

MRO 8-6-99

FORM PTO-1618A
Expires 06/30/99
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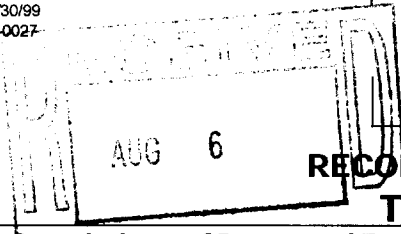
08-11-1999

U.S. Department of Commerce
Patent and Trademark Office
TRADEMARK



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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
 - Merger
 - Change of Name
 - Other
- Effective Date
Month Day Year

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/AKA/TA

Composed of

Address (line 1)

Address (line 2)

Address (line 3)

City State/Country Zip Code

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

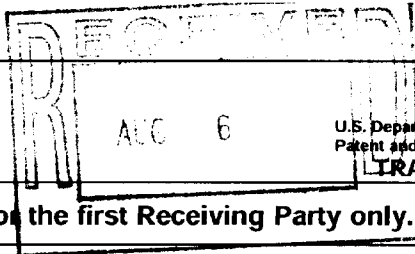
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Mail documents to be recorded with required cover sheet(s) information to:
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REEL: 001943 FRAME: 0053



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

(770) 496-4565

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" value="75495871"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
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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.

Michael Anderson M.A.C., President 7.20.99
 Name of Person Signing Signature Date Signed

LOAN AND SECURITY AGREEMENT

THIS LOAN AND SECURITY AGREEMENT (the "Agreement"), dated as of the 16th day of July, 1999, is made and entered into on the terms and conditions hereinafter set forth, by and among UTILIMAN SYSTEMS, INC., a Georgia corporation ("Borrower"), USI MULTIFAMILY GROUP, INC., a Georgia corporation ("USI Multifamily"), USI UTILITY GROUP, INC., a Georgia corporation ("USI Utility"), USI COMMERCIAL & INDUSTRIAL GROUP, INC., a Georgia corporation ("USI Commercial"), SCREAMER TECHNOLOGIES, INC., a Georgia corporation ("Screamer") (USI Multifamily, USI Utility, USI Commercial and Screamer individually referred to herein as a "Subsidiary" and collectively referred to herein as the "Subsidiaries"), and OBERLIN CAPITAL, L.P., a Delaware limited partnership (the "Lender").

RECITALS:

WHEREAS, Borrower has requested that Lender make available to Borrower a loan in the aggregate principal amount of up to \$1,500,000 (the "Loan") on the terms and conditions hereinafter set forth, and for the purposes hereinafter set forth; and

WHEREAS, in order to induce Lender to make the Loan to Borrower, Borrower and each Subsidiary has made certain representations to Lender and Borrower has agreed to issue and sell to Lender warrants to purchase shares of Borrower's common stock; and

WHEREAS, Lender, in reliance upon the representations and inducements of Borrower and Subsidiaries, has agreed to make the Loan upon the terms and conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the agreement of Lender to make the Loan, the mutual covenants and agreements hereinafter set forth, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Borrower, Subsidiaries and Lender hereby agree as follows:

ARTICLE I

DEBENTURE AND WARRANT

1.01 Authorization of Debenture and Warrant. Borrower has authorized the issue and sale of (a) its Senior Subordinated Debenture dated of even date herewith, in the aggregate principal amount of up to \$1,500,000 (the "Debenture"), which shall be in substantially the form attached hereto as Exhibit A, and (b) the Stock Purchase Warrant (the "Warrant"), which shall be in substantially the form attached hereto as Exhibit B. For purposes of IRC Treasury Regulations Section 1.1273-2(h), the aggregate fair market value of the Warrant shall be deemed to be \$10,000. Borrower and Lender agree to use the

foregoing fair market value for U.S. federal tax purposes with respect to the transactions contemplated by this Agreement (unless otherwise required by final determination by the Internal Revenue Service or a court of competent jurisdiction); provided, however, that the fair market value of the Warrant for purposes of financial reporting shall be in accordance with generally accepted accounting principles consistently applied ("GAAP"). Schedule A sets forth the name and address of Lender, the principal amount of Lender's Loan, the Warrant issued and sold to Lender, and the fair market value of the Warrant issued and sold to Lender.

1.02 Description of Debenture. The Debenture shall be dated the date of issue, to mature on the "Maturity Date" (as defined in the Debenture), and shall bear interest from the date of issue at the rate of thirteen percent (13.0%) per annum to maturity, payable monthly in arrears on the last day of each month (with the first such interest payment being due on July 31, 1999) and at maturity, and to bear interest on overdue principal (including any overdue prepayment of principal) and premium, if any, and on any overdue installment of interest at the rate of eighteen percent (18%) per annum after maturity, whether by acceleration or otherwise, until paid. Interest on the Debenture shall be computed on the basis of a 360-day year with twelve (12) equal monthly installments. The Debenture is subject to prepayment or redemption prior to its expressed maturity date on the terms and conditions and in the amounts set forth in the Debenture; provided, however, that any prepayment shall be no less than \$200,000 or the remaining aggregate principal balance outstanding on the Debenture, if less than \$200,000.

1.03 Sale and Purchase of Debenture and Warrant.

(a) Closing. Subject to the terms and conditions hereof and on the basis of the representations and warranties hereinafter set forth, Borrower agrees to issue and sell to Lender and Lender agrees to purchase from Borrower upon the purchase and sale of the Debenture and Warrant hereunder (the "Closing"), (i) a Debenture in the aggregate principal amount set forth beside Lender's name on Schedule A at a price of 100% of the principal amount thereof, and (ii) the Warrant, which shall entitle Lender to purchase shares of Borrower's Common Stock as set forth beside Lender's name on Schedule A (the "Warrant Shares"). Other than the applicable price to be paid upon exercise of the Warrant, Lender shall make no additional payment for the Warrant.

(b) Delivery. Delivery of the Debenture and the Warrant will be made at the office of Borrower's counsel against payment therefor by federal funds wire transfer to Borrower's account in immediately available funds and to the accounts and in the amounts in accordance with Borrower's written instructions, on the date hereof, or such later date as Borrower, Subsidiaries and Lender shall agree (the "Closing Date"). The Debenture and the Warrant delivered to Lender on the Closing Date will be delivered to Lender in the form of a single Debenture and Warrant for the full amount of such purchase by Lender (unless different denominations are specified by Lender, each registered in Lender's name or in the name of such nominee as Lender may specify and, with appropriate insertions) all as Lender may specify at least twenty-four (24) hours prior to the date fixed for delivery.

(c) Investment Representations.

(i) This Agreement is made with Lender in reliance upon Lender's representations to the Company, which by its acceptance hereof Lender hereby confirms, that the Warrant to be received by it will be acquired for investment for its own account, not as a nominee or agent, and not with a view to the sale or distribution of any part thereof, and that it has no present intention of selling, granting participation in, or otherwise distributing the same. By executing this Agreement, Lender further represents that it does not have any contract, undertaking, agreement, or arrangement with any person to sell, transfer or grant participations to such person, or to any third person, with respect to the Warrant or Warrant Shares.

(ii) Lender understands that the Warrant and the Warrant Shares have not been registered under the Securities Act of 1933, as amended (the "1933 Act") on the grounds that the sale provided for in this Agreement and the issuance of securities hereunder is exempt from registration under the 1933 Act, and that Borrower's reliance on such exemption is predicated in part upon Lender's representations and warranties set forth herein. Lender realizes that the basis for such exemption may not be present in the event that, notwithstanding such representations and warranties, Lender has in mind merely acquiring the Warrant for a fixed or determined period of time in the future, or for a market rise, or for sale if the market does not rise. Lender has no such intentions.

(iii) Lender represents that it is an accredited investor, as defined under Regulation D of the 1933 Act, as amended, experienced in evaluating companies such as Borrower, is able to fend for itself in the transactions contemplated by this Agreement, has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of its investments, and has the ability to bear the economic risks of its investments. Lender further represents that it has had the opportunity to consult with its own legal counsel with respect hereto, and has had access, during the course of the transactions and prior to its purchase of the Warrant, to all such information as it deemed necessary or appropriate (to the extent Borrower possessed such information or could acquire it without unreasonable effort or expense) and that it has had, during the course of the transactions and prior to its purchase of the Warrant, the opportunity to ask questions of, and receive answers from, Borrower concerning the terms and conditions of the offering and to obtain additional information (to the extent Borrower possessed such information or could acquire it without unreasonable effort or expense) necessary to verify the accuracy of any information furnished to it or to which it had access.

(iv) Lender understands that the Warrant and the Warrant Shares may not be sold, transferred or otherwise disposed of without registration under the 1933 Act or an exemption therefrom, and that in the absence of an effective registration statement covering the Warrant (or the Warrant Shares) or an available exemption from registration under the 1933 Act, the Warrant (and the Warrant Shares) must be held indefinitely. In particular, Lender is aware that the Warrant (and the Warrant Shares) may not be sold

pursuant to Rule 144 promulgated under the 1933 Act unless all of the conditions of that Rule are met. Among the conditions for use of Rule 144 is the availability to the public of current information about Borrower. Such information is not now available to the public and Borrower has no present plans to make such information available to the public. Lender represents that, in the absence of an effective registration statement covering the Warrant (or the Warrant Shares) it will sell, transfer or otherwise dispose of the Warrant (or the Warrant Shares) only in a manner consistent with its representations set forth herein.

(v) Lender agrees that in no event will it make a transfer or disposition of the Warrant or the Warrant Shares other than in compliance with all applicable laws.

