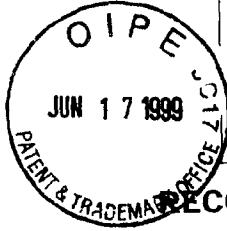


06-21-1999



101071507

RECORDATION FORM COVER SHEET  
TRADEMARKS ONLY

TO: The Commissioner of Patents and Trademarks: Please record the attached original document(s) or copy(ies).

Submission Type

- New
- Resubmission (Non-Recordation)  
Document ID # \_\_\_\_\_
- Correction of PTO Error  
Reel # \_\_\_\_\_ Frame # \_\_\_\_\_
- Corrective Document  
Reel # \_\_\_\_\_ Frame # \_\_\_\_\_

Conveyance Type

- Assignment
- License
- Security Agreement
- Nunc Pro Tunc Assignment  
Effective Date  
Month Day Year  
\_\_\_\_\_
- Merger
- Change of Name
- Other \_\_\_\_\_

Conveying Party

Mark if additional names of conveying parties attached

Name  Execution Date  
Month Day Year

Formerly

- Individual
- General Partnership
- Limited Partnership
- Corporation
- Association
- Other
- Citizenship/State of Incorporation/Organization

Receiving Party

Mark if additional names of receiving parties attached

Name

DBA/AKATA

Composed of

Address (line 1)

Address (line 2)

Address (line 3)

City State/Country Zip Code

- Individual
- General Partnership
- Limited Partnership
- Corporation
- Association
- Other
- Citizenship/State of Incorporation/Organization

If document to be recorded is an assignment and the receiving party is not domiciled in the United States, an appointment of a domestic representative should be attached. (Designation must be a separate document from Assignment.)

06/18/1999 NTHA11 00000238 1382891

FOR OFFICE USE ONLY

01 FC:481 40.00 OP  
02 FC:482 125.00 OP

Public burden reporting for this collection of information is estimated to average approximately 30 minutes per Cover Sheet to be recorded, including time for reviewing the document and gathering the data needed to complete the Cover Sheet. Send comments regarding this burden estimate to the U.S. Patent and Trademark Office, Chief Information Officer, Washington, D.C. 20231 and to the Office of Information and Regulatory Affairs, Office of Management and Budget, Paperwork Reduction Project (0651-0027), Washington, D.C. 20503. See OMB Information Collection Budget Package 0651-0027, Patent and Trademark Assignment Practice. DO NOT SEND REQUESTS TO RECORD ASSIGNMENT DOCUMENTS TO THIS ADDRESS.

Mail documents to be recorded with required cover sheet(s) information to:  
Commissioner of Patents and Trademarks, Box Assignments, Washington, D.C. 20231

TRADEMARK  
REEL: 001916 FRAME: 0311

**Domestic Representative Name and Address**

Enter for the first Receiving Party only.

Name

Address (line 1)

Address (line 2)

Address (line 3)

Address (line 4)

**Correspondent Name and Address**

Area Code and Telephone Number

Name

Address (line 1)

Address (line 2)

Address (line 3)

Address (line 4)

**Pages**

Enter the total number of pages of the attached conveyance document including any attachments.

#

**Trademark Application Number(s) or Registration Number(s)**

Mark if additional numbers attached

Enter either the Trademark Application Number or the Registration Number (DO NOT ENTER BOTH numbers for the same property).

Trademark Application Number(s)

Registration Number(s)

<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>

<input type="text" value="1,382,891"/>	<input type="text" value="1,758,842"/>	<input type="text"/>
<input type="text" value="1,617,683"/>	<input type="text" value="1,833,375"/>	<input type="text"/>
<input type="text" value="1,752,203"/>	<input type="text" value="2,130,807"/>	<input type="text"/>

**Number of Properties**

Enter the total number of properties involved.

#

**Fee Amount**

Fee Amount for Properties Listed (37 CFR 3.41):

\$

Method of Payment:

Enclosed

Deposit Account

Deposit Account

(Enter for payment by deposit account or if additional fees can be charged to the account.)

