together with all accrued and unpaid interest owing at the time of such declaration pursuant to this Note. In the event of a default by Borrower under Paragraph 3(a) of this Note, commencing on the first day of the default and continuing thereafter until the default is cured, interest will accrue on unpaid outstanding principal at the rate equal to 500 basis points over the Interest Rate on this Note.

4. **Right of Prepayment.** In the event that the Borrower repays outstanding principal on the Note before the Maturity Date, Borrower will pay a prepayment penalty in cash to Lender equal to the amount of interest that would have accrued on the Note at the Interest Rate during the period from the date of the repayment until the Maturity Date.

5. **Conversion.** Lender will have the right at any time until the Maturity Date, provided Lender gives Borrower written notice of Lender's election to convert prior to any prepayment of this Note by the Borrower with respect to converting that portion of this Note covered by the prepayment, to convert all or any portion of the outstanding principal and accrued interest (the "Conversion Amount"), into such number of fully paid and nonassessable shares of the Borrower's common stock as is determined by dividing the Conversion Amount by the greater of (i) fifteen cents (\$0.15) or (ii) 75% of the Volume Weighted Average Price of the Borrower's common stock that is quoted on a public securities trading market (if more than one, the one with the then highest trading volume), during the five (5) consecutive trading days immediately prior to the date of Lender's written notice of its election to convert.

6. **Additional Consideration.** As additional consideration for the loan made by the Lender to the Borrower as evidenced by this Note, the Borrower hereby agrees to issue to Lender common stock purchase warrants exercisable for a period of three years from the date of issuance with an exercise price equal to \$0.15 per share. The number of warrants issuable to Lender pursuant to this Paragraph 6 of the Note will equal 25% of the Loan Amount divided by fifteen cents (\$0.15). The warrants will be issued to the Lender within five (5) business days after the date of this Note first above written.

7. **Use of Proceeds.** Borrower covenants to use the proceeds of the Note exclusively to pay-off the entire outstanding amount of that certain loan and security agreement that Borrower has with Silicon Valley Bank, dated October 30, 2015.

8. **Note is Nonrecourse.** In the event that Borrower defaults on this Note, Lender shall look solely to the assets of the Borrower for payment on this Note, and none of the shareholders, officers, directors or affiliates of the Borrower shall have any personal liability for payment hereunder.

9. **Costs of Collections.** Lender shall be entitled to collect reasonable attorney's fees and costs from Borrower, as well as other costs and expenses reasonably incurred, in curing any default or attempting collection of any payment due on this Note.

10. **Repayment Options.** Payments of outstanding principal and interest on this Note may be made in cash, subject to the following: (a) the Borrower may request in writing delivered to the Lender from time to time that a monthly payment be made by adding the amount due to the outstanding principal of this Note, and the Lender may in its sole discretion approve or deny such request, and (b) Lender may elect in its sole discretion by written notice to the Borrower delivered at least one (1) business day before the due date, to have any payment of interest or principal on this Note paid in cash or in shares of the common stock of the Borrower, using a price per share equal to the greater of (x) \$0.15, or (y) 75% of the Volume Weighted Average Price of the Borrower's common stock that is quoted on a public securities trading market (if more than one, the one with the highest trading volume), during the five (5) consecutive trading days immediately prior to the due date for the payment.

11. **Payment.** This Note shall be payable in lawful money of the United States.

12. **Place of Payment.** All payments on this Note are to be made or given to Lender at the address provided to Borrower or to such other place as Lender may from time to time direct by written notice to Borrower.

13. **Waiver.** Borrower, for itself and its successors, transfers and assigns, waives presentment, dishonor, protest, notice of protest, demand for payment and dishonor in nonpayment of this Note, bringing of suit or diligence of taking any action to collect any sums owing hereunder or in proceeding against any of the rights and properties securing payment hereunder.

14. **Severability.** If any provision of this Note or the application thereof to any persons or entities or circumstances shall, to any extent, be invalid or unenforceable, the remainder of this Note shall not be deemed affected thereby and every provision of this Note shall be valid and enforceable to the fullest extent permitted by law.

15. **No Partner.** Lender shall not become or be deemed to be a partner or joint venturer with Borrower by reason of any provision of this Note. Nothing herein shall constitute Borrower and Lender as partners or joint venturers or require Lender to participate in or be responsible or liable for any costs, liabilities, expenses or losses of Borrower.

16. **Governing Law and Venue.** This Note shall be governed by and construed solely in accordance with the laws of the State of California without giving effect to applicable

conflict of laws provisions. Borrower and Lender agree that the sole jurisdiction and venue for any litigation arising out of the Note involving Borrower or Lender shall be in the appropriate federal or state court located in San Diego County, California.

17. **No Waiver.** The failure to exercise any rights herein shall not constitute a waiver of the right to exercise the same or any other right at any subsequent time in respect of the same event or any other event.

18. **Entire Agreement.** This Note contains the entire understanding and agreement between the parties with respect to the subject matter herein and may not be altered or amended except by the written agreement of the parties.