(vi) Lender understands that each certificate or instrument representing the Warrant or the Warrant Shares will be endorsed with restrictive legends as required by applicable state securities laws and substantially as follows:

THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "1933 ACT"), OR APPLICABLE STATE SECURITIES LAWS. THESE SECURITIES HAVE BEEN ACQUIRED FOR INVESTMENT AND NOT WITH A VIEW TO DISTRIBUTION OR RESALE, AND MAY NOT BE SOLD, MORTGAGED, PLEDGED, HYPOTHECATED OR OTHERWISE TRANSFERRED WITHOUT AN EFFECTIVE REGISTRATION STATEMENT FOR SUCH SECURITIES UNDER THE 1933 ACT AND ANY APPLICABLE STATE SECURITIES LAWS, OR THE AVAILABILITY OF AN EXEMPTION FROM THE REGISTRATION PROVISIONS OF THE 1933 ACT AND APPLICABLE STATE SECURITIES LAWS.

(vii) Lender understands that no public market now exists for any of the securities issued by Borrower and that there is no assurance that a public market will ever exist for the Warrant (or for the Warrant Shares).

Lender represents and Warrant that Lender is purchasing the Warrant and the Warrant Shares for its own account, for investment purposes and not with a view to the distribution thereof. The foregoing representations and warranties shall not be construed as imposing any limitation on Lender's right to transfer the Warrant or any of the Warrant Shares that is not otherwise expressly set forth in this Agreement or in the Warrant or required by applicable law.

1.04 Closing Fee. Borrower agrees to pay to Lender on or before the Closing Date a closing fee in an aggregate amount equal to \$30,000 ("Closing Fee"), which Closing Fee once paid shall be fully earned by Lender and non-refundable. Borrower, however, shall be entitled to a credit against such Closing Fee equal to the amount of the application fee of \$15,000 previously paid to Lender incident to acceptance by Borrower of the Lender's commitment letter with respect to the Loan.

ARTICLE II

SECURITY; SUBORDINATION

2.01 Security. The Secured Obligations (as hereinafter defined) are and shall continue to be secured as follows:

Borrower and each Subsidiary hereby grants, assigns and pledges to the Lender a security interest in the following described property and interests in property, together with all proceeds thereof (collectively, "the Collateral"):

(a) Equipment. All machinery and equipment, all data processing and office equipment, all computer equipment, hardware and firmware, all furniture, fixtures, appliances and all other goods of every type and description, whether now owned or hereafter acquired and wherever located, together with all parts, accessories and attachments and all replacements thereof and additions thereto; and

(b) Inventory. All inventory and goods of Borrower and such Subsidiary, whether held for lease, sale or furnishing under contracts of service, all agreements for lease of same and rentals therefrom, whether now in existence or owned or hereafter acquired and wherever located; and

(c) General Intangibles. All rights, interests, choses in action, causes of action, claims and all other intangible property of Borrower and such Subsidiary of every kind and nature, in each instance whether now owned or hereafter acquired, including, but not limited to, all corporate and business records; all loans, royalties, and other obligations receivable; all trade secrets, inventions, designs, patents, patent applications, registered or unregistered service marks, trade names, trademarks, copyrights and the goodwill associated therewith and incorporated therein, and all registrations and applications for registration related thereto; goodwill, licenses, permits, franchises, customer lists and credit files; all customer and supplier contracts, firm sale orders, rights under license and franchise agreements, and other contracts and contract rights; all right, title and interest under leases, subleases, licenses and concessions and other agreements relating to real or personal property and any security agreements relating thereto; all rights to indemnification; all proceeds of insurance of which Borrower or such Subsidiary is beneficiary; all letters of credit, guarantees, liens, security interests and other security held by or granted to Borrower or such Subsidiary; and all other intangible property, whether or not similar to the foregoing; all products and all books and records related to any of the foregoing; and

(d) Accounts, Chattel Paper, Instruments, Securities and Documents. All Borrower's and such Subsidiary's accounts, accounts receivable, chattel paper, instruments, shares of stock and other securities, and documents, whether now in existence or owned or hereafter acquired, entered into, created or arising, and wherever located; and

(e) Other Property. All property or interests in any other property now owned or hereafter acquired by Borrower or such Subsidiary.

This Agreement and any other instruments, documents or agreements now or hereafter securing or guarantying the Secured Obligations (including, without limitation, the Guarantys (as defined below), but excluding the Warrant) are collectively referred to in this Agreement as the "Security Instruments." The Security Instruments, together with the Debenture, and any and all amendments and modifications thereof, are individually referred to in this Agreement as a "Loan Document" and collectively referred to as the "Loan Documents".

2.02 Secured Obligations. Without limiting any of the provisions thereof, the Security Instruments shall secure:

(a) The full and timely payment of the indebtedness evidenced by the Debenture, together with interest thereon, and any extensions, modifications, consolidations, and/or renewals thereof, and any notes given in payment thereof;

(b) The full and prompt performance of all of the obligations of Borrower to Lender under the Loan Documents to which Borrower is a party;

(c) The full and prompt performance of all of the obligations of each Subsidiary to Lender under the Guarantys (as defined below) to which such Subsidiary is a party; and

(d) The full and prompt payment of all court costs, and other reasonable expenses and costs of whatever kind incident to the collection of the indebtedness evidenced by the Debenture, the enforcement or protection of the security interests of the Security Instruments or the Guarantys or the exercise by Lender of any rights or remedies of Lender with respect to the indebtedness evidenced by the Debenture, including, without limitation reasonable attorneys' fees incurred by Lender, all of which Borrower agrees to pay to Lender upon demand.

All of the foregoing indebtedness and other obligations are collectively referred to in this Agreement as the "Secured Obligations".

2.03 Subordination. Notwithstanding anything to the contrary in this Agreement or in the Debenture, the indebtedness evidenced by the Debenture, including principal and interest, shall be subordinate and junior to the prior payment of the indebtedness of Borrower for borrowed money described in Section 2.03 of the Disclosure Schedule delivered by Borrower to the Lender in connection with this Agreement (the "Disclosure Schedule"), or incurred after the date of this Agreement to the extent permitted by Section 4.05(v) (subject to the EBITDA Limitation (as defined in Section 4.05 of this Agreement)), together with all obligations (whether to the same lender or otherwise) issued in refinancings, renewal, deferral, extension, refunding, amendment or modification (but not any increase) of any such indebtedness (collectively, the "Senior Indebtedness"). Nothing in this Agreement shall be

deemed to preclude payments of principal and interest or other amounts pursuant to the Secured Obligations to the extent that no event of default has occurred with respect to the Senior Indebtedness such that the Senior Indebtedness has become due in full.

2.04 Liquidation, etc.

(a) Upon any distribution of assets or readjustment of indebtedness of Borrower, whether by reason of reorganization, liquidation, dissolution, bankruptcy, receivership, assignment for the benefit of creditors, or any other action involving the application of assets of Borrower to the payment or liquidation of the Debenture or the Senior Indebtedness, the holders of all Senior Indebtedness shall first be entitled to receive payment in full of the principal thereof, premium, if any, and interest due thereon, and all costs and expenses (including reasonable attorneys' fees) related thereto, before the holder of the Debenture shall be entitled to receive any payment on account of the principal of or interest on or any other amount owing with respect to the Debenture (other than payment in shares of capital stock of Borrower as reorganized or readjusted, or securities of Borrower or any other corporation provided for by a plan of reorganization or readjustment, which stock and securities are subordinated to the payment of all Senior Indebtedness and securities received in lieu thereof that may at the time be outstanding). Under the circumstances provided in this Agreement, the holders of the Senior Indebtedness shall have the right to receive and collect any distributions made with respect to the Debenture until such time as the Senior Indebtedness is paid in full, and shall have the further right to take such actions as may be deemed necessary or required to so receive and collect such distributions including making or filing any proofs of claim relating thereto.

(b) Without in any way modifying the provisions of this Article II or affecting the subordination effected hereby if such notice is not given, Borrower shall give prompt written notice to the Lender of any dissolution, winding up, liquidation or reorganization of Borrower or any Subsidiary (whether in bankruptcy, insolvency or receivership proceedings or upon an assignment for the benefit of creditors or otherwise).

2.05 Senior Indebtedness Default. Borrower shall not declare or pay any cash dividends or make any cash distributions to the holders of capital stock of Borrower, redeem any capital stock of Borrower, purchase, acquire for value or make any payment on the Debenture if any default has occurred and is continuing with respect to the payment of principal of, or premium (if any) or interest on any Senior Indebtedness.

2.06 Subrogation. Upon the prior payment in full of all Senior Indebtedness, Lender shall be subrogated to the rights of the holders of the Senior Indebtedness to receive payments or distributions of assets of Borrower applicable to the Senior Indebtedness until all amounts owing on the Debenture shall be paid in full, and for the purpose of such subrogation, no payments or distributions to Lender otherwise payable or distributable to the holders of Senior Indebtedness shall, as between Borrower, its creditors (other than the holders of Senior Indebtedness) and Lender, be deemed to be payment by Borrower to or on account of the Debenture, it being understood that the provisions of this Article II are and are

intended solely for the purpose of defining the relative rights of Lender, on the one hand, and the holders of the Senior Indebtedness, on the other hand.

2.07 Borrower's Obligations Not Impaired.

(a) Nothing contained in this Article II or in the Debenture is intended to or shall impair, as between Borrower and Lender, the obligation of Borrower, which is absolute and unconditional, to pay Lender the principal of and interest on the Debenture as and when the same shall become due and payable in accordance with the terms of the Debenture or is intended to or shall affect the relative rights of Lender other than with respect to the holders of the Senior Indebtedness, nor, except as expressly provided in this Article II shall anything in this Agreement or therein prevent Lender from exercising all remedies otherwise permitted by applicable law upon the occurrence of an Event of Default under this Agreement or under the Debenture.