Deposit Account Number:

#

Authorization to charge additional fees:

Yes

No

**Statement and Signature**

To the best of my knowledge and belief, the foregoing information is true and correct and any attached copy is a true copy of the original document. Charges to deposit account are authorized, as indicated herein.

*EUGENE AXELROD*

*6/10/99*

Name of Person Signing

Signature

Date Signed

# INTELLECTUAL PROPERTY SECURITY AGREEMENT

(Loan No. 814006145)

THIS INTELLECTUAL PROPERTY SECURITY AGREEMENT (the "Agreement") is made as of June 1, 1999, by and between Knight Corporation, a Hawaii corporation, doing business in California as Knight Development Corporation (the "Grantor") and PEOPLE'S BANK OF CALIFORNIA, a Federal Savings Bank (the "Grantee").

## WITNESSETH:

WHEREAS, pursuant to the Business Loan Agreement (the "Loan Agreement") of even date herewith, the Grantee has agreed to make a loan to the L.A. PARTNERS, a Hawaii Limited Partnership (the "Borrower"), in the amount of Six Million, Five Hundred Thousand Dollars (\$6,500,000) (the "Loan") upon the terms and subject to the conditions set forth therein;

WHEREAS, it is a condition precedent to the obligation of the Grantee to make the Loan to the Borrower that the Grantor shall have executed and delivered this Intellectual Property Security Agreement to the Grantee;

NOW, THEREFORE, in consideration of the premises and to induce the Grantee to enter into the Loan Agreement and to make the Loan to the Borrower under the Loan Agreement, the Grantor hereby agrees with the Grantee as follows:

1. Defined Terms.

(a) Unless otherwise defined herein, each capitalized term used herein that is defined in the Loan Agreement shall have the meaning specified for such term in the Loan Agreement. Unless otherwise defined herein or in the Loan Agreement, all terms defined in Article 9 of the Uniform Commercial Code in effect as of the date hereof in the State of California are used herein as defined therein as of the date hereof.

(b) The words "hereof", "herein" and "hereunder" and words of like import when used in this Agreement as a whole and not to any particular provision of this Agreement, and section references are to this Agreement unless otherwise specified.

(c) All terms defined in this Agreement in the singular shall have comparable meanings when used in the plural, and vice versa, unless otherwise specified.

2. Security Interest in Trademarks and Service Marks. To secure the complete and timely payment, performance and satisfaction of all the Indebtedness, the Grantor hereby grants to the Grantee a security interest in, as and by way of a first mortgage and security interest having priority over all other security interests, with power of sale to the extent permitted by applicable law, all the Grantor's now owned or existing and hereafter acquired or arising:

(a) trademarks, registered trademarks, trademark applications, service marks, registered service marks and service mark applications, including, without limitation, the trademarks, registered trademarks, trademark applications, service marks, registered service marks and service mark applications listed on Schedule A attached hereto and made a part hereof, and (i) all renewals thereof, (ii) all income, royalties, damages and payments now and hereafter due and/or payable under and with respect thereto, including, without limitation, payments under all licenses entered into in connection therewith and damages and payments for past or future infringements or dilutions thereof, (iii) the right to sue for past, present and future infringements and dilutions thereof, (iv) the goodwill of the Grantor's business symbolized by the foregoing and connected therewith, and (v) all the Grantor's rights corresponding thereto throughout the world (all the foregoing trademarks, registered trademarks and trademark applications, and service marks, registered service marks and service mark applications, together with the items described in clauses (i)-(v) in this paragraph 2(a), are sometimes hereinafter individually and/or collectively referred to as the "Trademarks"); and

(b) rights under or interest in any trademark license agreements or service mark license agreements with any other party, whether the Grantor is a licensee or licensor under any such license agreement, including, without limitation, those trademark license agreements and service mark license agreements listed on Schedule B attached hereto and made a part hereof, together with any goodwill connected with and symbolized by any such trademark license agreements or service mark license agreements, and the right to prepare for sale and sell any and all Inventory now or hereafter owned by the Grantor and now or hereafter covered by such licenses (all the foregoing are hereinafter referred to collectively as the "Licenses").