19. **Management Rights.** During any time when this Note is outstanding, or when the Lender holds any stock, or any warrants to acquire stock where the combination of both could result in the Lender owning stock with a current value of one million dollars or greater, in the Borrower, Lender shall have the following rights:

a. Lender shall be entitled to consult with and advise management of the Borrower on significant business issues, including management's proposed annual operating plans, and management will meet with Lender regularly during each year at the Borrower's facilities at mutually agreeable times for such consultation and advice and to review progress in achieving said plans.

b. Lender may examine the books and records of the Borrower and inspect its facilities and may request information at reasonable times and intervals concerning the general status of the Borrower's financial condition and operations, provided that access to highly confidential proprietary information and facilities need not be provided.

c. The Borrower shall, concurrently with delivery to the board of directors, give a representative of Lender copies of all notices, minutes, consents and other material that the Borrower provides to its directors, except that the representative may be excluded from access to any material or meeting or portion thereof if the board of directors determines in good faith, upon advice of counsel, that such exclusion is reasonably necessary to preserve the attorney-client privilege, to protect highly confidential proprietary information, or for other similar reasons. Upon reasonable notice and at a scheduled meeting of the board or such other time, if any, as the board may determine in its sole discretion, such representative may address the board with respect to Lender's concerns regarding significant business issues facing the Borrower.

IN WITNESS WHEREOF, Borrower has executed this Note as of the date first hereinabove written.

BORROWER:

Envision Solar International, Inc.
a Nevada corporation

By: /s/ Desmond Wheatley___
Desmond Wheatley, Chief Executive Officer

LENDER:


a California limited liability company

By: /s/ Lender___
[]

SECURITY AGREEMENT - PURCHASE ORDER FINANCING

THIS SECURITY AGREEMENT (this "Agreement") is made and entered into this 18th day of September 2017, by and between [REDACTED], a California limited liability company (the "Secured Party") and Envision Solar International, Inc., a Nevada corporation ("Debtor").

RECITALS

A. Debtor has become obligated to make payment of certain monies to the Secured Party pursuant to a written Revolving Convertible Promissory Note of even date herewith (the "Note").

B. As an express condition of Secured Party's accepting the Note, Secured Party requires that the Debtor grant the Secured Party a security interest in all of Debtor's purchase orders and all proceeds from those purchase orders, as more fully described in Section 1 to this Agreement.

WHEREFORE, the parties do hereby agree as follows:

1. Grant of Security Interest.

As security for the payment of all amounts payable under the aforesaid Note, Debtor hereby grants to Secured Party a second priority, recorded, perfected security interest in the following assets of the Debtor (the "Collateral"):

"All of Debtor's now owned or hereafter existing or acquired cash, cash equivalents, marketable securities, purchase orders, accounts receivable, general intangibles, tangible assets, equipment, furniture, fixtures, inventory, goods, instruments, personal property, and chattel paper, together with all proceeds derived from such assets."

Said security interest in the Collateral is hereby granted upon the terms, covenants and agreements set forth in this Agreement.

2. Representations as to Ownership.

Debtor hereby represents that it has not sold, transferred or otherwise disposed of, or agreed to sell, transfer or otherwise dispose of the Collateral or any part thereof or any interest therein except in the ordinary course of business. Debtor further represents that it has not encumbered, or agreed to encumber, the Collateral or any part thereof or any interest therein, except in the ordinary course of business or in accordance with that certain Convertible Secured Promissory Note by and between Debtor and Secured Party, dated of even date herewith.

3. Covenants of Debtor.

Debtor hereby covenants and agrees with Secured Party that, during the term hereof:

(a) Debtor shall not sell, transfer or otherwise dispose of the Collateral or any part thereof, or agree to sell, transfer or otherwise dispose of the Collateral or any part thereof, or any interest therein, without the prior written consent of Secured Party, except in the ordinary course of business;

(b) Debtor shall not encumber, or agree to encumber, the Collateral, or any part thereof or any interest therein, by a prior security interest without the prior written consent of Secured Party, except in the ordinary course of business;

(c) Debtor shall not permit or suffer any lien to hereafter attach to, or be levied upon, the Collateral or any part thereof or any interest therein, under legal process and to continue unextinguished for a period of more than ninety (90) days unless, within such ninety (90) day period, an appropriate bond satisfactory to Secured Party is given to stay the effect of such lien, except in the ordinary course of business;

(d) Until all obligations secured hereby are paid in full, Debtor shall defend the Collateral against the claims and demands of all persons arising out of matters occurring after the delivery hereof, other than matters which are the obligations of Secured Party, and promptly pay, when due, all taxes and assessments upon the Collateral; and

(e) Debtor will execute and Lender will properly record a UCC-1 Financing Statement (which Lender may do without Debtor's signature), and such other documents, and do such other acts and things, as the Secured Party may reasonably require from time to time to establish and maintain a valid perfected recorded security interest in the Collateral.

4. Default.

(a) An Event of Default shall be deemed to have occurred hereunder if Debtor defaults under any of its payment obligations to the Secured Party in the Note, or shall materially breach any term of the Note or this Agreement.