(b) If any payment or distribution shall be received in respect of the Debenture in contravention of the terms of this Article II, such payment or distribution shall be held in trust for the holders of the Senior Indebtedness, and shall be immediately delivered to such holders in the same form as received.

ARTICLE III

WARRANTIES

Except as set forth in the Disclosure Schedule, Borrower hereby represents and warrants to Lender as follows:

3.01 Corporate Status. Borrower is a corporation duly organized, validly existing and in good standing under the laws of its state of incorporation, and has the corporate power to own and operate its properties, to carry on its business as now conducted and to enter into and to perform its obligations under this Agreement, the other Loan Documents to which it is a party, and the Warrant. Borrower is duly qualified to do business and is in good standing in each state in which a failure to be so qualified would have a materially adverse effect on Borrower's financial position or its ability to conduct its business in the manner now conducted.

3.02 Subsidiaries. Except as set forth in Section 3.02 of the Disclosure Schedule, Borrower has no subsidiaries and has no direct or indirect ownership interests in any other entity. Borrower owns all of the issued and outstanding capital stock of each Subsidiary.

3.03 Authorization. Borrower and each Subsidiary has full legal right, power and authority to enter into and perform its obligations under the Loan Documents and Warrant, without the consent or approval of any other person, firm, governmental agency or other legal entity. The execution and delivery of this Agreement, the borrowing hereunder, the execution and delivery of each Loan Document to which Borrower or any Subsidiary is a

party and of the Warrant, and the performance by Borrower and each Subsidiary of its obligations hereunder and/or thereunder are within its corporate powers and have been duly authorized by all necessary corporate action properly taken, have received all necessary governmental approvals, if any were required, and do not and will not contravene or conflict with any provision of law, any applicable judgment, ordinance, regulation or order of any court or governmental agency, the Articles of Incorporation or Bylaws of Borrower or any Subsidiary, as the case may be, or any agreement binding upon it or its properties. The officer(s) executing this Agreement, the Debenture, the Warrant and all of the other Loan Documents to which Borrower or any Subsidiary is a party, is (are) duly authorized to act on behalf of Borrower or such Subsidiary, as the case may be.

3.04 Validity and Binding Effect. This Agreement, the other Loan Documents, and the Warrant are the legal, valid and binding obligations of Borrower and each Subsidiary enforceable in accordance with their terms, subject to the effect of bankruptcy, insolvency, reorganization, moratorium or other similar laws now or hereafter in effect generally affecting creditors' rights and to the effect on enforceability of certain remedies of rules of law governing specific performance, injunctive relief and other equitable remedies.

3.05 No Consent Required. The execution, delivery and performance of the Loan Documents and the Warrant by Borrower and each Subsidiary do not require the consent or approval of or the giving of notice to any person or entity, other than the approval of the Board of Directors of Borrower or Subsidiaries and such other consents or approvals as have or shall have been obtained as of the Closing.

3.06 Other Transactions. There are no outstanding loans, liens, pledges, security interests, agreements or other facilities upon which Borrower or any Subsidiary is obligated or by which Borrower or any Subsidiary is bound that will in any way permit any third person to have or obtain priority over Lender as to any of the Collateral.

3.07 Capitalization. As of the date hereof, and upon consummation of the transactions contemplated by the Loan Documents, Borrower will have a total authorized capitalization consisting of Twenty-five Million (25,000,000) shares of Common Stock, par value \$0.01 per share (the "Common Stock"), of which One Million Six Hundred Twenty-three Nine Hundred Sixty-six (1,623,966) shares will be issued and outstanding, and Ten Million (10,000,000) shares of preferred stock, none of which will be issued and outstanding. The Company has reserved a sufficient number of shares of Common Stock for issuance upon exercise of the Warrant. A complete list of all outstanding shares of Common Stock and warrants, options and other rights to purchase or otherwise acquire Common Stock or other securities or instruments exchangeable for or convertible into Common Stock and the names in which they are or will be registered is set forth in Section 3.07 of the Disclosure Schedule. All the outstanding shares of capital stock of Borrower have been duly authorized, are validly issued and are fully paid and nonassessable. The shares of Common Stock issuable upon exercise of the Warrant, upon issuance, will have been duly authorized, will be validly issued and will be fully paid and nonassessable. The Debenture, the Warrant, and all outstanding shares of capital stock of the Borrower have been offered, issued, sold and

delivered by Borrower in compliance with applicable federal and state securities laws. Except as set forth in Section 3.07 of the Disclosure Schedule, there are no options, warrants or rights to acquire shares of the capital stock or other securities of Borrower or any Subsidiary authorized, issued or outstanding, nor is Borrower obligated in any other manner to issue shares of its capital stock or other securities, and there are no restrictions on the transfer of shares of capital stock of Borrower other than those imposed by applicable state and federal securities laws. No holder of any security of Borrower is entitled to preemptive or similar statutory or contractual rights, either arising pursuant to any agreement or instrument to which Borrower is a party or that are otherwise binding upon Borrower with respect to the issuance of any capital stock, debt instruments or other securities of Borrower.

3.08 Places of Business. The records with respect to all tangible and intangible personal property constituting Collateral are maintained at the principal office of Borrower and Subsidiaries at the addresses set forth in Section 3.08 of the Disclosure Schedule.

3.09 Litigation. There are no actions, suits or proceedings pending, or, to the knowledge of Borrower, threatened, against or affecting Borrower or any Subsidiary or involving the validity or enforceability of any of the Loan Documents or the priority of the liens thereof or the Warrant, at law or in equity, or before any governmental or administrative agency, except actions, suits and proceedings that are fully covered by insurance and that, if adversely determined, would not impair the ability of Borrower or any Subsidiary to perform each and every one of its obligations under and by virtue of the Loan Documents or the Warrant; and Borrower and each Subsidiary is not in default with respect to any order, writ, injunction, decree or demand of any court or any governmental authority.

3.10 Financial Statements. The (a) audited consolidated balance sheets of Borrower as at December 31, 1998, and the related consolidated statements of income, changes in stockholders' equity, and cash flow for the fiscal year then ended, and (b) unaudited consolidated balance sheet of Borrower as at May 31, 1999, and the related unaudited consolidated statements of income for the fiscal period then ended, heretofore delivered to Lender have been prepared on the basis of GAAP, and fairly present the financial condition of Borrower as of the date(s) thereof subject, in the case of interim financial statements, to normal recurring year-end adjustments and the absence of notes. No materially adverse change has occurred in the financial condition of Borrower since the date(s) thereof, and no additional borrowings have been made by Borrower or any Subsidiary since the date(s) thereof.

3.11 No Defaults. Consummation of the transactions hereby contemplated and the performance of the obligations of Borrower and each Subsidiary under and by virtue of the Loan Documents and the Warrant will not result in any breach of, or constitute a default under, the Articles of Incorporation or Bylaws of Borrower or any Subsidiary, as the case may be, or any mortgage, security deed or agreement, deed of trust, lease, loan or credit agreement, partnership agreement, license, franchise or any other material instrument or agreement to which Borrower or any Subsidiary is a party or by which Borrower or any Subsidiary or its properties may be bound or affected.

3.12 Compliance With Law. Borrower and each Subsidiary has obtained all licenses, permits and governmental approvals and authorizations necessary or proper in order to conduct its business and affairs as heretofore conducted and as hereafter intended to be conducted. Borrower and each Subsidiary is in compliance with all laws, regulations, decrees and orders applicable to it (including, but not limited to, laws, regulations, decrees and orders relating to environmental, occupational and health standards and controls, antitrust, monopoly, restraint of trade or unfair competition) and any noncompliance, in the aggregate, cannot reasonably be expected to have an adverse effect on its business, operations, property or financial condition and will not adversely affect its ability to perform its obligations under the Loan Documents or the Warrant.

3.13 Taxes. Borrower and each Subsidiary has filed or caused to be filed all tax returns that are required to be filed (except for returns that have been appropriately extended), and has paid all taxes shown to be due and payable on said returns and all other taxes, impositions, assessments, fees or other charges imposed on it by any governmental authority, agency or instrumentality, prior to any delinquency with respect thereto (other than taxes, impositions, assessments, fees and charges currently being contested in good faith by appropriate proceedings, for which appropriate amounts have been reserved). No tax liens have been filed against Borrower or any Subsidiary or any of their respective properties. All taxes imposed by law on Borrower in connection with the issuance, sale and delivery of the Debenture and the Warrant shall have been fully paid and all laws imposing such taxes shall have been fully complied with, prior to the Closing.

3.14 Collateral. Borrower and each Subsidiary has all necessary right, power and authority to grant to Lender a valid and enforceable security interest in the Collateral. The Lender's security interest in such Collateral constitutes a valid lien upon and security interest in such Collateral, and, except for liens disclosed in Schedule 3.14 of the Disclosure Schedule and liens arising by operation of law in the ordinary course of Borrower's or any Subsidiary's business and that do not impair, in the aggregate, Lender's rights or priority in such Collateral, no other person or entity has any right, title, interest, security interest, claim or lien with respect thereto.

