

INTELLECTUAL PROPERTY SECURITY AGREEMENT

This Intellectual Property Security Agreement (this "IP Agreement") is made effective as of the 30th day of April, 1998 by and between Versatility, Inc. ("Grantor"), and Silicon Valley Bank, a California banking corporation ("Lender").

RECITALS

A. Grantor is indebted to Lender pursuant to, among other documents, that certain Term Loan dated August 28, 1996 in the original principal amount of One Million Dollars (\$1,000,000.00) (the "Term Loan") evidenced by that certain Term Note dated August 28, 1996 in the original principal amount of One Million Dollars (\$1,000,000.00) (the "Term Note") having a present outstanding principal Tranche 1 Advance balance of One Hundred Seventeen Thousand Four Hundred Seventy One Dollars (\$117,471.00) and having a present outstanding principal Tranche 2 Advance balance of One Hundred Thirty Eight Thousand Nine Hundred Sixty Two Dollars (\$138,962.00) advanced thereunder in accordance with the terms and conditions of the Loan and Security Agreement dated August 28, 1996 and that certain Revolving Promissory Note dated October 29, 1997 in the original principal amount of Five Million Dollars (\$5,000,000.00) (the "Revolving Promissory Note") (the Term Note and the Revolving Promissory Notes being collectively referred to herein as the "Note") and a Loan and Security Agreement dated October 29, 1997, as amended by that certain First Amendment to Loan and Security Agreement dated January 26, 1998 (collectively the "Loan Agreement"). Grantor has requested certain modifications to the Loan Agreement and Lender is willing to modify the Loan Agreement, but only upon the condition, among others, that Grantor shall grant to Lender a security interest in certain Copyrights Trademarks, Patents, and Mask Works to secure the obligations of Grantor under the Loan Agreement. Defined terms used but not defined herein shall have the same meanings as in the Loan Agreement.

B. Pursuant to the terms of the Security Agreement, Grantor has granted to Lender a security Interest in all of Grantor's right title and interest, whether presently existing or hereafter acquired in, to and under all of the Collateral.

NOW, THEREFORE, for good and valuable consideration, receipt of which is hereby acknowledged and intending to be legally bound, as collateral security for the prompt and complete payment when due of Grantor's Indebtedness under the Loan Agreement, Grantor hereby represents, warrants, covenants and agrees as follows:

1. Grant of Security Interest. As collateral security for the prompt and complete payment and performance of all of Grantor's present or future Indebtedness, obligations and liabilities to Lender, Grantor hereby grants a security interest in all of Grantor's right, title and interest in, to and under its Intellectual Property Collateral (all of which shall collectively be called the "Intellectual Property Collateral"), including, without limitation, the following:

(a) Any and all copyright rights, copyright applications, copyright

(a) Any and all copyright rights, copyright applications, copyright registrations and like protections in each work or authorship and derivative work thereof, whether published or unpublished and whether or not the same also constitutes a trade secret, now or hereafter existing, created, acquired or hold, including without limitation those set forth on Exhibit A attached hereto (collectively, the "Copyrights");

(b) Any and all trade secrets, and any and all intellectual property rights in computer software and computer software products now or hereafter existing, created, acquired or held;

(c) Any and all design rights which may be available to Grantor now or hereafter existing, created, acquired or held;

(d) Any and all patents, patent applications and like protections including, without limitation, improvements, divisions, continuations, renewals, reissues, extensions and continuations in-part of the same, including without limitation the patents and patent applications set forth on Exhibit B attached hereto (collectively, the "Patents");

(e) Any trademark and Servicemark rights, whether registered or not, applications to register and registrations of the same and like protections, and the entire goodwill of the business of Grantor connected with and symbolized by such trademarks, including without limitation those set forth on Exhibit C attached hereto (collectively, the "Trademarks");

(f) All mask works or similar rights available for the protection of semiconductor chips, now owned or hereafter acquired, including, without limitation those set forth on Exhibit D attached hereto (collectively, the "Mask Works");

(g) Any and all claims for damages by way of past, present and future infringements of any of the rights Included above, with the right, but not the obligation, to sue for and collect such damages for said use or infringement of the intellectual property rights identified above;

(h) All licenses or other rights to use any of the Copyrights, Patents, Trademarks, or Mask Works and all license fees and royalties arising from such use to the extent permitted by such license or rights;

(i) All amendments, extensions, renewals and extensions of any of the Copyrights, Trademarks, Patents, or Mask Works; and

(j) All proceeds and products of the foregoing, including without limitation all payments under insurance or any indemnity or warranty payable in respect of any of the foregoing.