(b) Upon the occurrence of an Event of Default hereunder, Secured Party may, at its option:

(i) Declare all obligations secured hereby immediately due and payable; and

(ii) Proceed forthwith with foreclosure of its security interests in the Collateral in the manner provided by law, and may cause the Collateral to be sold, upon due notice, at the election of Secured Party, at either public or private sale, for cash or upon terms, at such price or prices, and in such manner in all respects as Secured Party may deem proper, and at such sale Secured Party may purchase the whole or any part of the Collateral. From the proceeds of any such sale Secured Party shall first pay all costs and expenses (including reasonable expenses for attorneys' fees), and shall apply the balance of such proceeds to accrued unpaid

interest and then to principal on the Note.

(iii) Secured Party may seek all other remedies available to it at law or in equity under California law, including without limitation the California uniform commercial code.

5. Appointment of Secured Party as Attorney-in-Fact.

Debtor hereby appoints Secured Party as Debtor's Attorney-in-Fact to do the following in the Event of Default by the Debtor:

(a) Receive, take, endorse, assign and deliver in Secured Party's name or Debtor's name any and all checks, notes, drafts and other instruments relating to the Collateral;

(b) Take or bring in the name of Debtor or Secured Party all steps, actions and suits deemed by Secured Party necessary or desirable to effect collection of the Collateral;

(c) Settle, compromise or release in whole or in part, any amounts due Debtor from his account debtors;

(d) Extend the time for payment of any sums due to Debtor by Debtor's account debtors; and

(e) Do all things necessary or appropriate to carry out this Agreement.

This power, being coupled with interest, is irrevocable so long as Debtor has any obligation to the Secured Party under the Note. Secured Party shall be further permitted access to all of Debtor's books and records relating to the Collateral during normal working hours, on such notice as Secured Party may deem appropriate.

6. Release of Security Interest.

Upon performance of all obligations secured hereby, the security interests herein granted shall terminate and Secured Party shall execute such instruments and perform such acts as may be reasonably requested by Debtor in connection with the release and termination of such security interest.

7. No Waiver.

No waiver by Secured Party of any default hereunder shall operate as a waiver of any other default hereunder or of the same default on a future occasion. All rights and remedies of Secured Party hereunder, or under any other instrument securing any of the obligations secured hereby, shall be cumulative to the full extent permitted by law.

8. Notices.

All notices, demands, requests or other communications required or permitted to be given or made under this Security Agreement shall be in writing and shall be deemed to have been duly given or served if sent by United States registered or certified mail, postage prepaid, addressed to the party intended, or by personal delivery, at its address set forth below (or such other address as it may designate by notice given to the other party in manner aforesaid) to wit:

Secured Party:



Telephone: _____
Email Address: _____
Attention: _____

Debtor:

Envision Solar International, Inc.
5660 Eastgate Drive
San Diego, California 92126
Telephone No.: (858) 799-4583
Email Address: desmond.wheatley@envisionsolar.com
Attention: Desmond Wheatley, Chief Executive Officer

In the case of a mailed notice, the registration slip or certificate slip, and not the return slip, shall be conclusive evidence of the mailing of any such notice, and such notice shall be deemed to have been given three (3) days after such mailing.

9. Miscellaneous.

(a) Applicable Law. This Agreement shall, in all respects, be governed by the laws of the State of California.

(b) Severability. Nothing contained herein shall be construed so as to require the commission of any act contrary to law, and wherever there is any conflict between any provision contained herein and any present or future statute, law, ordinance or regulation, the latter shall prevail, and the provision of this Agreement which is affected shall be curtailed and limited only to the extent necessary to bring it within the requirements of the law.

(c) Further Assurances. Each of the parties hereto shall execute and deliver, and acknowledge as appropriate any and all additional papers, documents and other assurances, and shall do any and all acts and things reasonably necessary in connection with the performance of their obligations hereunder to carry out the intent of the parties hereto, including without limitation the execution and recording of a UCC-1 Financing Statement in a form satisfactory to Secured Party and its counsel.

(d) Modification or Amendments. No amendment, change or modification of this Agreement shall be valid, unless in writing and signed by all of the parties to this Agreement.

(e) Successors and Assigns. Except as otherwise expressly provided herein, no party may assign or transfer its rights or obligations hereunder without the written consent of all parties to this Agreement. If properly assigned and transferred, all of the terms and provision contained herein shall inure to the benefit of and shall be binding upon the parties hereto and their respective heirs, legal representatives, successor and assigns.

(f) Entire Agreement. This Agreement constitutes the entire understanding and agreement of the parties with respect to its subject matter and any and all prior agreements, understandings and representations with respect to its subject matter are hereby terminated and cancelled in their entirety and are of no further force or effect. No party shall be entitled to rely on any statement, representation or agreement not herein stated.

(g) Interpretation. The covenants of good faith and fair dealing are incorporated herein by this reference. This Agreement shall, whenever possible, be given a reasonable practical and workable interpretation so as to affect the general intentions of the parties. Neither party shall be entitled to any advantages due to another party's preparation of this Agreement.