3. Restrictions on Future Agreements. The Grantor will not, without the Grantee's prior written consent, enter into any agreement, including, without limitation, any license or agreement, which is inconsistent with this Agreement, and the Grantor further agrees that, without the Grantee's prior written consent which will not be unreasonably withheld, it will not take any action, and will use its best efforts not to permit any action to be taken by others, including, without limitation, licensees, or fail to take any action, which would in any respect adversely affect the validity or enforcement of the rights transferred to the Grantee under this Agreement or the rights associated with any material Trademarks or Licenses, and in particular, the Grantor will not permit to lapse or become abandoned any Trademark or License.

4. New Trademarks and Licenses. The Grantor represents and warrants that (a) the Trademarks listed on Schedule A include all the registered trademarks, common law trademarks, trademark applications, registered service marks and service mark applications now owned or held by the Grantor, (b) the Licenses listed on Schedule B include all the trademark license agreements and service mark license agreements under which the Grantor is the licensee or

licensor and which are material individually or in the aggregate to the operation of the business of the Grantor and (c) other than the rights of any party to the Licenses with respect to the Trademarks, no Liens in such Trademarks and Licenses have been granted by the Grantor to any Person other than the Grantee. If, prior to the termination of this Agreement, the Grantor shall (i) obtain rights to any new trademarks, registered trademarks, trademark applications, service marks, registered service marks or service mark applications, (ii) become entitled to the benefit of any trademarks, registered trademarks, trademark applications, trademark licenses, trademark license renewals, service marks, registered service marks, service mark applications, service mark licenses or service mark license renewals whether as licensee or licensor, or (iii) enter into any new trademark license agreement or service mark license agreement, the provisions of paragraph 3 above shall automatically apply thereto. The Grantor shall give to the Grantee written notice of events described in clauses (i), (ii) and (iii) of the preceding sentence within 30 days of the occurrence of any such event. The Grantor hereby authorizes the Grantee to modify this Agreement, unilaterally (i) by amending Schedule A to include any future trademarks, registered trademarks, trademark applications, service marks, registered service marks and service mark applications owned or held by Grantor or to prepare this Agreement for filing with the Patent and Trademark Office and by amending Schedule B to include any trademark license agreements and service mark license agreements to which Grantor becomes a party, which are Trademarks or Licenses under paragraph 2 above or under this paragraph 4, and (ii) by filing with the Patent and Trademark Office, in addition to and not in substitution for this Agreement, a duplicate original of this Agreement containing on Schedule A or B thereto, as the case may be, such future trademarks, registered trademarks, trademark applications, service marks, registered service marks and service mark applications, and trademark license agreements and service mark license agreements.

5. Royalties. The Grantor hereby agrees that the use by the Grantee of the Trademarks and Licenses as authorized hereunder in connection with the Grantee's exercise of its rights and remedies under paragraph 14 shall be coextensive with the Grantor's rights thereunder and with respect thereto and without any liability for royalties or other related charges from the Grantee.

6. Further Assignments and Security Interests. The Grantor agrees not to sell or assign its respective interests in, or grant any license under, the Trademarks or the Licenses without the prior and express written consent of the Grantee.

7. Nature and Continuation of the Grantee's Security Interest; Termination of the Grantee's Security Interest; Release of Collateral. This Agreement is made for collateral security purposes only. This Agreement shall create a continuing security interest in the Trademarks and Licenses and shall terminate only when the Indebtedness has been paid in full in cash and the Loan Agreement and the related documents have been terminated. Upon such termination and at the written request of the Grantor or its successors or assigns, and at the cost and expense of the Grantor or its successors or assigns, the Grantee shall execute in a timely manner such instruments, documents or agreements as are necessary or desirable to terminate the Grantee's security interest in the Trademarks and the Licenses, subject to any disposition thereof which may have been made by the Grantee pursuant to this Agreement or the other loan

documents.