2. Authorization and Request, Grantor authorizes and requests that the Register of Copyrights and the Commissioner of Patents and Trademarks record this IP Agreement.

3. Covenants and Warranties. Grantor represents, warrants, covenants and agrees as follows:

(a) Grantor is now the sole owner of the Intellectual Property Collateral, except for non-exclusive licenses granted by Grantor to its customers in the ordinary course of business.

(b) Performance of this IP Agreement does not conflict with or result in a breach of any IP Agreement to which Grantor is bound, except to the extent that certain intellectual property agreements prohibit the assignment of the rights thereunder to a third party without the licensor's or other party's consent and this IP Agreement constitutes a security interest.

(c) During the term of this IP Agreement, Grantor will not transfer or otherwise encumber any interest in the Intellectual Property Collateral, except for non-exclusive licenses granted by Grantor in the ordinary course of business or as set forth in this IP Agreement;

(d) To its knowledge, each of the Patents, if any, is valid and enforceable, and no part of the Intellectual Property Collateral has been judged invalid or unenforceable, in whole or in part, and no claim has been made that any part of the Intellectual Property Collateral violates the rights of any third party;

(e) Grantor shall promptly advise Lender of any material adverse change in the composition of the Collateral, including but not limited to any subsequent ownership right of the Grantor in or to any Trademark, Patent, Copyright, or Mask Work specified in this IP Agreement;

(f) Grantor shall (i) protect, defend and maintain the validity and enforceability of the Trademarks, Patents, Copyrights, and Mask Works, (ii) use its best efforts to detect infringements of the Trademarks, Patents, Copyrights, and Mask Works and promptly advise Lender in writing of material infringements detected and (iii) not allow any Trademarks, Patents, Copyrights, or Mask Works to be abandoned, forfeited or dedicated to the public without the written consent of Lender, which shall not be unreasonably withheld, unless Grantor determines that reasonable business practices suggest that abandonment is appropriate.

(g) Upon execution of this IP Agreement, Grantor shall promptly register the most recent version of any of Grantor's Copyrights, if not so already registered, and shall, from time to time, execute and file such other instruments, and take such further actions as Lender may reasonably request from time to time to perfect or continue the perfection of Lender's interest in the Intellectual Property Collateral;

(h) This IP Agreement creates, and in the case of after acquired Intellectual Property Collateral, this IP Agreement will create at the time Grantor first has rights in such after acquired Intellectual Property Collateral, in favor of Lender a valid, first

priority security interest in the Intellectual Property Collateral in the United States securing the payment and performance of the obligations evidenced by the Note and the Loan Agreement upon making the filings referred to in clause (i) below. To the extent that a security interest in the Grantor's right, title and interest in and to the Patents and those Trademarks which have been registered, and for which registration applications have been filed, with the United States Patent and Trademark Office ("USPTO") can be perfected currently by the recordation of an assignment of the Patents and such Trademarks with the USPTO, Assignment Division, the filing of the IP Agreement in such office, with the appropriate fee paid, is sufficient to perfect such interest. To the extent that a security interest in the Grantor's right, title and interest in and to the registered Copyrights and the registered Mask Works can be perfected currently by recordation of an assignment of registered Copyrights and the registered Mask Works with the United States Copyright Office, the filing of the IP Agreement in such office, with the appropriate fee paid, is sufficient to perfect such interest.