(h) Captions. The captions appearing at the commencement of the paragraph hereof are descriptive only and for convenience in reference. Should there be any conflict between any such caption and the paragraph at the head of which it appears, the section and not such caption shall control and govern in the construction of this Agreement.

(i) Parties in Interest. Nothing in this Agreement, whether express or implied, is intended to confer any rights or remedies under or by reason of the Agreement on any persons other than the parties and, where applicable, their respective owners, partners, shareholders, directors, officers, employees, servants, representatives, agents heirs, executors, administrators, successors and/or assigns. Nor is anything in this Agreement intended to relieve or discharge the obligation or liability of any third person to any party to this Agreement.

(j) Exhibits. All exhibits attached hereto are hereby incorporated by this reference.

(k) Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties have executed this Security Agreement on the date first hereinabove set forth.

SECURED PARTY:

██████████

A California limited liability company

By: /s/ Lender

Its:

DEBTOR:

Envision Solar International, Inc.

By: /s/ Desmond Wheatley
Desmond Wheatley, Chief Executive Officer

SECURITY AGREEMENT - CONVERTIBLE SECURED PROMISSORY NOTE

THIS SECURITY AGREEMENT (this "Agreement") is made and entered into this 18th day of September 2017, by and between [REDACTED], a California limited liability company (the "Secured Party") and Envision Solar International, Inc., a Nevada corporation ("Debtor").

RECITALS

A. Debtor has become obligated to make payment of certain monies to the Secured Party pursuant to a written Convertible Secured Promissory Note of even date herewith (the "Note").

B. As an express condition of Secured Party's accepting the Note, Secured Party requires that the Debtor grant the Secured Party a security interest in all of Debtor's assets, as more fully described in Section 1 to this Agreement.

WHEREFORE, the parties do hereby agree as follows:

1. Grant of Security Interest.

As security for the payment of all amounts payable under the aforesaid Note, Debtor hereby grants to Secured Party a first priority, recorded, perfected security interest in the following assets of the Debtor (the "Collateral"):

"All of Debtor's now owned or hereafter existing or acquired cash, cash equivalents, marketable securities, purchase orders, accounts receivable, general intangibles, tangible assets, equipment, furniture, fixtures, inventory, goods, instruments, personal property, and chattel paper, together with all proceeds derived from such assets."

Said security interest in the Collateral is hereby granted upon the terms, covenants and agreements set forth in this Agreement.

2. Representations as to Ownership.

Debtor hereby represents that it has not sold, transferred or otherwise disposed of, or agreed to sell, transfer or otherwise dispose of the Collateral or any part thereof or any interest therein except in the ordinary course of business. Debtor further represents that it has not encumbered, or agreed to encumber, the Collateral or any part thereof or any interest therein, except in the ordinary course of business or in accordance with that certain Revolving Convertible Promissory Note by and between Debtor and Secured Party, dated of even date herewith.

3. Covenants of Debtor.

Debtor hereby covenants and agrees with Secured Party that, during the term hereof:

(a) Debtor shall not sell, transfer or otherwise dispose of the Collateral or any part thereof, or agree to sell, transfer or otherwise dispose of the Collateral or any part thereof, or any interest therein, without the prior written consent of Secured Party, except in the ordinary course of business;

(b) Debtor shall not encumber, or agree to encumber, the Collateral, or any part thereof or any interest therein, by a prior security interest without the prior written consent of Secured Party, except in the ordinary course of business;

(c) Debtor shall not permit or suffer any lien to hereafter attach to, or be levied upon, the Collateral or any part thereof or any interest therein, under legal process and to continue unextinguished for a period of more than ninety (90) days unless, within such ninety (90) day period, an appropriate bond satisfactory to Secured Party is given to stay the effect of such lien, except in the ordinary course of business;

(d) Until all obligations secured hereby are paid in full, Debtor shall defend the Collateral against the claims and demands of all persons arising out of matters occurring after the delivery hereof, other than matters which are the obligations of Secured Party, and promptly pay, when due, all taxes and assessments upon the Collateral; and

(e) Debtor will execute and Lender will properly record a UCC-1 Financing Statement (which Lender may do without Debtor's signature), and such other documents, and do such other acts and things, as the Secured Party may reasonably require from time to time to establish and maintain a valid perfected recorded security interest in the Collateral.

4. Default.

(a) An Event of Default shall be deemed to have occurred hereunder if Debtor defaults under any of its payment obligations to the Secured Party in the Note, or shall materially breach any term of the Note or this Agreement.

(b) Upon the occurrence of an Event of Default hereunder, Secured Party may, at its option:

(i) Declare all obligations secured hereby immediately due and payable; and

(ii) Proceed forthwith with foreclosure of its security interests in the Collateral in the manner provided by law, and may cause the Collateral to be sold, upon due notice, at the election of Secured Party, at either public or private sale, for cash or upon terms, at such price or prices, and in such manner in all respects as Secured Party may deem proper, and at such sale Secured Party may purchase the whole or any part of the Collateral. From the proceeds of any such sale Secured Party shall first pay all costs and expenses (including reasonable expenses for attorneys' fees), and shall apply the balance of such proceeds to accrued unpaid

interest and then to principal on the Note.