8. Grantee agrees and acknowledges that ownership of any and all trademarks, registered trademarks, trademark applications, service marks, registered service marks and service mark applications now or hereafter owned by Grantor shall remain solely in Grantor, and nothing contained herein or in any of the Related Documents shall be construed in any way to constitute an assignment (except as Collateral Security) of any or all of the trademarks, registered trademarks, trademark applications, service marks, registered service marks and service mark applications now or hereafter owned by Grantor or in which Grantor nor has or hereafter shall acquire an interest.

9. Duties of the Grantor. The Grantor shall have the duty (i) to prosecute diligently any material trademark application or service mark application that is part of the Trademarks pending as of the date hereof or hereafter until the termination of this Agreement and (ii) to make any application for and diligently prosecute the registration of any trademark or service mark that the Grantor has not created as of the date hereof which the Grantee, after consultation with the Grantor, reasonably determines may have significant value. The Grantor further agrees (i) not to abandon any Trademark or License without the prior written consent of the Grantee if such abandonment would have a Material Adverse Effect, and (ii) to use its reasonable best efforts to obtain and maintain in full force and effect the Trademarks and the Licenses that are or shall be necessary or economically desirable in the operation of the Grantor's business. Any expenses incurred in connection with the foregoing shall be borne by the Grantor. The Grantee shall not have any duty with respect to the Trademarks and Licenses. Without limiting the generality of the foregoing, the Grantee shall not be under any obligation to take any steps necessary to preserve rights in the Trademarks or Licenses against any other parties, but the Grantee may do so at its option from and after the occurrence of an Event of Default, and all expenses incurred in connection therewith shall be for the sole account of the Grantor and shall be added to the Indebtedness secured hereby.

10. The Grantee's Right to Sue. Upon the occurrence and during the continuance of an Event of Default, the Grantee shall have the right, but shall not be obligated, to bring suit in its own name, and only in its capacity as Secured Party, to enforce the Trademarks and the Licenses and, if the Grantee shall commence any such suit, the Grantor shall, at the request of the Grantee, do any and all lawful acts and execute any and all proper documents required by the Grantee in aid of such enforcement. The Grantor shall, upon demand, promptly reimburse the Grantee for all actual costs and expenses incurred by the Grantee in the exercise of its rights under this paragraph 10 (including, without limitation, reasonable fees and expenses of counsel for the Grantee).

11. Waivers. Grantee shall not be deemed to have waived any rights under this Agreement unless such waiver is given in writing and signed by Grantee. No delay or omission on the part of Grantee in exercising any right shall operate as a waiver of such right or any other right. A waiver by Grantee of any provision of this Agreement shall not prejudice nor constitute a waiver of Grantee's right otherwise to demand strict compliance with that provision or any other provision of this Agreement. No prior waiver by Grantee, nor any course of dealing

between Grantee and Grantor, shall constitute a waiver of Grantee's rights or of any obligations of Grantor as to any future transactions. Whenever the consent of Grantee is required under this Agreement, the granting of such consent by Grantee in any such instance shall not constitute continuing consent in subsequent instances where such consent is required, and in all cases such consent may be granted or withheld in the sole discretion of Grantee.

(a) **Suretyship Provisions.** The following provisions shall apply to the extent that all or any portion of the Indebtedness secured hereby now or hereafter constitute obligations of person(s) (collectively, "Borrowers") other than, or in addition to, Borrower:

(i) **Conditions to Exercise of Rights.** Grantor hereby waives any right it may now or hereafter have to require Grantee, as a condition to the exercise of any remedy or other right against Grantor hereunder or under any other document executed by Grantor in connection with the Indebtedness, (a) to proceed against Borrowers or any other person, or against any other collateral assigned to Grantee by Grantor or Borrowers or any other person, (b) to pursue any other right or remedy in Grantee's power, (c) to give notice of the time, place or terms of any public or private sale of real or personal property collateral assigned to Grantee by Borrowers or any other person (other than Grantor), or otherwise to comply with Section 9504 of the California Commercial Code (as modified or recodified from time to time) with respect to any such personal property collateral, or (d) to make or give (except as otherwise expressly provided in the Related Documents) any presentment, demand, protest, notice of dishonor, notice of protest or other demand or notice of any kind in connection with the Indebtedness or any collateral (other than the Property) for the Indebtedness.