3.15 Certain Transactions. Neither Borrower nor any Subsidiary is indebted, directly or indirectly, to any of its respective officers or directors or to their spouses or children; none of said officers or directors or any members of their immediate families are indebted to Borrower or any Subsidiary or have any direct or indirect ownership interest in any firm or corporation with which Borrower or any Subsidiary is affiliated or with which Borrower or any Subsidiary has a business relationship, or any firm or corporation that competes with Borrower or any Subsidiary, except that officers and/or directors of Borrower and Subsidiaries may own no more than one percent (1%) of the outstanding stock of publicly traded companies that compete with Borrower or any Subsidiary. No officer or director or any member of their immediate families, is, directly or indirectly, interested in any material contract with Borrower or any Subsidiary, and, except as expressly contemplated by

this Agreement, neither Borrower nor any Subsidiary is a guarantor or indemnitor of any indebtedness.

3.16 Title to Property. Borrower and Subsidiaries own no real property or lease any real property other than the real property disclosed in Schedule 3.16 of the Disclosure Schedule. As of the date hereof Borrower and each Subsidiary has good and marketable title to all of the personal property used in its business, free and clear of any and all claims, liens, encumbrances, equities and restrictions of every kind and nature whatsoever, except for such claims, liens, encumbrances, equities and restrictions as are not in the aggregate material to the business, operations or financial condition of Borrower or such Subsidiary, as the case may be.

3.17 Intellectual Property.

(a) Section 3.17(a) of the Disclosure Schedule sets forth a complete list and a brief description of all domestic and foreign patents, patent and know-how licenses, trade names, trademark and service mark registrations, common-law trademarks, copyright registrations, copyrights and applications for any of the foregoing currently used by the Borrower or any Subsidiary (the "Intellectual Property"). The parties expressly agree that the term Intellectual Property shall not include Third Party Software, as defined in Section 3.17.2 below. Except as set forth in Section 3.17(a) of the Disclosure Schedule, the Borrower (or a Subsidiary, as indicated in Section 3.17(a) of the Disclosure Schedule) owns all right, title and interest in and to, or holds valid licenses from third parties for, all of the Intellectual Property. Section 3.17(a) of the Disclosure Schedule also indicates whether any of the Intellectual Property was acquired by assignment to the Borrower or a Subsidiary or is used by the Borrower or a Subsidiary under authority of a license. No employees or contractors of the Borrower or any Subsidiary, past or present, claim or have claimed any interest in the Intellectual Property and, to Borrower's knowledge, no basis for any such claim exists.

(b) Except as otherwise set forth in Section 3.17(b) of the Disclosure Schedule, with respect to the Intellectual Property listed thereon:

(i) The Intellectual Property and all rights appurtenant thereto are free and clear of any and all Liens;

(ii) No transfer, conveyance, sale or assignment has been made by the Borrower or any Subsidiary of any part of any item constituting part of the Intellectual Property or any rights appurtenant thereto, and no license, franchise or other agreement with respect to the Intellectual Property has been entered into by Borrower or any Subsidiary with a third party (other than licenses granted by the Borrower or a Subsidiary in the ordinary course of its business, forms of which licenses have been provided to Lender);

(iii) Except for common law copyrights and trademarks, each item constituting part of the Intellectual Property which is owned by the Borrower or a Subsidiary has been duly and validly registered with, filed in or issued by, as the case may be, the United

States Patent and Trademark Office or the United States Copyright Office, and such registrations, filings and issuances remain in full force and effect, and there have been no failures in complying with such requirements, and no copyrights, patents or trademarks have lapsed or been canceled or abandoned;

(iv) The Intellectual Property constitutes all intellectual property necessary for the Borrower or any Subsidiary to carry on its business as presently conducted and as contemplated in the reasonably foreseeable future;

(v) The registrations and applications to register the Intellectual Property in each of the countries in which the Intellectual Property is registered are valid and subsisting in all respects and have been properly maintained and the Borrower or a Subsidiary, as the case may be, has otherwise taken all reasonable measures required under all applicable laws to maintain and protect the Intellectual Property; and

(vi) To Borrower's knowledge, neither any of the Intellectual Property nor any use of the Intellectual Property, nor the operations of the Borrower or any Subsidiary, infringes upon or violates any trademark, enforceable in the United States, any trade secret, or any copyright or United States patent rights of any third party, and to the Borrower's knowledge, none of the Intellectual Property nor any use thereof nor the operations of the Borrower or any Subsidiary infringes upon any patent rights of any third party arising under the laws of any country outside of the United States.

(c) There are no pending or, to the knowledge of the Borrower, threatened proceedings, litigation or other adverse claims affecting, or with respect to, the Intellectual Property. To the knowledge of the Borrower, no person or entity is infringing the Borrower's or any Subsidiary's rights with respect to the Intellectual Property. To the knowledge of the Borrower, none of the operations, processes or products of the Borrower or any Subsidiary infringe or violate the rights of any third party. Neither Borrower nor any Subsidiary has received any charge, complaint, claim or notice alleging any such infringement or violation.

(d) There are no claims pending or, to the knowledge of the Borrower, threatened to the effect that any shareholder, director, employee or agent of the Borrower or any Subsidiary has, with respect to his or her activities to date, violated any terms or conditions of his or her employment contract with any third party, disclosed or utilized any trade secrets or proprietary information of such third party, or interfered in the employment relationship between such third party and any of its employees, and to the knowledge of the Borrower, no basis for any such action exists.

(e) Borrower (or a Subsidiary, as the case may be) is the lawful and exclusive owner of its confidential business information (as defined in this Agreement), free and clear of any claim, right, trademark, patent or copyright protection of any third party, other than liens set forth on the Disclosure Schedule. As used in this Agreement, "confidential business information" includes technical and nontechnical data related to patterns, plans, methods, techniques, drawings, finances, customer lists, suppliers, products,

pricing and cost information, designs, processes, procedures, formulas, research data owned or used by Borrower (or a Subsidiary, as the case may be) or marketing studies conducted by Borrower (or a Subsidiary, as the case may be), all of which Borrower considers to be commercially important and competitively sensitive and which generally have not been disclosed to third parties other than customers in the ordinary course of business, but does not include Third Party Software. Borrower and each Subsidiary follows such procedures as are necessary to protect Borrower's and Subsidiary's trade secrets and proprietary rights in intellectual property of all kinds.

3.17.1 Borrower Software Assets.

(i) Section 3.17.1 of the Disclosure Schedule accurately identifies and describes all software products and/or software technology developed, marketed, supported, owned, sold, licensed, leased, under development or otherwise used in connection with the businesses of the Borrower or any Subsidiary (except Third Party Software, as hereinafter defined) ("Borrower Software Assets"), and lists all registrations and applications to register the Borrower Software Assets for any purpose, including copyright and patent.

(ii) The Borrower (or a Subsidiary, as the case may be), except as indicated on Section 3.17.1 of the Disclosure Schedule, possesses the exclusive worldwide right, title, interest and ownership, free and clear of any royalty payments or security interests, claims, contract rights, licenses, liens, leases or encumbrances whatsoever, in and to the Borrower Software Assets, and to all use, reproduction, modification, marketing and licensing rights, copyrights, U.S. patent rights, U.S. trade names, U.S. trademarks and trade secrets relating thereto, and, except as provided in standard end-user licenses used in the ordinary course of business, there are no agreements providing any party the right to use, copy, license, sell, convert, modify or distribute the Borrower Software Assets or relating to or affecting the Borrower Software Assets in any respect. The Borrower Software Assets are original works of authorship created and developed solely by the Borrower (or a Subsidiary, as the case may be) within the meaning of applicable law.

(iii) The Borrower Software Assets including, without limitation, the source codes thereof, constitute trade secrets of the Borrower (or a Subsidiary, as the case may be), as the case may be, and have not been disclosed by the Borrower, any Subsidiary or anyone authorized by them to any person under any circumstance which would destroy their status as trade secrets. To Borrower's knowledge, the Borrower Software Assets have not been disclosed on an unauthorized basis to any third party. There is no pending challenge received by the Borrower or any Subsidiary to the validity of the Borrower Software Assets or source codes thereof as valid and enforceable trade secrets of the Borrower or any Subsidiary, as the case may be. The Borrower and each Subsidiary has taken all steps and actions necessary and appropriate under all applicable laws, of any country, to establish and preserve the Borrower Software Assets and source codes included in the Borrower Software Assets as trade secrets and to establish and preserve the copyright and patent rights therein.

(iv) There has been no publication by the Borrower, any Subsidiary or any person authorized by the Borrower or any Subsidiary of any of the Borrower Software Assets in a manner which would preclude the protection afforded copyrighted material under the Copyright Laws of the United States or the laws of any country in which the Borrower Software Assets are distributed by the Borrower, any Subsidiary or their authorized distributors.

(v) No person or entity other than the Borrower or any Subsidiary is in possession of or has the right to possession of any of the Borrower Software Assets, including, without limitation, the source codes included in the Borrower Software Assets (other than licenses granted by the Borrower or any Subsidiary in the ordinary course of their respective business, forms of which licenses have been provided to the Lender).

(vi) None of the Borrower Software Assets infringes any U.S. patent, or any copyright, trade secret, U.S. trademark or any other intellectual property rights, privacy rights or similar rights of any third party, nor has any claim (whether or not embodied in an action, past or present) of such infringement been, to Borrower's knowledge, threatened or asserted, and no such claim is pending against the Borrower or any Subsidiary. To the Borrower's knowledge, neither the Borrower Software Assets nor any portion or use thereof infringes any patent rights or trademark rights arising outside of the United States, nor has any claim (whether or not embodied in an action, past or present) of such infringement been, to Borrower's knowledge, threatened or asserted, and no such claim is pending against the Borrower or any Subsidiary.