(iii) Secured Party may seek all other remedies available to it at law or in equity under California law, including without limitation the California uniform commercial code.

5. Appointment of Secured Party as Attorney-in-Fact.

Debtor hereby appoints Secured Party as Debtor's Attorney-in-Fact to do the following in the Event of Default by the Debtor:

(a) Receive, take, endorse, assign and deliver in Secured Party's name or Debtor's name any and all checks, notes, drafts and other instruments relating to the Collateral;

(b) Take or bring in the name of Debtor or Secured Party all steps, actions and suits deemed by Secured Party necessary or desirable to effect collection of the Collateral;

(c) Settle, compromise or release in whole or in part, any amounts due Debtor from his account debtors;

(d) Extend the time for payment of any sums due to Debtor by Debtor's account debtors; and

(e) Do all things necessary or appropriate to carry out this Agreement.

This power, being coupled with interest, is irrevocable so long as Debtor has any obligation to the Secured Party under the Note. Secured Party shall be further permitted access to all of Debtor's books and records relating to the Collateral during normal working hours, on such notice as Secured Party may deem appropriate.

6. Release of Security Interest.

Upon performance of all obligations secured hereby, the security interests herein granted shall terminate and Secured Party shall execute such instruments and perform such acts as may be reasonably requested by Debtor in connection with the release and termination of such security interest.

7. No Waiver.

No waiver by Secured Party of any default hereunder shall operate as a waiver of any other default hereunder or of the same default on a future occasion. All rights and remedies of Secured Party hereunder, or under any other instrument securing any of the obligations secured hereby, shall be cumulative to the full extent permitted by law.

8. Notices.

All notices, demands, requests or other communications required or permitted to be given or made under this Security Agreement shall be in writing and shall be deemed to have been duly given or served if sent by United States registered or certified mail, postage prepaid, addressed to the party intended, or by personal delivery, at its address set forth below (or such other address as it may designate by notice given to the other party in manner aforesaid) to wit:

Secured Party:



Telephone: _____
Email Address: _____
Attention: _____

Debtor:

Envision Solar International, Inc.
5660 Eastgate Drive
San Diego, California 92126
Telephone No.: (858) 799-4583
Email Address: desmond.wheatley@envisionsolar.com
Attention: Desmond Wheatley, Chief Executive Officer

In the case of a mailed notice, the registration slip or certificate slip, and not the return slip, shall be conclusive evidence of the mailing of any such notice, and such notice shall be deemed to have been given three (3) days after such mailing.

9. Miscellaneous.

(a) Applicable Law. This Agreement shall, in all respects, be governed by the laws of the State of California.

(b) Severability. Nothing contained herein shall be construed so as to require the commission of any act contrary to law, and wherever there is any conflict between any provision contained herein and any present or future statute, law, ordinance or regulation, the latter shall prevail, and the provision of this Agreement which is affected shall be curtailed and limited only to the extent necessary to bring it within the requirements of the law.

(c) Further Assurances. Each of the parties hereto shall execute and deliver, and acknowledge as appropriate any and all additional papers, documents and other assurances, and shall do any and all acts and things reasonably necessary in connection with the performance of their obligations hereunder to carry out the intent of the parties hereto, including without limitation the execution and recording of a UCC-1 Financing Statement in a form satisfactory to Secured Party and its counsel.

(d) Modification or Amendments. No amendment, change or modification of this Agreement shall be valid, unless in writing and signed by all of the parties to this Agreement.

(e) Successors and Assigns. Except as otherwise expressly provided herein, no party may assign or transfer its rights or obligations hereunder without the written consent of all parties to this Agreement. If properly assigned and transferred, all of the terms and provision contained herein shall inure to the benefit of and shall be binding upon the parties hereto and their respective heirs, legal representatives, successor and assigns.

(f) Entire Agreement. This Agreement constitutes the entire understanding and agreement of the parties with respect to its subject matter and any and all prior agreements, understandings and representations with respect to its subject matter are hereby terminated and cancelled in their entirety and are of no further force or effect. No party shall be entitled to rely on any statement, representation or agreement not herein stated.

(g) Interpretation. The covenants of good faith and fair dealing are incorporated herein by this reference. This Agreement shall, whenever possible, be given a reasonable practical and workable interpretation so as to affect the general intentions of the parties. Neither party shall be entitled to any advantages due to another party's preparation of this Agreement.

(h) Captions. The captions appearing at the commencement of the paragraph hereof are descriptive only and for convenience in reference. Should there be any conflict between any such caption and the paragraph at the head of which it appears, the section and not such caption shall control and govern in the construction of this Agreement.

(i) Parties in Interest. Nothing in this Agreement, whether express or implied, is intended to confer any rights or remedies under or by reason of the Agreement on any persons other than the parties and, where applicable, their respective owners, partners, shareholders, directors, officers, employees, servants, representatives, agents heirs, executors, administrators, successors and/or assigns. Nor is anything in this Agreement intended to relieve or discharge the obligation or liability of any third person to any party to this Agreement.