(ii) **Defenses.** Grantor hereby waives any defense it may now or hereafter have that relates to: (a) any disability or other defense of Borrower or any other person; (b) the cessation, from any cause other than full performance, of the obligations of Borrower or any other person; (c) the application of the proceeds of the Indebtedness, by Borrowers or any other person, for purposes other than the purposes represented to Grantor by Borrower or otherwise intended or understood by Grantor or Borrower; (d) any act or omission by Grantee which directly or indirectly results in or contributes to the release of Borrower or any other person or any collateral for the Indebtedness; (e) the unenforceability or invalidity of any collateral assignment or guaranty with respect to the Indebtedness, or the lack of perfection or continuing perfection or lack of priority of any lien (other than the lien hereof) which secures the Indebtedness; (f) any failure of Grantor to marshal assets in favor of Grantee or any other person; (g) any modification of the Indebtedness, including any renewal, extension, acceleration or increase in interest rate; (h) any rights of subrogation, reimbursement, indemnification, and contribution and any other rights and defenses that are or may become available to Grantor by reason of Sections 2787 to 2855, inclusive, of the California Civil Code; (i) all rights and defenses that Grantor may have because Borrower's obligations under the Related Documents are secured by real property (this means, among other things: (i) Grantee may collect from Grantor without first foreclosing on any real or personal property collateral pledged by Borrower; and (ii) if Grantee forecloses on any real property collateral pledged by Borrower: (A) the amount of Borrower's obligations under the Related Documents may be reduced only by the price for which that collateral is sold at the foreclosure sale, even if the

collateral is worth more than the sale price; and (B) Grantee may collect from Grantor even if Grantee, by foreclosing on the real property collateral, has destroyed any right Grantor may have to collect from Borrower. This is an unconditional and irrevocable waiver of any rights and defenses Grantor may have because any of the Indebtedness is secured by real property. These rights and defenses include, but are not limited to, any rights or defenses based upon Section 580a, 580b, 580d, or 726 of the California Code of Civil Procedure; (j) all rights and defenses arising out of an election of remedies by the Grantee, even though that election of remedies, such as a nonjudicial foreclosure with respect to security for the Indebtedness has destroyed Grantor's rights of subrogation and reimbursement against Borrower by the operation of Section 580d of the California Code of Civil Procedure or otherwise; (k) any law which provides that the obligation of a surety or guarantor must neither be larger in amount nor in other respects more burdensome than that of the principal or which reduces a surety's or guarantor's obligation in proportion to the principal obligation; (l) any failure of Grantee to file or enforce a claim in any bankruptcy or other proceeding with respect to any person; (m) the election by Grantee, in any bankruptcy proceeding of any person, of the application or non-application of Section 1111(b)(2) of the United States Bankruptcy Code; (n) any extension of credit or the grant of any lien under Section 364 of the United States Bankruptcy Code; (o) any use of cash collateral under Section 363 of the United States Bankruptcy Code; or (p) any agreement or stipulation with respect to the provision of adequate protection in any bankruptcy proceeding of any person.

(iii) Subrogation. Until the Indebtedness has been fully paid and performed, Grantor hereby waives (a) any right of subrogation which Grantor may now or hereafter have against Borrowers that relates to the Indebtedness, (b) any right to enforce any remedy Trustor may now or hereafter have (in its own right, or by reason of succession to rights of Grantee) against Borrowers that relates to the Indebtedness (including without limitation any right of reimbursement, indemnity or contribution), and (c) any right to participate in any collateral now or hereafter assigned to Grantee with respect to the Indebtedness. Grantor further agrees that, if and to the extent that any waiver set forth in this paragraph is ever held to be unenforceable, all such rights of subrogation, enforcement and participation shall be junior and subordinate to the right of Grantee to obtain payment and performance of the Indebtedness and to all rights of Grantee in and to any property which now or hereafter serves as collateral security for the Indebtedness.