(vii) To Borrower's knowledge, all employees, independent contractors and other persons who have had access to the Borrower Software Assets or who have participated in the development or creation of any of the Borrower Software Assets were U.S. citizens at all times during such activities and have signed appropriate non-disclosure and confidentiality agreements and work-for-hire agreements in the case of independent contractors, sufficient to protect the Borrower Software Assets from unauthorized disclosure and sufficient to transfer and assign any rights of any such persons in the Borrower Software Assets to the Borrower or any Subsidiary, as the case may be. To Borrower's knowledge, there has been no unauthorized access to the Borrower Software Assets or any of them by any third party.

3.17.2 Third Party Software.

(i) Section 3.17.2 of the Disclosure Schedule accurately identifies and describes all software products and/or software technology ever distributed, marketed, supported, licensed, leased, or otherwise provided to third parties by Borrower or any Subsidiary in connection with their respective business operations which is not currently owned by the Borrower or such Subsidiary or was not owned by the Borrower or such Subsidiary at the time it was provided to a third party by the Borrower or such Subsidiary excluding shrink wrap software used by the Borrower or any Subsidiary for internal use only (collectively, the "Third Party Software"). Such section further sets forth the identity of the

party which licensed such Third Party Software to the Borrower or any Subsidiary and the agreement pursuant to which such license was granted (collectively, the "Third Party Agreements"). Such schedule further lists all registrations and applications to register the Third Party Software which Borrower or any Subsidiary has made in any jurisdiction for any purpose, including copyright and patent.

(ii) The Borrower or a Subsidiary, except as indicated on Section 3.17.2 of the Disclosure Schedule, possesses or possessed all right, title and interests necessary to allow the Borrower or such Subsidiary to distribute, license or otherwise provide the Third Party Software to third parties in the manner in which it has carried out such acts in the past and in the manner in which it currently distributes, licenses or otherwise provides such software to third parties.

(iii) To its knowledge, none of the Third Party Software, nor any portion or use thereof, nor any distribution of such software by Borrower or any Subsidiary as permitted pursuant to the Third Party Agreements, infringes any patent, or any copyright, trade secret, trademark or other intellectual property rights, privacy rights or similar rights of any third party, nor has any claim (whether or not embodied in an action, past or present) of such infringement been threatened or asserted, and no such claim is pending against any third party.

(iv) Neither Borrower nor any Subsidiary is in violation of any term or provision of the Third Party Agreements, nor has any event, act or omission occurred that, with the passage of time or giving of notice would be a violation or default in any material respect under any such Agreement. Except as indicated on Section 3.17.2 of the Disclosure Schedule, each of the Third Party Agreements is a valid and binding obligation of the Borrower (or an applicable Subsidiary) and is in full force and effect. There is no violation by the other party thereto of any material term or provision of any of the Third Party Agreements and there have been no threatened cancellations thereof or outstanding material disputes thereunder. The Borrower has heretofore made available to each Investor for examination true, complete and correct copies of the Third Party Agreements.

3.18 Investment Company Act. Neither Borrower nor any Subsidiary is an "investment company" or a company "controlled" by an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

3.19 Margin Requirements. Without expanding the limited uses of proceeds of the Loan set forth in Section 4.03 of this Agreement, Borrower agrees that Borrower shall not use any of the funds advanced under the Loan for the purpose of acquiring or carrying "margin stock" for the purposes of Regulations G, T, X or U of the Federal Reserve Board.

3.20 Solvency. Borrower is solvent as of the date of this Agreement. For purposes of this Section 3.20, "solvent" shall mean that Borrower: (i) has capital sufficient to carry on its business and transactions and all business and transactions in which it is about to engage,

(ii) is able to pay its debts as they mature, and (iii) owns assets having present fair salable value greater than the amount required to pay its debts.

3.21 Environmental Compliance. Borrower and each Subsidiary has duly complied in all material respects with, and its properties are owned and operated in all material respects in compliance with all federal, state and local environmental laws and regulations. There have been no citations, notices or orders of noncompliance issued to Borrower or any Subsidiary or relating to its business or properties. Borrower and each Subsidiary has obtained all federal, state and local licenses, certificates or permits required by such environmental laws and regulations relating to Borrower, any Subsidiary and their respective properties.

3.22 OSHA Compliance. Borrower and each Subsidiary is in compliance with the Federal Occupational Safety and Health Act, as amended, and all regulations thereunder, except where failure to comply would not have a material adverse effect on Borrower or such Subsidiary or Borrower's or Subsidiary's assets or financial condition.

3.23 ERISA Compliance. With respect to the Employee Retirement Income Security Act of 1974, as amended from time to time, and the regulations promulgated and rulings issued thereunder ("ERISA"):

(a) Plans. Section 3.23 of the Disclosure Schedule sets forth any and all "employee benefit plans" maintained by or on behalf of Borrower or any ERISA Affiliates as defined in Section 3(3) of ERISA (a "Plan"), including, but not limited to, any defined benefit pension plan, profit sharing plan, money purchase pension plan, savings or thrift plan, stock bonus plan, employee stock ownership plan, Multiemployer Plan, or any plan, fund, program, arrangement or practice providing for medical (including post-retirement medical), hospitalization, accident, sickness, disability, or life insurance benefits. For purposes of this Agreement, "ERISA Affiliate" shall mean each trade or business (whether or not incorporated) which, together with Borrower, is treated as a single employer under Section 414(b), (c), (m) or (o) of the Internal Revenue Code of 1986, as amended from time to time, and the regulations promulgated and the rulings issued thereunder (the "Code"); and "Multiemployer Plan" shall mean a "multiemployer plan" as defined in Section 4001(a)(3) of ERISA. Neither Borrower nor any ERISA Affiliate maintains or contributes to, or has maintained or contributed to, any defined benefit pension plan or Multiemployer Plan.

(b) Compliance. Each Plan has at all times been maintained, by its terms and in operation, in accordance in all material respects with all applicable laws, and no fact that might constitute grounds for the involuntary termination of the Plan, or for the appointment by the appropriate United States District Court of a trustee to administer the Plan, exists at the time of execution of this Agreement.

(c) Liabilities. Except for liabilities and expenses which become payable and are timely paid pursuant to the terms and usual operations of the Plans, neither Borrower nor any Subsidiary is currently and, to the best of Borrower's knowledge, will not become

subject to any material liability (including withdrawal liability), tax or penalty whatsoever to any person whomsoever with respect to any Plan including, but not limited to, any material tax, penalty or liability arising under Title I or Title IV of ERISA or Chapter 43 of the Code.

(d) Funding. Borrower and each ERISA Affiliate has made full and timely payment of all amounts (i) required to be contributed under the terms of each Plan and applicable law and (ii) required to be paid as expenses of each Plan. No Plan or Plans have an "amount of unfunded benefit liabilities" (as defined in Section 4001 (a)(18) of ERISA) which, in the aggregate, exceeds \$5,000.

3.24 Small Business Concern. Borrower, together with its "affiliates" (as that term is defined in 13 C.F.R. Section 121.103), if any, is a "Smaller Business" within the meaning of 15 U.S.C. Section 662(5), that is Section 103(5) of the Small Business Investment Act of 1958, as amended (the "SBIC Act"), and the regulations thereunder, including 13 C.F.R. Section 107.710, and meets the applicable size eligibility criteria set forth in 13 C.F.R. Section 121.301(c)(1) or the industry standard covering the industry in which Borrower is primarily engaged as set forth in 13 C.F.R. Section 121.301(c)(2). Neither Borrower nor any of its subsidiaries presently engages in any activities for which a small business investment company is prohibited from providing funds by the SBIC Act and the regulations thereunder, including 13 C.F.R. Section 107.

3.25 Statements Not False or Misleading. Borrower and each Subsidiary has fully advised Lender of all matters involving Borrower's and such Subsidiary's financial condition, operations, properties or industry that management of Borrower reasonably expects might have a materially adverse effect on Borrower or any Subsidiary. No representation or warranty given as of the date hereof by Borrower contained in this Agreement or any schedule attached hereto or any statement in any document, certificate or other instrument furnished or to be furnished to Lender pursuant hereto, taken as a whole, contains or will (as of the Closing) contain any untrue statement of a material fact, or omits or will (as of the Closing) omit to state any material fact that is necessary in order to make the statements contained therein not misleading.

3.26 Offering. Subject in part to the truth and accuracy of the Lender's representations set forth in this Agreement and the Warrant, the offer, sale and issuance of the Debenture and the Warrant and the offer, sale and issuance of securities upon exercise of the Warrant are exempt from the registration requirements of the Securities Act of 1933, amended (the "Securities Act"), and applicable state securities laws as currently in force.

3.27 Chief Executive Office. The chief executive office of Borrower is located at the address set forth beside Borrower's name in Section 9.10 of this Agreement and the chief executive office of each Subsidiary is located at the address set forth in Section 3.08 of the Disclosure Schedule of this Agreement.