(i) To its knowledge, except for, and upon, the filing with the USPTO with respect to the Patents and the Trademarks which have been registered and for which registration applications have been filed and assigned serial numbers with the USPTO and the Register of Copyrights with respect to the registered Copyrights and any registered Mask Works necessary to perfect the security interests created hereunder and except as has been already made or obtained, no authorization, approval or other action by, and no notice to or filing with, any U.S. governmental authority or U.S. regulatory body is required either (i) for the grant by Grantor of the security interest granted hereby or for the execution, delivery or performance of this IP Agreement by Grantor in the U.S. or (ii) for the perfection in the United States or the exercise by Lender of its rights and remedies thereunder;

(j) All information heretofore, herein or hereafter supplied to Lender by or on behalf of Grantor with respect to the Intellectual Property Collateral is accurate and complete in all material respects.

(k) Grantor shall not enter into any agreement that would materially impair or conflict with Grantor's obligations hereunder without Lender's prior written consent, which consent shall not be unreasonably withheld. Grantor shall not permit the inclusion in any material contract to which it becomes a party of any provisions that could or might in any way prevent the creation of a security interest in Grantor's rights and interest in any property included within the definition of the Intellectual property Collateral acquired under such contracts, except that certain contracts may contain anti-assignment provisions that could in affect prohibit the creation of a security interest in such contracts.

(l) Upon any executive officer of Grantor obtaining actual knowledge thereof, Grantor will promptly notify Lender in writing of any event that materially adversely affects the value of any material Intellectual Property Collateral, the ability of Grantor to dispose of any material Intellectual Property Collateral of the rights and remedies of Lender in relation thereto, including the levy of any legal process against any of the Intellectual Property Collateral,

4. Lender's Rights. Lender shall have the right, but not the obligation, to take, at Grantor's sole expense, any actions that Grantor is required under this IP Agreement to take but which Grantor fails to take, after fifteen (15) days' written notice to Grantor, Grantor shall reimburse and indemnify Lender for all reasonable costs and reasonable expenses incurred in the reasonable exercise of its rights under this section 4.

5. Inspection Rights. Grantor hereby grants to Lender and its employees, representatives and agents the right to visit, during reasonable hours upon prior reasonable written notice to Grantor, and any of Grantor's plants and facilities that manufacture, install or store products (or that have done so during the prior six-month period) that are sold utilizing any of the Intellectual Property Collateral, and to inspect the products and quality control records relating thereto upon reasonable written notice to Grantor and as often as may be reasonably requested, but not more than one (1) in every six (6) months; provided, however, nothing herein shall entitle Lender access to Grantor's trade secrets and other proprietary information.

6. Further Assurances; Attorney in Fact.

(a) On a continuing basis, Grantor will, subject to any prior licenses, encumbrances and restrictions and prospective licenses, make, execute, acknowledge and deliver, and file and record in the proper filing and recording places in the United States, all such instruments, including appropriate financing and continuation statements and collateral agreements and filings with the United States Patent and Trademarks Office and the Register of Copyrights, and take all such action as may reasonably be deemed necessary or advisable, or as requested by Lender, to perfect Lender's security interest in all Copyrights, Patents, Trademarks, and Mask Works and otherwise to carry out the intent and purposes of this IP Agreement, or for assuring and confirming to Lender the grant or perfection of a security interest in all Intellectual Property Collateral. The parties acknowledge and agree that Grantor's obligation hereunder to register copyrights with the U.S. Copyright Office shall be satisfied by Grantor's prompt registration of the copyright in any new computer program it may release after the date first written above and in each New Version and New Release of any computer program which is listed on Exhibit "A" to this IP Agreement. For purposes hereof, the term "New Version" shall mean any version of a computer program for which the assigned number, if it contains no decimal point, or the assigned number to the left of a single decimal point, increases; and the term "New Release" shall mean any version of the software for which the assigned number contains one decimal point and the number to the right of the decimal point increases by one. Should the assigned number for any computer program contain more than one decimal point, an increase in any number to the right of any decimal point other than the first shall be neither a New Version nor a New Release. For example, if a currently available computer program is numbered 1.1.1, a subsequent product numbered 2 would be a New Version, a subsequent product numbered 1.2 would be a New Release and a subsequent product numbered 1.1.2 would be neither a New Version nor a New Release.