(iv) Trustor Information. Grantor warrants and agrees: (a) that Grantor has not relied, and will not rely, on any representations or warranties by Grantee to Grantor with respect to the creditworthiness of Borrowers or the prospects of repayment of the Indebtedness from sources other than the Trademarks and Licenses; (b) that Grantor has established and/or will establish adequate means of obtaining from Borrowers on a continuing basis financial and other information pertaining to the business operations, if any, and financial condition of Borrowers; (c) that Grantor assumes full responsibility for keeping informed with respect to Borrowers' business operations, if any, and financial condition; and (d) that Grantee shall have no duty to disclose or report to Grantor any information now or hereafter known to Grantee with respect to Borrowers, including without limitation information relating to Borrowers' business operations or financial condition.



(v) Other Rights of Sureties. Grantor hereby waives all other rights it may now or hereafter have, whether or not similar to any of the foregoing, by reason of laws of the State of California pertaining to sureties.

(vi) Reinstatement of Lien. Grantee's rights hereunder shall be reinstated and revived, and the enforceability of this Agreement shall continue, with respect to any amount at any time paid on account of the Indebtedness which Grantee is thereafter required to restore or return in connection with a bankruptcy, insolvency, reorganization or similar proceeding with respect to Borrowers.

(vii) Subordination. Until all of the Indebtedness has been fully paid and performed, (a) Grantor hereby agrees that all existing and future indebtedness and other obligations of Borrowers to Grantor (collectively, the "Subordinated Debt") shall be and are hereby subordinated to the Indebtedness, and the payment thereof is hereby deferred in right of payment to the prior payment and performance of the Indebtedness; (b) Grantor shall not collect or receive any cash or non-cash payments on any Subordinated Debt or transfer all or any portion of the Subordinated Debt; and (c) in the event that, notwithstanding the foregoing, any payment by, or distribution of assets of, Borrowers with respect to any Subordinated Debt is received by Grantor, such payment or distribution shall be held in trust and immediately paid over to Grantee, is hereby assigned to Grantee as security for the Indebtedness, and shall be held by Grantee in an interest bearing account until the Indebtedness been fully paid and performed.

12. Severability. If any provision of this Agreement is held to be prohibited or unenforceable in any jurisdiction the substantive laws of which are held to be applicable hereto, such prohibition or unenforceability shall not affect the validity or enforceability of the remaining provisions hereof and shall not invalidate or render unenforceable such provision in any other jurisdiction.

13. Amendments; Etc. This Agreement, together with any Related Documents, constitute the entire agreement and understanding of the parties as to the matters set forth in this Agreement. No alteration or amendment of this Agreement shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.

14. Cumulative Remedies; Power of Attorney. The Grantor agrees, upon the request of the Grantee and promptly following such request, to take any action and execute any instrument which the Grantee may deem necessary or advisable to accomplish the purposes of this Agreement. The Grantor hereby irrevocably designates, constitutes and appoints the Grantee (and all Persons designated by the Grantee in its sole and absolute discretion) as the Grantor's true and lawful attorney-in-fact, and authorizes the Grantee and any of the Grantee's designees, in the Grantor's or the Grantee's name, from and after the occurrence and during the continuance of an Event of Default, to take any action and execute any instrument which the Grantee may deem necessary or advisable to accomplish the purposes of this Agreement, including without

limitation, (i) to endorse the Grantor's name on all applications, documents, papers and instruments necessary or desirable for the Grantee in the use, prosecution or protection of the Trademarks or the Licenses, (ii) to convey or otherwise transfer title in or dispose of the Trademarks or the Licenses to anyone on commercially reasonable terms, (iii) to grant or issue any exclusive or nonexclusive license under the Trademarks or under the Licenses, to anyone on commercially reasonable terms, and (iv) to take any other actions with respect to the Trademarks or, to the extent permitted, the Licenses as the Grantee deems in its own best interest. The Grantor hereby ratifies all that such attorney shall lawfully do or, to the extent permitted, cause to be done by virtue hereof. This power of attorney is coupled with an interest and shall be irrevocable until all the Indebtedness shall have been paid in full in cash and the Loan Agreement shall have been terminated.