3.28 Year 2000. To the best of Borrower's knowledge, any third party hardware, software or firmware licensed or purchased by Borrower or any subsidiary of Borrower or

used by Borrower or any subsidiary to provide services or to process its own information will not cease normal operation, or provide incorrect results, because of failure to accurately identify and/or process date/time data (including but not limited to, calculating, comparing, and sequencing) from, into, and between the twentieth and twenty-first centuries, and the years 1999 and 2000 and leap year calculations. Software owned or developed by Borrower, any subsidiary of Borrower, or Borrower's (or subsidiary's) employees, consultants, and independent contractors, or used by Borrower or any subsidiary of Borrower to provide services or to process its own information ("Borrower's Software") will not cease normal operation or provide incorrect results, because of failure to accurately identify and/or process date/time data (including but not limited to, calculating, comparing, and sequencing) from, into, and between the twentieth and twenty-first centuries, and the years 1999 and 2000 and leap year calculations when either (A) used as a standalone application, or (B) integrated into or otherwise used in conjunction with the third party hardware, software, firmware and data ("Third Party Products") with which such Borrower's Software was designed or intended by Borrower or any subsidiary to operate at the time such Borrower's Software was (i) developed for internal use or (ii) provided to customers of Borrower or any subsidiary of Borrower or tested by Borrower or any subsidiary for such customers, whichever is later. Notwithstanding the foregoing, Borrower shall not be considered to be in breach of the representation and warranty in the immediately preceding sentence to the extent such failure of such Borrower Software to comply with such representation and warranty is attributable to (x) a failure by any Third Party Product to accurately process date/time data (including but not limited to, calculating, comparing, and sequencing) from into and between the twentieth and twenty-first centuries, and the years 1999 and 2000 and leap year calculations; or (y) any modification of the Borrower Software by a Borrower (or subsidiary) customer following the provision of such Borrower Software to such customer or the testing of the Borrower Software by Borrower (or a subsidiary) for such customer, whichever is later.

3.29 Survival. The representations and warranties of Borrower contained in this Agreement shall survive until the Secured Obligations are indefeasibly repaid and satisfied in full.

ARTICLE IIIA

WARRANTIES OF SUBSIDIARIES

Except as set forth in the Disclosure Schedule, Borrower and each Subsidiary hereby represents and warrants to Lender as follows:

3.01A Corporate Status. Such Subsidiary is a corporation duly organized, validly existing and in good standing under the laws of its state of incorporation, and has the corporate power to own and operate its properties, to carry on its business as now conducted and to enter into and to perform its obligations under this Agreement and the other Loan Documents to which it is a party. Such Subsidiary is duly qualified to do business and is in good standing in each state in which a failure to be so qualified would have a materially

adverse effect on such Subsidiary's financial position or its ability to conduct its business in the manner now conducted.

3.02A Subsidiaries. Such Subsidiary has no subsidiaries and has no direct or indirect ownership interests in any other entity.

3.03A Authorization. Subsidiary has full legal right, power and authority to enter into and perform its obligations under the Loan Documents, without the consent or approval of any other person, firm, governmental agency or other legal entity. The execution and delivery of this Agreement, the execution and delivery of each Loan Document to which such Subsidiary is a party, and the performance by such Subsidiary of its obligations hereunder and/or thereunder are within its corporate powers and have been duly authorized by all necessary corporate action properly taken, have received all necessary governmental approvals, if any were required, and do not and will not contravene or conflict with any provision of law, any applicable judgment, ordinance, regulation or order of any court or governmental agency, the Articles of Incorporation or Bylaws of such Subsidiary, as the case may be, or any agreement binding upon it or its properties. The officer(s) executing this Agreement and all of the other Loan Documents to which such Subsidiary is a party, is (are) duly authorized to act on behalf of such Subsidiary.

3.04A Validity and Binding Effect. This Agreement and the other Loan Documents are the legal, valid and binding obligations of such Subsidiary enforceable in accordance with their terms, subject to the effect of bankruptcy, insolvency, reorganization, moratorium or other similar laws now or hereafter in effect generally affecting creditors' rights and to the effect on enforceability of certain remedies of rules of law governing specific performance, injunctive relief and other equitable remedies.

3.05A No Consent Required. The execution, delivery and performance of the Loan Documents by such Subsidiary do not require the consent or approval of or the giving of notice to any person or entity, other than the approval of the Board of Directors of such Subsidiary and such other consents or approvals as have or shall have been obtained as of the Closing.

3.06A Statements Not False or Misleading. No representation or warranty given as of the date hereof by such Subsidiary contained in this Agreement or any schedule attached hereto or any statement in any document, certificate or other instrument furnished or to be furnished to Lender pursuant hereto, taken as a whole, contains or will (as of the Closing) contain any untrue statement of a material fact, or omits or will (as of the Closing) omit to state any material fact that is necessary in order to make the statements contained therein not misleading.

ARTICLE IV

COVENANTS AND AGREEMENTS

4.01 Payment of Secured Obligations. Borrower shall pay the indebtedness evidenced by the Debenture according to the terms thereof, and shall timely pay or perform, as the case may be, all the other Secured Obligations and the Senior Indebtedness.

4.02 Transfer of Collateral. Neither Borrower nor any Subsidiary will sell, exchange, lease, negotiate, pledge, assign or otherwise dispose of the Collateral to anyone other than Lender and will not permit any lien, security interest or other encumbrance to attach to the Collateral, except (i) with regard to the Senior Indebtedness, (ii) purchase money security interests or leasehold interests on property acquired by Borrower or such Subsidiary in an amount not to exceed the purchase price therefor; (iii) Borrower or such Subsidiary may sell or lease inventory in the ordinary course of business, (iv) Borrower or such Subsidiary may sell or otherwise dispose of obsolete or retired equipment in the ordinary course of business; and (v) Borrower may pledge its eligible accounts receivable to secure indebtedness as permitted pursuant to Section 4.05(v) of this Agreement.

4.03 Use of Proceeds, Restrictions on Activities.

(a) Neither Borrower nor any of its subsidiaries will engage in any activities or use directly or indirectly the proceeds from the Loan for any purpose for which a small business investment company is prohibited from providing funds by the SBIC Act and the regulations promulgated thereunder, including 13 C.F.R. Section 107.

(b) Borrower will use the proceeds from the Loan for the purposes and in the amounts set forth in Section 4.03 of the Disclosure Schedule. Borrower will deliver within ninety (90) days of the Closing to Lender a written report, certified as correct by Borrower's chief executive officer or chief financial officer, verifying the purposes and the amounts for which proceeds from the Loan have been disbursed. Borrower and each Subsidiary, as the case may be, will supply to Lender such additional information and documents as Lender reasonably requests with respect to use of proceeds and will permit Lender to have reasonable access to any and all records and information and personnel of Borrower or Subsidiaries as Lender reasonably deems necessary to verify how proceeds have been or are being used and to assure that the proceeds have been used for the purposes specified.

(c) Neither Borrower nor any Subsidiary will, without obtaining the prior written consent of the Lender, change within one year of the Closing hereunder Borrower's or such Subsidiary's business activity from that currently conducted to a business activity for which a small business investment company is prohibited from providing funds by the SBIC Act and the regulations promulgated thereunder. Borrower and each Subsidiary agrees that any such changes in its business activity without such prior written consent of the Lender will at the Lender's sole option constitute an event of default under the Debenture (an "Activity Event of Default"). If an Activity Event of Default occurs, the Lender shall have the right to demand immediate repayment of the Debenture with interest to the date of repayment, and Borrower will immediately make such payment within three (3) days of

receipt of a demand. The payment remedy is in addition to any and all other rights and remedies against Borrower, Subsidiaries and others to which Lender may be entitled.

4.04 Further Assurances. At Borrower's expense, Borrower and each Subsidiary will take all actions requested by the Lender to create and maintain for the benefit of the Lender valid liens upon, security titles to and/or perfected security interests in any collateral security described in Section 2.01 or the Security Instruments and all other security for the Secured Obligations now or hereafter held by or for Lender, including, without limitation, the execution, delivery, filing and recordation of UCC-1 Financing Statements and Assignments or Security Interests in United States copyrights, trademarks and patents, each in a form reasonably satisfactory to the Lender. Without limiting the foregoing, Borrower and each Subsidiary agrees to execute such further instruments (including financing statements and continuation statements) as may be required or permitted by any law relating to notices of, or affidavits in connection with, the perfection of the Lender's security interests, and to cooperate with Lender in the filing or recording and renewal thereof.

4.05 Limitations on Debt and Obligations. Neither Borrower nor any Subsidiary shall issue, assume, guarantee or otherwise become liable or permit to exist any indebtedness except (i) the Senior Indebtedness; (ii) the indebtedness incurred pursuant to the Debenture; (iii) accounts payable and other trade payables incurred in the ordinary course of business; (iv) obligations of Borrower or any Subsidiary pursuant to capitalized leases and/or purchase money financing of equipment not more than \$75,000 greater than the amount of capitalized leases and purchase money financing of equipment outstanding as of the date of this Agreement; (v) indebtedness incurred by Borrower or any Subsidiary from state or nationally chartered banks (or other financial institutions with assets in excess of Three Billion Dollars (\$3,000,000,000)) in an amount not to exceed seventy-five percent (75%) of Borrower's or such Subsidiary's outstanding eligible accounts receivable; or (vi) indebtedness that refinances secured indebtedness under clauses (i), (iv) and/or (v) above, provided that the collateral for such new indebtedness is the collateral from the refinanced secured indebtedness and the aggregate principal amount of such indebtedness does not exceed the principal amount outstanding under the refinanced indebtedness. Notwithstanding the foregoing, at no time will the sum of the Senior Indebtedness and the Loan exceed the product of (i) EBITDA (as defined below), multiplied by (ii) three and one-half (3.5) (the "EBITDA Limitation"). For the purposes of this Agreement, the term "EBITDA" will mean the earnings of Borrower and the Subsidiaries on a consolidated basis before interest, taxes, depreciation and amortization, as determined in accordance with GAAP, for the immediately preceding completed fiscal year and, in the event of any acquisition of another entity with at least seventy-five percent (75%) of its revenues for the immediately preceding completed fiscal year attributable to billing service contracts, the earnings of such entity before interest, taxes, depreciation and amortization, as determined in accordance with GAAP, of such entity for the immediately preceding completed fiscal year; provided, however, that with respect to any calculation of EBITDA for the fiscal year ended December 31, 1999, EBITDA shall mean the earnings of Borrower and the Subsidiaries on a consolidated basis before interest, taxes, depreciation and amortization, as determined in accordance with GAAP, plus the 1999 EBITDA Adjustment. For the purposes of this Agreement, the "1999 EBITDA Adjustment"

will mean the following expenses incurred by Borrower in connection with those Employment Agreements, each dated February 28, 1999, by and between Borrower and Charles W. Wright and Cameron Kuhn: (a) cash and associated employer's payroll taxes paid as a signing bonus under such Employment Agreements; (b) professional expenses incurred in connection with the negotiation and preparation of such Employment Agreements; and (c) debt assumed, and associated employer's payroll taxes paid, by Borrower pursuant to such Employment Agreements to the extent the assumption of such debt results in an expense to Borrower; provided, however, that the "1999 EBITDA Adjustment" will not exceed \$1,300,000.