(b) Grantor hereby irrevocably appoints Lender as Grantor's attorney-in-fact,

with full authority in the place and stead of Grantor and in the name of Grantor, Lender or otherwise, from time to time in Lender's discretion, upon Grantor's failure or inability to do so, to take any action and to execute any instrument which Lender may deem necessary or advisable to accomplish the purposes of this IP Agreement, including:

(i) To modify, in its sole discretion, without first obtaining Grantor's approval of or signature to such modification by amending Exhibit A, Exhibit B, Exhibit C, or Exhibit D of this IP Agreement, as appropriate, to include reference to any right, title or interest in any Copyrights, Patents, Trademarks or Mask Works acquired by Grantor after the execution hereof or to delete any reference to any right, title or interest in any Copyrights, Patents, Trademarks, or Mask Works in which Grantor no longer has or claims any right, title or interest; and

(ii) To file, in its sole discretion, one or more financing or continuation statements and amendments thereto, relative to any of the Intellectual Property Collateral without the signature of Grantor where permitted by law.

7. Events of Default. The occurrence of any of the following shall constitute an Event of Default under this IP Agreement:

(a) An Event of Default occurs under the Loan Agreement, the Note; or any document from Grantor to Lender; or

(b) Grantor breaches any warranty or agreement made by Grantor in this IP Agreement.

8. Remedies. Upon the occurrence and continuance of an Event of Default (after giving effect to any grace or cure periods), Lender shall have the right to exercise all the remedies of a secured party under the Virginia Uniform Commercial Code, including without limitation the right to require Grantor to assemble the Intellectual Property Collateral and any tangible property in which Lender has a security interest and to make it available to Lender at a place designated by Lender. Lender shall have a nonexclusive, royalty free license to use the Copyrights, Patents, Trademarks, and Mask Works to the extent reasonably necessary to permit Lender to exercise its rights and remedies upon the occurrence of an Event of Default. Grantor will pay any reasonable expenses (including reasonable attorney's fees) incurred by Lender in connection with the exercise of any of Lender's rights hereunder, including without limitation any expense incurred in disposing of the Intellectual Property Collateral. All of Lender's rights and remedies with respect to the Intellectual Property Collateral shall be cumulative.

9. Indemnity. Grantor agrees to defend, Indemnify and hold harmless Lender and its officers, employees, and agents against: (a) all obligations, demands, claims, and liabilities claimed or asserted by any other party In connection with the transactions contemplated by this IP Agreement, and (b) all losses or expenses In any way suffered, incurred, or paid by Lender as a result of or in any way arising out of. following or consequential to transactions between Lender and Grantor, whether under this IP Agreement or otherwise.

(including without limitations reasonable attorneys fees and reasonable expenses), except for losses arising from or out of Lender's gross negligence or willful misconduct.

10. Reassignment. At such time as Grantor shall completely satisfy all of the obligations secured hereunder, Lender shall promptly execute and deliver to Grantor all deeds, assignments, and other instruments as may be necessary or proper to reinvest in Grantor full title to the property assigned hereunder, subject to any disposition thereof which may have been made by Lender pursuant hereto.

11. Course of Dealing. No course of dealing, nor any failure to exercise, nor any delay in exercising any right, power or privilege hereunder shall operate as a waiver thereof.

12. Attorneys' Fees. If any action relating to this IP Agreement is brought by either party hereto against the other party, the prevailing party shall be entitled to recover reasonable attorneys fees, costs and disbursements.