The Grantee shall have, in addition to all other rights and remedies given it by the terms of this Agreement, all rights and remedies allowed by law and the rights and remedies of a secured party under the Uniform Commercial Code as enacted in any jurisdiction in which the Trademarks or the Licenses may be located or deemed located. If an Event of Default has occurred and is continuing and the Grantee has elected to exercise any of its remedies under Section 9-504 or Section 9-505 of the Uniform Commercial Code with respect to the Trademarks and Licenses, the Grantor agrees to convey and otherwise transfer title in and to the Trademarks and the Licenses to the Grantee or any transferee of the Grantee and to execute and deliver to the Grantee or any such transferee all such agreements, documents and instruments as may be necessary, in the Grantee's sole discretion, to effect such conveyance and transfer. All the Grantee's rights and remedies with respect to the Trademarks and the Licenses shall be cumulative and may be exercised separately or concurrently. Notwithstanding anything set forth herein to the contrary, it is hereby expressly agreed that if an Event of Default has occurred and is continuing, the Grantee may exercise any of the rights and remedies provided in this Agreement and any of the other loan documents. The Grantor agrees that any notification of intended disposition of any of the Trademarks and Licenses required by law shall be deemed reasonably and properly given if given at least ten (10) days before such disposition; provided, however, that the Grantee may give any shorter notice that is commercially reasonable under the circumstances.

15. Successors and Assigns. All covenants and agreements contained herein by or on behalf of Grantor shall bind its successors and assigns and shall inure to the benefit of Grantee, its successors and assigns.

16. Applicable Law/Jury Waiver. This Agreement has been delivered to Grantee and has been accepted by Grantee in the State of California. If there is a lawsuit, Grantor agrees upon Grantee's request to submit to the jurisdiction of the courts of LOS ANGELES County, the State of California. Grantor and Grantee hereby waive the right to any jury trial in any action, proceeding, or counterclaim brought by either Grantor or Grantee against the other. This Agreement shall be governed and construed in accordance with the laws of the State of California.

17. Notices. All notices or other communications hereunder shall be given in the

manner and to the addresses set forth in the Loan Agreement.

18. Termination; Release. Upon the payment of the Indebtedness in full, this Agreement shall terminate, and the Grantee, at the request and expense of the Grantor, will promptly execute and deliver to the Grantor the proper instruments acknowledging the termination of this Agreement.

19. Reinstatement. This Agreement shall continue to be effective or be reinstated, as the case may be, if at any time any amount received by the Grantee in respect of the Indebtedness is rescinded or must otherwise be restored or returned by the Grantee upon the insolvency, bankruptcy, dissolution, liquidation or reorganization of the Grantor or upon the appointment of any intervenor or conservator of, or trustee or similar official for, the Grantor or any substantial part of its assets, or upon the entry of an order by, a bankruptcy court avoiding payment of such amount, or otherwise, all as though such payments had not been made.

20. Caption Headings. Caption headings in this Agreement are for convenience purposes only and are not to be used to interpret or define the provisions of this Agreement.

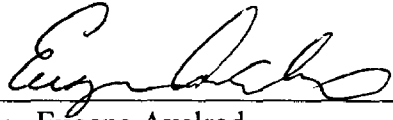
21. Execution in Counterparts. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

22. Costs and Expenses. Grantor agrees to pay upon demand all of Grantee's expenses, including without limitation attorneys' fees, in connection with the preparation, execution, enforcement modification and collection of this Agreement or in connection with the Loan made pursuant to the Related Documents. Grantee may pay someone else to help collect the Loan and enforce this Agreement, and Grantor will pay that amount. This includes, subject to any limits under applicable law, Grantee's attorneys' fees and Grantee's legal expenses, whether or not there is a lawsuit, including attorneys' fees for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection services. Grantor will also pay any court costs, in addition to all other sums provided by law.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the day and year first above written.