4.06 Financial Statements and Reports. Until such time as the Loan and Warrant are no longer outstanding, Borrower and Subsidiaries shall furnish to Lender (i) within ninety (90) days after the end of each fiscal year of Borrower, an audited consolidated balance sheet of Borrower as of the close of such fiscal year, an audited consolidated income statement of Borrower for such fiscal year, and audited consolidated statements of cash flows for Borrower for such fiscal year, all in reasonable detail, prepared in accordance with GAAP, and in such form as has customarily been prepared by Borrower; (ii) within thirty (30) days of the end of each calendar month, consolidated balance sheets of Borrower as of the close of such month and a consolidated income statement of Borrower for such month, all in reasonable detail, and prepared on the basis of accounting principles consistently applied, together with a certificate of Borrower's Chief Executive Officer and/or Chief Financial Officer confirming Borrower's compliance (or lack thereof) with all the terms and conditions of the Loan Documents and the Warrant; and (iii) with reasonable promptness, such other financial data as Lender may reasonably request from time to time. If requested by Borrower, Lender may in its sole discretion permit Borrower additional time to prepare and deliver the financial statements required to be delivered to Lender by Borrower at the end of each fiscal year.

4.07 Maintenance of Books and Records, Inspection. Borrower and each Subsidiary shall maintain its books, accounts and records on the basis of accounting principles consistently applied, and permit a representative of Lender, at Lender's expense and upon two (2) days' prior written notice, to visit and inspect any of its properties (including, but not limited to, the Collateral), corporate books and financial records, and to discuss its accounts, affairs and finances with Borrower or any Subsidiary or the principal officers of Borrower during business hours, and without interruption of Borrower's or such Subsidiary's business, all at such times as Lender may reasonably request.

4.08 Insurance. Without limiting any of the requirements of any of the other Loan Documents or the Warrant, Borrower and/or Subsidiaries, as the case may be, shall maintain, in amounts customary for entities engaged in comparable business activities, life, fire, liability and other forms of insurance on its properties (including, but not limited to, the Collateral now or hereafter securing payment and performance of the Secured Obligations), against such hazards, with such insurance companies and in at least such amounts as are customary in Borrower's and/or such Subsidiary's business. At the request of Lender, Borrower and/or Subsidiaries will deliver forthwith a certificate specifying the details of such

insurance in effect and that Lender is a loss payee with respect to any such insurance applicable to Collateral.

4.09 Taxes and Assessments. Borrower and Subsidiaries shall (a) file all tax returns and appropriate schedules thereto that are required to be filed under applicable law, prior to the date of delinquency, (b) pay and discharge all taxes, assessments and governmental charges or levies imposed upon Borrower and/or such Subsidiary, upon its income and profits or upon any properties belonging to it, prior to the date on which penalties attach thereto, and (c) pay all taxes, assessments and governmental charges or levies that, if unpaid, might become a lien or charge upon any of its properties; provided, however, that Borrower and/or such Subsidiary in good faith may contest any such tax, assessments and governmental charge or levy described in the foregoing clauses (b) and (c) so long as adequate reserves are maintained with respect thereto.

4.10 Corporate Existence. With respect to Borrower and each Subsidiary, Borrower shall maintain the corporate existence and good standing in the state of incorporation and qualification and good standing as a foreign corporation in each jurisdiction in which such qualification is required by applicable law and in which a failure to be so qualified would have a materially adverse effect on Borrower's or such Subsidiary's financial position or its ability to conduct its business in the manner then-conducted.

4.11 Compliance with Law and Agreements. Borrower and each Subsidiary shall maintain its business operations and property owned or used in connection therewith in compliance with (i) all applicable federal, state and local laws, regulations and ordinances governing such business operations and the use and ownership of such property, and (ii) all agreements, licenses, franchises, indentures, mortgages and deeds of trust to which Borrower or any Subsidiary is a party or by which Borrower or any Subsidiary or any of their properties is bound. Without limiting the foregoing, Borrower and each Subsidiary shall pay all of its indebtedness promptly in accordance with the terms thereof.

4.12 Notice of Default. Borrower shall give written notice to Lender of the occurrence of any Event of Default (as defined below) under this Agreement or any event of default under any other Loan Document or the Warrant promptly upon the occurrence thereof.

4.13 Notice of Litigation. Borrower shall give notice, in writing, to Lender of (i) any actions, suits or proceedings instituted by any persons whomsoever against Borrower or any Subsidiary that could materially adversely affect any of the assets of Borrower or any Subsidiary, and (ii) any dispute between Borrower or any Subsidiary on the one hand and any governmental regulatory body on the other hand, which dispute might interfere with the normal operations of Borrower or any Subsidiary; provided, however, that Lender shall not disclose any such information to any third party other than Lender's counsel except to the extent compelled by legal process or law or otherwise authorized by Borrower.

4.14 Informational Covenant. Borrower and each Subsidiary will furnish or cause to be furnished to the U.S. Small Business Administration (the "SBA") information required by the SBA concerning the economic impact of Lender's investment, including but not limited to information concerning federal, state, and local income taxes paid, number of employees, gross revenues, source of revenue growth, after tax profit or loss, and federal, state and employee income tax withholding. Borrower (and each Subsidiary, as the case may be) will furnish annually all information required on the appropriate SBA forms. Borrower (and each Subsidiary, as the case may be) will also furnish or cause to be furnished to the SBA such other information regarding the business, affairs and condition of Borrower (or such Subsidiary, as the case may be) as the SBA may from time to time reasonably request. Borrower will permit SBA examiners to inspect the books and any of the properties or assets of Borrower and its subsidiaries and to discuss Borrower's business with senior management employees at such reasonable times as the SBA may from time to time request.

4.15 ERISA Plan. If Borrower or any Subsidiary has in effect, or hereafter institutes, a pension plan that is subject to the requirements of ERISA, then the following covenants shall be applicable during such period as any such plan (a "Pension Plan") shall be in effect: (i) throughout the existence of the Pension Plan, Borrower's or such Subsidiary's contributions under the Pension Plan will meet the minimum funding standards required by ERISA and neither Borrower nor such Subsidiary will institute a distress termination of the Pension Plan, and (ii) Borrower and/or such Subsidiary will send to Lender a copy of any notice of a reportable event (as defined in ERISA) required by ERISA to be filed with the Labor Department or the Pension Benefit Guaranty Corporation, at the time that such notice is so filed.

4.16 Board of Directors. One representative of Lender designated by Lender in its sole discretion will have the right to attend, at Borrower's expense, all meetings of Borrower's Board of Directors and all committees of Borrower's Board of Directors and participate in a nonvoting capacity and, in this respect, Borrower shall give the designated representative copies of all notices, written consents and other materials provided to directors in preparation for or as part of such meetings or otherwise at such times as such notices, written consents and materials are provided to the Board of Directors; provided, however, that Borrower shall not be obligated to allow Lender's representative to participate in, or deliver to Lender, any privileged communications directly relating to Lender or Borrower's obligations pursuant to this Agreement, including, without limitation, attorney/client privileged communications.

4.17 Restricted Payments. Except as set forth in Section 4.17 of the Disclosure Schedule, Borrower will not declare, set aside, or pay or make any "Restricted Payments" (as hereinafter defined) without obtaining Lender's prior written consent. As used in this Agreement, "Restricted Payment" means (i) any dividend or other distribution on any shares of Borrower's capital stock (except dividends payable solely in shares of its capital stock) or (ii) any payment on account of the purchase, redemption, retirement or acquisition of (a) any shares of Borrower's capital stock (except shares acquired upon the conversion thereof into

other shares of its capital stock) or (b) any option, warrant or other right to acquire shares of Borrower's capital stock.

4.18 Financial Covenants.

(a) **Minimum Debt Service Coverage Ratio.** For the quarter ending March 31, 2000, and at all times thereafter, Borrower shall not permit its Debt Service Coverage Ratio (as defined below), as measured at the end of each fiscal quarter, to be less than 1.50 to 1.0. For the purposes of this Agreement, the term "Debt Service Coverage Ratio" means, with respect to Borrower, the Subsidiaries and any entity acquired by Borrower, for each period of four (4) consecutive fiscal quarters immediately preceding the date of computation thereof, (i) the sum of (A) consolidated net income (as calculated in accordance with GAAP), (B) interest expense, (C) noncapitalized lease expense, (D) depreciation and amortization, (E) deferred taxes, and (F) the portion of any 1999 EBITDA Adjustment included in the period, minus all dividends, divided by (ii) the sum of (A) interest expense, (B) noncapitalized lease expense, (C) current maturities of indebtedness having a maturity in excess of one year, and (D) to the extent not included in clause (ii)(C)) current maturities of capitalized leases.