13. Amendments. This IP Agreement may be amended only by a written instrument signed by both parties hereto.

14. Counterparts. This IP Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute the same instrument.

15. Governing Law and Jurisdiction. This IP Agreement shall be governed by the internal laws of the State of Maryland, without regard to principles of conflicts of law. GRANTOR ACCEPTS FOR ITSELF AND IN CONNECTION WITH ITS PROPERTIES, UNCONDITIONALLY, THE NON-EXCLUSIVE JURISDICTION OF ANY STATE OR FEDERAL COURT OF COMPETENT JURISDICTION IN THE STATE OF MARYLAND IN ANY ACTION, SUIT, OR PROCEEDING OF ANY KIND, AGAINST IT WHICH ARISES OUT OF OR BY REASON OF THIS AGREEMENT; PROVIDED, HOWEVER, THAT IF FOR ANY REASON LENDER CANNOT AVAIL ITSELF OF THE COURTS OF MARYLAND, GRANTOR ACCEPTS JURISDICTION OF THE COURTS AND VENUE IN SANTA CLARA COUNTY, CALIFORNIA. GRANTOR AND LENDER EACH HEREBY WAIVE THEIR RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS IP AGREEMENT OR ANY OF THE TRANSACTIONS CONTEMPLATED HEREIN, INCLUDING CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW OR STATUTORY CLAIMS. EACH PARTY RECOGNIZES AND AGREES THAT THE FOREGOING WAIVER CONSTITUTES A MATERIAL INDUCEMENT FOR IT TO ENTER INTO THIS IP AGREEMENT. EACH PARTY REPRESENTS AND WARRANTS THAT IS HAS REVIEWED THIS WAIVER WITH ITS LEGAL COUNSEL AND THAT IT KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL.

16. Confidentiality. In handling any confidential information, Lender shall exercise the same degree of care that it exercises with respect to its own proprietary information of the same types to maintain the confidentiality of any non-public information thereby received or received pursuant to this IP Agreement except that the disclosure of this information may be made (i) to the subsidiaries or affiliates of the Lender in connection with their present or prospective business relations with Grantor, (ii) to prospective transferee or purchasers of an interest in the obligations secured hereby, provided that they have entered into comparable confidentiality agreement in favor of Grantor and have delivered a copy to Grantor, (iii) as required by law, regulation, rule or order, subpoena judicial order or similar order and (iv) as may be required in connection with the examination, audit or similar investigation of Lender. Confidential information hereunder shall not include information that either: (a) is in the public domain or in the knowledge or possession of Lender when disclosed to Lender, or becomes part of the public domain after disclosure to Lender through no fault of Lender; or (b) is disclosed to Lender by a third party, provided Lender does not have actual knowledge that such third party is prohibited from disclosing such information.

IN WITNESS WHEREOF, the parties hereto have executed this IP Agreement on the day and year first above written.

GRANTOR:

Address of Grantor:

11781 Lee Jackson Memorial Highway
 Suite 600
 Fairfax, VA 22033
 Attn: _____

VERSATILITY, INC.

By: [Signature]
 Title: SVP-Finance

LENDER:

Address of Lender:

3003 Tasman Drive
 Santa Clara, CA 95054
 Attn: SEAN LINDEN
DOC DEPT 8

SILICON VALLEY BANK

By: [Signature]
 Title: SVP

Exhibit "A" attached to that certain Intellectual Property Security Agreement dated

EXHIBIT "A"
COPYRIGHTS

SCHEDULE A - ISSUED COPYRIGHTS

<u>COPYRIGHT DESCRIPTION</u>	<u>REGISTRATION NUMBER</u>	<u>DATE OF ISSUANCE</u>
IMF: information management facility	TXu 148-812	1983
TAC: telephone auto-dial controller	TXu 149-813	1983
PEN: forms processor	TXu 149-814	1983
Tacler: telephone auto-dial control least-cost routing	TXu 149-815	1983
Teletch marketing system (TTMS)	TXu 149-816	1983
Outcome computer programs (PMSI transfer)	TX 2-477-158	1990
Scripts, report writer and pen reference manual	TXu 404-201	1990
TAC: telephone auto-dial controller	TXu 404-365	1990
Powerphone driver	TXu 404-439	1990
PEN: fulfillment application translator and runtime system	TX 407-297	1990
The TTMS System Administrator's Handbook: A Guide to Daily TTMS Activities	TXu 406-298	1990
IMF: Information management facility computer program and learning about IMF manual	TXu 406-305	1990
The Teletch Link	TXu 406-320	1990
Application development course	TXu 406-321	1990
TTMS-generic scripts application code	TX2 825-759	1990