GRANTOR

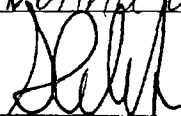
Knight Corporation,  
a Hawaii corporation,  
doing business in California  
as Knight Development Corporation,

By:   
Name: Eugene Axelrod  
Title: President

GRANTEE

PEOPLE'S BANK OF CALIFORNIA,  
a Federal Savings Bank

By:   
Name Donna W Hew

By:   
Name: Gary Cook

**Schedule A**  
**to**  
**Intellectual Property Security Agreement**

**Trademarks, etc., and Applications**

<b><u>Mark</u></b>	<b><u>Registration Number</u></b>
Beverly Hills Country Club	1,382,891
Beverly Hills Country Club	1,617,683
Beverly Hills Country Club	1,752,203
Beverly Hills Country Club	1,758,842
BHCC	1,833,375
BHCC & Design	2,130,807

**Schedule B  
to  
Intellectual Property Security Agreement**

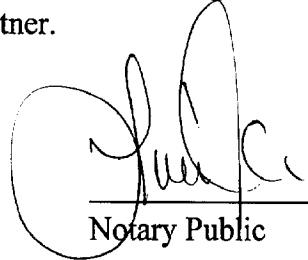
**License Agreements**

None

STATE OF CALIFORNIA )  
 ) ss  
COUNTY OF LOS ANGELES )

On the 10th day of June, 1999, before me personally came Eugene Axelrod, to the known, who being by me duly sworn, did dispose and say that he resides at 600 Kapiolani Blvd. #201, Honolulu, HI.; that he is the President of Knight Corporation, the corporation described in and which accepted and agreed to the foregoing instrument; and that he signed his name thereto by authority of the board of directors of said general partner.



  
\_\_\_\_\_  
Notary Public

**FORNIA ALL-PURPOSE ACKNOWLEDGMENT**

State of CALIFORNIA

County of LOS ANGELES

On JUNE 15, 1999 before me, Arturo Guardado Notary Public  
Date Name and Title of Officer (e.g., "Jane Doe, Notary Public")

personally appeared TONNA W. LEW and GARY COOK  
Name(s) of Signer(s)

personally known to me - ~~OR~~  proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.



WITNESS my hand and official seal.

Arturo Guardado  
Signature of Notary Public

**OPTIONAL**

*Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.*

**Description of Attached Document**

Title or Type of Document: INTELLECTUAL PROPERTY SECURITY AGREEMENT

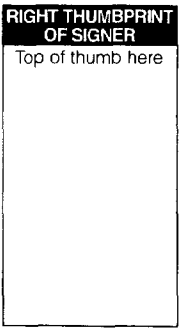
Document Date: JUNE 1, 1999 Number of Pages: 13

Signer(s) Other Than Named Above: \_\_\_\_\_

**Capacity(ies) Claimed by Signer(s)**

Signer's Name: TONNA W. LEW

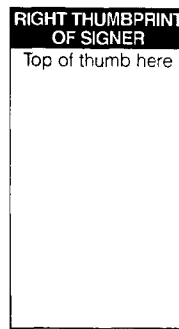
- Individual
- Corporate Officer  
Title(s): VICE-PRESIDENT
- Partner —  Limited  General
- Attorney-in-Fact
- Trustee
- Guardian or Conservator
- Other: \_\_\_\_\_



Signer Is Representing: \_\_\_\_\_

Signer's Name: GARY COOK

- Individual
- Corporate Officer  
Title(s): VICE-PRESIDENT
- Partner —  Limited  General
- Attorney-in-Fact
- Trustee
- Guardian or Conservator
- Other: \_\_\_\_\_



Signer Is Representing: \_\_\_\_\_