(j) Exhibits. All exhibits attached hereto are hereby incorporated by this reference.

(k) Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties have executed this Security Agreement on the date first hereinabove set forth.

SECURED PARTY:

██████████,

A California limited liability company

By: /s/ Lender

Its:

DEBTOR:

Envision Solar International, Inc.

By: /s/ Desmond Wheatley
Desmond Wheatley, Chief Executive Officer

THIS SECURITY HAS NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES ACT OF 1933 (THE "ACT") OR THE SECURITIES LAWS OF ANY STATE AND MAY NOT BE OFFERED OR SOLD UNLESS REGISTERED AND QUALIFIED PURSUANT TO THE APPLICABLE PROVISIONS OF FEDERAL AND STATE SECURITIES LAWS OR UNLESS AN EXEMPTION FROM SUCH REGISTRATION OR QUALIFICATION APPLIES. THEREFORE, NO SALE OR TRANSFER OF THIS SECURITY SHALL BE MADE, NO ATTEMPTED SALE OR TRANSFER SHALL BE VALID, AND THE ISSUER SHALL NOT BE REQUIRED TO GIVE ANY EFFECT TO ANY SUCH TRANSACTION UNLESS (A) SUCH TRANSACTION HAS BEEN DULY REGISTERED UNDER THE ACT AND QUALIFIED OR APPROVED UNDER APPROPRIATE STATE SECURITIES LAWS, OR (B) THE ISSUER HAS FIRST RECEIVED AN OPINION OF COUNSEL REASONABLY SATISFACTORY TO IT THAT SUCH REGISTRATION, QUALIFICATION OR APPROVAL IS NOT REQUIRED.

WARRANT

For the Purchase of Shares of Common Stock of
ENVISION SOLAR INTERNATIONAL, INC.

Void After 5 P.M. _____, 20__

No. _____ Date: _____

Warrant to Purchase _____ (_____) Shares of Common Stock

THIS IS TO CERTIFY, that, for value received, _____, or registered assigns (the "Holder"), is entitled, subject to the terms and conditions hereinafter set forth, on or after the date hereof, and at any time prior to 5 P.M., Pacific Time ("PT"), on _____, 20__, but not thereafter, to purchase such number of shares of common stock, par value \$0.001 (the "Shares"), of Envision Solar International, Inc., a Nevada corporation (the "Company"), from the Company as set forth above, upon payment to the Company of an amount per Share equal to (a) \$0.15, if the Warrant is issued under Paragraph 6 of that certain Convertible Secured Promissory Note, dated September __, 2017, issued by the Company, as borrower, to the Holder, as lender, or otherwise (b) the greater of (i) \$0.15 or (ii) 75% of the Volume Weighted Average Price of the Company's common stock that is quoted on a public securities trading market (if more than one, the one with the then highest trading volume), during the five (5) consecutive trading days immediately prior to the date of the issuance of this Warrant, which is the date of this Warrant first above written (the "Purchase Price"), if and to the extent this Warrant is exercised, in whole or in part, during the period this Warrant remains in force, subject in all cases to adjustment as provided in Section 2 hereof, and to receive a certificate or certificates representing the Shares so purchased upon presentation and surrender to the Company of this Warrant with the form of Subscription Agreement attached hereto, including changes thereto reasonably requested by the Company, duly executed and accompanied by payment of the Purchase Price of each Share.

SECTION 1.

Terms of this Warrant

1.1 Time of Exercise. This Warrant may be exercised at any time and from time to time after 9:00 A.M., PT, on the date hereof (the "Exercise Commencement Date"), but no later than 5:00 P.M., PT on _____, 20__ (the "Expiration Time"), at which time this Warrant shall become void and all rights hereunder shall cease.

1.2 Manner of Exercise.

1.2.1 The Holder may exercise this Warrant, in whole or in part, upon surrender of this Warrant, with the form of Subscription Agreement attached hereto duly executed, to the Company at its corporate office in San Diego, California, and upon payment to the Company of the full Purchase Price for each Share to be purchased in lawful money of the United States, or by certified or cashier's check, or wired funds, and upon compliance with and subject to the conditions set forth herein.

1.2.2 Upon receipt of this Warrant with the form of Subscription Agreement duly executed and accompanied by payment of the aggregate Purchase Price for the Shares for which this Warrant is then being exercised, the Company shall cause to be issued certificates for the total number of whole Shares for which this Warrant is being exercised in such denominations as are required for delivery to the Holder, and the Company shall thereupon deliver such certificates to the Holder or its nominee.

1.2.3 In case the Holder shall exercise this Warrant with respect to less than all of the Shares that may be purchased under this Warrant, the Company shall execute a new Warrant for the balance of the Shares that may be purchased upon exercise of this Warrant and deliver such new Warrant to the Holder.