TTMS realtime performance monitor program and guide to the realtime performance monitor	TX2 825-820	1990
TTMS call anticipation program-CAP	TX2 825-821	1990
TTMS queue manager program (QMP)	TX2 825-822	1990
TTMS scripts application program and a user's guide to scripts, report writer and pen	TX2 825-836	1990
The User's Guide to the Message Server	TX3-137-938	1991
The Outcome Training Guide	TX3 556-574	1992
The Outcome Host's User's Guide	TX3 556-575	1992
The Outcome Powerhouse Host User's Guide	TX3 427-183	1992
Outcome for VAX/VMS computer programs	TX3 429-500	1992
Versatility Telemarketing, telesales and telephone account management system	TX4 078-242	1995
Open telephony predictive dialing	TX4-078-244	1995
Powerguide development system	TX4 078-240	1995
Open telephony dialing	TX4 078-244	1995
Versatility Administrative System	TX4-078-243	1995

SCHEDULE B - PENDING COPYRIGHT APPLICATIONS

NONE

SUPPLEMENT TO SCHEDULE A - ISSUED COPYRIGHTS

Powerguide runtime system	TX4 078-241	1995
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SCHEDULE C - UNREGISTERED COPYRIGHTS

COPYRIGHT ROM DESCRIPTION	DATE OF CREATION	FIRST DATE OF DISTRIBUTION	DATE AND RECORDATION NUMBER OF IP AGREEMENT (IF ORIGINAL AUTHOR OR OWNER OF COPYRIGHT IS DIFFERENT GRANTOR
Call Blending	August 1997	November 1997	N/A
Campaign Plus	May 1996	August 1996	N/A
Fulfillment	March 1998	TBA	N/A
Insight	February 1996	May 1996	N/A
IVR	February 1998	April 1998	N/A
OpenTel	May 1997	July 1997	N/A
OpenWeb	May 1997	July 1997	N/A
Predictive	May 1996	August 1996	N/A
Teleservice	March 1995	July 1995	N/A
Call Blending Users Guide	April 1997	April 1997	N/A
Campaign Plus Users Guide	January 1996	April 1996	N/A
Insight Users Guide	June 1996	September 1996	N/A
Powerguide Users Guide	February 1995	September 1995	N/A
Predictive Users Guide	September 1995	December 1996	N/A
Telesales/Teleservice Users Guide	May 1995	September 1995	N/A

Exhibit "B" attached to that certain Intellectual Property Security Agreement dated

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EXHIBIT "B"
PATENTS

PATENT DESCRIPTION	DOCKET NO.	COUNTRY	SERIAL NO.	FILING DATE	STATUS
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NONE

Exhibit "C" attached to that certain Intellectual Property Security Agreement dated

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EXHIBIT "C"
TRADEMARKS

<u>TRADEMARK DESCRIPTION</u>	<u>COUNTRY</u>	<u>SERIAL NO.</u>	<u>REG. NO.</u>	<u>STATUS</u>
POWERGUIDE	US	74-365137		Application: opposition pending
VERSATILITY	US	75-432,008		Application: not yet assigned to examiner
VERSATILITY (Stylized) & Design	US	Not yet assigned		Application: not yet assigned to examiner
TURNING CALL CENTERS INTO PROFIT CENTERS	US	Not yet assigned		Application: not yet assigned to examiner

Exhibit "D" attached to that certain Intellectual Property Security Agreement dated
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EXHIBIT "D"
MASK WORKS

<u>MASK WORK DESCRIPTION</u>	<u>COUNTRY</u>	<u>SERIAL NO.</u>	<u>REG. NO.</u>	<u>STATUS</u>
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NONE