1.2.4 The Company covenants and agrees that it will pay when due and payable any excise taxes which may be payable in respect of the issue of this Warrant, or the issue of Shares upon the exercise of this Warrant. The Company shall not, however, be required to pay any tax which may be payable in respect of any transfer involved in the issuance or delivery of this Warrant or of the Shares in a name other than that of the Holder at the time of surrender, and until the payment of such tax the Company shall not be required to issue such Shares.

1.3 Exchange of Warrant. This Warrant may be divided into, combined with or exchanged for another Warrant or Warrants of like tenor to purchase a like aggregate number of Shares. If the Holder desires to divide, combine or exchange this Warrant, he shall make such request in writing delivered to the Company at its corporate office and shall surrender this Warrant and any other Warrants to be so divided, combined or exchanged. The Company shall execute and deliver to the person entitled thereto a Warrant or Warrants, as the case may be, as so requested. The Company shall not be required to effect any division, combination or exchange which will result in the issuance of a Warrant entitling the Holder to purchase upon exercise a fraction of a Share. The Company may require the Holder to pay a sum sufficient to cover any tax or governmental charge that may be imposed in connection with any division, combination or exchange of Warrants.

1.4 Holder as Owner. Prior to surrender of this Warrant in accordance with Section 1.5 for registration or assignment, the Company may deem and treat the Holder as the absolute owner of this Warrant (notwithstanding any notation of ownership or other writing hereon) for the purpose of any exercise hereof and for all other purposes, and the Company shall not be affected by any notice to the contrary.

1.5 Method of Assignment. Any assignment or transfer of any portion or all of this Warrant shall be made by surrender of this Warrant to the Company at its principal office with the form of assignment attached hereto duly executed and accompanied by funds sufficient to pay any transfer tax. In such event, the Company shall, without charge, execute and deliver a new Warrant in the name of the assignee named in such instrument of assignment and this Warrant shall promptly be canceled.

1.6 Rights of Holder. Nothing contained in this Warrant shall be construed as conferring upon the Holder the right to vote, consent or receive notice as a shareholder in respect of any meetings of shareholders for the election of directors or any other matter, or as having any rights whatsoever as a shareholder of the Company, until Shares are duly and properly issued to the Holder upon the exercise of this Warrant.

1.7 Lost Certificates. If this Warrant is lost, stolen, mutilated or destroyed, the Company shall, on such reasonable terms as to indemnity or otherwise as it may impose (which shall, in the case of a mutilated Warrant, include the surrender thereof), issue a new Warrant of like denomination and tenor as, and in substitution for, this Warrant, which shall thereupon become void. Any such new Warrant shall constitute a substituted and not an additional contractual obligation of the Company.

1.8 Covenants of the Company. The Company covenants and agrees as follows:

1.8.1 At all times the Company shall reserve and keep available for the exercise of this Warrant such number of authorized shares of Common Stock as are sufficient to permit the exercise in full of this Warrant.

1.8.2 The Company covenants that all Shares when issued upon the exercise of this Warrant will be validly issued, fully paid, nonassessable and free of preemptive rights.

SECTION 2.

Adjustment of Purchase Price and Number of Shares Purchasable upon Exercise

2.1 Stock Splits. If the Company at any time or from time to time after the issuance date of this Warrant effects a subdivision of the outstanding Common Stock, the Purchase Price then in effect immediately before that subdivision shall be proportionately decreased, and conversely, if the Company at any time or from time to time after the issuance date of this Warrant combines the outstanding shares of Common Stock, the Purchase Price then in effect immediately before the combination shall be proportionately increased. Any adjustment under this subsection 2.1 shall become effective at the close of business on the date the subdivision or combination becomes effective.

2.2 Dividends and Distributions. In the event the Company at any time, or from time to time after the issuance date of this Warrant makes, or fixes a record date for the determination of holders of Common Stock entitled to receive, a dividend or other distribution payable in additional shares of Common Stock, then and in each such event the Purchase Price then in effect shall be decreased as of the time of such issuance or, in the event such a record date is fixed, as of the close of business on such record date, by multiplying the Purchase Price then in effect by a fraction (i) the numerator of which is the total number of shares of Common Stock issued and outstanding immediately prior to the time of such issuance or the close of business on such record date, and (ii) the denominator of which shall be the total number of shares of Common Stock issued and outstanding immediately prior to the time of such issuance or the close of business on such record date plus the number of shares of Common Stock issuable in payment of such dividend or distribution; provided, however, that if such record date is fixed and such dividend is not fully paid or if such distribution is not fully made on the date fixed therefor, the Purchase Price shall be recomputed accordingly as of the close of business on such record date and thereafter the Purchase Price shall be adjusted pursuant to this subsection 2.2 as of the time of actual payment of such dividends or distributions.

2.3 Recapitalization or Reclassification. If the Shares issuable upon the exercise of the Warrant are changed into the same or a different number of shares of any class or classes of stock, whether by recapitalization, reclassification or otherwise (other than a subdivision or combination of shares or stock dividend or a reorganization, merger, consolidation or sale of assets, provided for elsewhere in this Section 2), then, and in any such event, the Holder shall thereafter be entitled to receive upon exercise of this Warrant such number and kind of stock or other securities or property of the Company to which a holder of Shares deliverable upon exercise of this Warrant would have been entitled on such reclassification or other change, subject to further adjustment as provided herein.

SECTION 3.

Status Under the Securities Act of 1933

This Warrant and the Shares issuable upon exercise of this Warrant have not been registered under the Securities Act of 1933, as amended (“the Act”). Upon exercise, in whole or in part, of this Warrant, the certificates representing the Shares shall bear the legend first above written.

SECTION 4.

Other Matters

4.1 Binding Effect. All the covenants and provisions of this Warrant by or for the benefit of the Company shall bind and inure to the benefit of its successors and assigns hereunder.

4.2 Notices. Notices or demands pursuant to this Warrant to be given or made by the Holder to or on the Company shall be sufficiently given or made if sent by certified or registered mail, return receipt requested, postage prepaid, or by email or facsimile or personal delivery and addressed, until another address is designated in writing by the Company, as follows:

Envision Solar International, Inc.
5660 Eastgate Drive
San Diego, California 92126
Telephone No.: (858) 799-4583
Facsimile No.: (858) _____
Email Address: _____
Attention: Desmond Wheatley, Chief Executive Officer

Notices to the Holder provided for in this Warrant shall be deemed given or made by the Company if sent by certified or registered mail, return receipt requested, postage prepaid, or by facsimile or email or personal delivery and addressed to the Holder at his last known address as it shall appear on the books of the Company.

4.3 Governing Law. The validity, interpretation and performance of this Warrant shall be governed by the laws of the State of California. The venue for any legal proceedings under this Warrant will be in the appropriate forum in the County of San Diego, State of California.

4.4 Parties Bound and Benefited. Nothing in this Warrant expressed and nothing that may be implied from any of the provisions hereof is intended, or shall be construed, to confer upon, or give to, any person or corporation other than the Company and the Holder any right, remedy or claim under any promise or agreement hereof, and all covenants, conditions, stipulations, promises and agreements contained in this Warrant shall be for the sole and exclusive benefit of the Company and its successors and of the Holder, its successors and permitted assigns.

4.5 Headings. The Section headings herein are for convenience only and are not part of this Warrant and shall not affect the interpretation thereof.

IN WITNESS WHEREOF, this Warrant has been duly executed by the Company as of _____,
201_.

ENVISION SOLAR INTERNATIONAL, INC.

By: _____
Desmond Wheatley, Chief Executive Officer

ASSIGNMENT OF WARRANT

FOR VALUE RECEIVED, _____ hereby sells, assigns and transfers unto _____ the within Warrant and the rights represented thereby, and does hereby irrevocably constitute and appoint _____ Attorney, to transfer said Warrant on the books of the Company, with full power of substitution.

Dated: _____

Signed: _____

Signature guaranteed:

**SUBSCRIPTION AGREEMENT
FOR THE EXERCISE OF WARRANTS**

The undersigned hereby irrevocably subscribes for the purchase of _____ Shares pursuant to and in accordance with the terms and conditions of this Warrant, which Shares should be delivered to the undersigned at the address stated below. If said number of Shares are not all of the Shares purchasable hereunder, a new Warrant of like tenor for the balance of the remaining Shares purchasable hereunder should be delivered to the undersigned at the address stated below.

The undersigned elects to pay the aggregate Purchase Price for such Shares in the following manner:

by the enclosed cash or check made payable to the Company in the amount of \$ _____; or

by wire transfer of United States funds to the account of the Company in the amount of \$ _____, which transfer has been made before or simultaneously with the delivery of this Notice pursuant to the instructions of the Company.

The undersigned agrees that: (1) the undersigned will not offer, sell, transfer or otherwise dispose of any Shares unless either (a) a registration statement, or post-effective amendment thereto, covering the Shares has been filed with the Securities and Exchange Commission pursuant to the Securities Act of 1933, as amended (the "Act"), such sale, transfer or other disposition is accompanied by a prospectus meeting the requirements of Section 10 of the Act forming a part of such registration statement, or post-effective amendment thereto, which is in effect under the Act covering the Shares to be so sold, transferred or otherwise disposed of, and all applicable state securities laws have been complied with, or (b) counsel reasonably satisfactory to Envision Solar International, Inc. has rendered an opinion in writing and addressed to Envision Solar International, Inc. that such proposed offer, sale, transfer or other disposition of the Shares is exempt from the provisions of Section 5 of the Act in view of the circumstances of such proposed offer, sale, transfer or other disposition; (2) Envision Solar International, Inc. may notify the transfer agent for the Shares that the certificates for the Shares acquired by the undersigned are not to be transferred unless the transfer agent receives advice from Envision Solar International, Inc. that one or both of the conditions referred to in (1)(a) and (1)(b) above have been satisfied; and (3) Envision Solar International, Inc. may affix the legend set forth in Section 3 of this Warrant to the certificates for the Shares hereby subscribed for, if such legend is applicable.

Dated: _____

Signed: _____

Signature
guaranteed: _____

Address: _____