(b) **Net Worth.** Borrower shall not at any time allow the net worth (as calculated in accordance with GAAP) of Borrower, plus the 1999 EBITDA Adjustment, to be less than \$1,500,000 (the "Minimum Net Worth Requirement"); provided, however, that the Minimum Net Worth Requirement will increase (but will not under any circumstances decrease) annually following each completed fiscal year by an amount equal to fifty percent (50%) of Borrower's net income (as calculated in accordance with GAAP) for such completed fiscal year and, if so adjusted, the adjusted Minimum Net Worth Requirement will not thereafter decrease.

4.19 Investments. Borrower will not, and will not permit any subsidiary to, make any investments (including acquisitions) outside the ordinary course of business for Borrower or any subsidiary, without the prior written consent of the Lender, except that Borrower may:

(a) Make investments in direct obligations of the United States of America, or any agency or instrumentality of the United States of America, the payment or guaranty of which constitutes a full faith and credit obligation of the United States of America, in either case maturing in twelve months or less from the date of acquisition thereof;

(b) Make investments in certificates of deposit maturing within one year from the date of origin, issued by a bank or trust company organized under the laws of the United States or any state thereof, having capital, surplus and undivided profits aggregating at least \$100,000,000 and whose long-term certificates of deposit are, at the time of acquisition thereof, rated AA or better by Standard & Poor's Corporation or AA or better by Moody's Investors Service, Inc.;

(c) Make investments in commercial paper maturing in two hundred seventy (270) days or less from the date of issuance which, at the time of acquisition by Borrower or any subsidiary is accorded the highest rating by Standard & Poor's Corporation, Moody's Investors Service, Inc. or another nationally recognized credit rating agency of similar standing; and

(d) Create receivables arising from the sale of goods and services in the ordinary course of business of Borrower and its subsidiaries.

4.20 Mergers, Consolidations and Sales of Assets. Without the Lender's prior written consent, (a) Borrower will not, and will not permit any subsidiary to (1) consolidate with or be a party to a merger or share exchange with any other corporation or (2) sell, lease or otherwise dispose of all or any substantial part (as defined in paragraph (d) of this Section 4.20) of the assets of Borrower and its subsidiaries; provided, however, that:

(i) any subsidiary may merge or consolidate with and into Borrower or any wholly owned subsidiary so long as in any merger or consolidation involving Borrower, Borrower shall be the surviving or continuing corporation; and

(ii) any subsidiary may sell, lease or otherwise dispose of all or any substantial part of its assets to Borrower or any wholly owned subsidiary.

(b) Without the Lender's prior written consent, Borrower will not permit any subsidiary to issue or sell any shares of stock of any class (including as "stock" for the purposes of this Section 4.20, any warrants, rights or options to purchase or otherwise acquire stock or other securities exchangeable for or convertible into stock) of such subsidiary to any person other than Borrower or a wholly owned subsidiary.

(c) Except as described in Section 4.20 of the Disclosure Schedule, Borrower will not, without the Lender's prior written consent, sell, transfer or otherwise dispose of any shares of stock in any subsidiary, and will not permit any subsidiary to sell, transfer or otherwise dispose of (except to Borrower or a wholly owned subsidiary) any shares of stock or any indebtedness of any other subsidiary, unless:

(i) simultaneously with such sale, transfer or disposition, all shares of stock and all indebtedness of such subsidiary at the time owned by Borrower and by every other subsidiary shall be sold, transferred or disposed of as an entirety;

(ii) the Board of Directors of Borrower shall have determined, as evidenced by a resolution thereof, that the retention of such stock and indebtedness is no longer in the best interests of Borrower;

(iii) such stock and indebtedness are sold, transferred or otherwise disposed of to Borrower for a cash consideration and on terms reasonably deemed by the Board of Directors to be adequate and satisfactory;

(iv) the subsidiary being disposed of shall not have any continuing investment in Borrower or any other subsidiary not being simultaneously disposed of; and

(v) such sale or other disposition does not involve a substantial part (as hereinafter defined) of the assets of Borrower and its subsidiaries.

(d) As used in this Section 4.20, a sale, lease or other disposition of assets shall be deemed to be a "substantial part" of the assets of Borrower and its subsidiaries only if the book value of such assets, when added to the book value of all other assets sold, leased or otherwise disposed of by Borrower and its subsidiaries (other than in the ordinary course of business) during the same twelve-month period ending on the date of such sale, lease or other disposition, exceeds 10% of the consolidated net tangible assets of Borrower and its subsidiaries determined as of the end of the immediately preceding fiscal year.

4.21 Transactions with Affiliates. Except as set forth on Section 4.21 of the Disclosure Schedule:

(a) Borrower will not, and will not permit any subsidiary to, enter into or be a party to any transaction or arrangement with any officer, director or affiliate (including, without limitation, the purchase from, sale to or exchange of property with, or the rendering of any service by or for, any affiliate), except in the ordinary course of and pursuant to the reasonable requirements of Borrower's or such subsidiary's business and upon fair and reasonable terms no less favorable to Borrower or such subsidiary than would obtain in a comparable arm's-length transaction with a person other than an affiliate, in each case as determined in good faith by a majority of the disinterested directors of Borrower (as the term "disinterested" is used in Section 144 of the Delaware General Corporation Law).

(b) Borrower will not, and will not permit any subsidiary to, make any payments on or with respect to any indebtedness of Borrower to any shareholder of Borrower, or any family member of any such shareholder, or repurchase or retire any such indebtedness, so long as the Loan and the Warrant shall be outstanding.

4.22 Change in Control. Except as set forth in Section 4.22 of the Disclosure Schedule, Borrower will not, without the Lender's prior written approval, permit to occur any (a) transaction, or series of related transactions, in which any person or entity that is not a shareholder on the date hereof acquires securities representing greater than 50% of the voting power with respect to Borrower's capital stock; or (b) change in the composition of Borrower's Board of Directors in connection with any series of related transactions such that a majority of the Board shall not have served previously as directors of Borrower or have been elected by such previous directors.

4.23 Changes in Equity, No Impairment of Warrant. Except as set forth in Section 4.23 of the Disclosure Schedule, Borrower and Subsidiaries will not, so long as the Loan or Warrant remain outstanding:

(a) without the prior written consent of the Lender, amend or repeal any provision of or add any provision to, Borrower's or any Subsidiary's Articles of Incorporation or Bylaws;

(b) without the prior written consent of Lender, enter into any agreement, or amend any existing agreement, that would prohibit or restrict Borrower or any Subsidiary from performing its obligations under the Loan Documents and/or the Warrant;

(c) without the prior written consent of the Lender, reclassify any Common Stock into shares having any preference or priority as to dividends, voting or assets superior to the Common Stock;

(d) establish or suffer to exist a par value for the Common Stock that results in the shares issuable upon exercise of the Warrant being issued or issuable at less than the par value per share of such Common Stock; or

(e) avoid or seek to avoid the observance or performance of any of the terms to be observed or performed under the Warrant, and Borrower will at all times in good faith assist in the carrying out of all of the provisions of the Warrant and in the taking of all such action as may be necessary or appropriate in order to protect the rights of the holders of the Warrant against impairment.

4.24 Life Insurance. Borrower shall obtain and maintain and pay when due all premiums on life insurance not less than \$1,500,000 on the lives of Michael Anderson and John Eberhardt collaterally assigned to the Lender pursuant to the Collateral Assignment of Life Insurance substantially in the form attached hereto as Exhibit F ("Collateral Assignment").

4.25 Chief Executive Office. Neither Borrower nor any Subsidiary will move its chief executive office until it shall have (i) given to the Lender not less than thirty (30) days prior written notice of its intention to do so, clearly describing the new location and providing such other additional information as the Lender may reasonably request; and (ii) taken all action reasonably satisfactory to the Lender to maintain the security interest of the Lender in the Collateral at all times fully perfected in full force and effect.

4.26 Change of Name. Neither Borrower nor any Subsidiary shall change its legal name until it shall have (i) given the Lender at least thirty (30) days prior written notice of its intention to do so, clearly describing such new name and providing such additional information as the Lender may reasonably request; and (ii) taken all action requested by the

promptly of any infringement of any of Borrower's or any Subsidiary's copyrights by any third party known to Borrower. Borrower and each Subsidiary shall cause all of its computer software, the licensing of which results in receivables and/or any significant release thereof (including without limitation, any release with a number immediately preceding or following the decimal point different from any prior release) to be registered with the United States Copyright Office prior to general release to Borrower's or such Subsidiary's customers. Immediately upon filing by Borrower or any subsidiary of an application for such copyright, Borrower will deliver to Lender a copy of such application and an assignment for security in the copyright in form reasonably satisfactory to the Lender. In the event Borrower or such subsidiary fails to take any action to maintain any copyright of Borrower or such subsidiary, the Lender may, in the Lender's sole discretion and at Borrower's sole expense, take such action as is reasonably necessary to maintain any such copyright of Borrower or such subsidiary.

ARTICLE V

CONDITIONS TO CLOSING

The obligation of Lender to purchase and pay for the Debenture on any Closing Date shall be subject to the fulfillment on or before such Closing Date of each of the following conditions.

5.01 Representations and Warranties. The representations and warranties of Borrower and Subsidiaries contained in this Agreement, in the Disclosure Schedule, and in any other schedule hereto or any document or instrument delivered to Lender or their respective representatives hereunder, shall have been true and correct when made and shall be true and correct as of the Closing Date as if made on such date, except to the extent such representations and warranties expressly relate to a specific date. Borrower and each Subsidiary shall have duly performed all of the covenants and agreements to be performed by it hereunder on or prior to the Closing Date.

5.02 Satisfactory Proceedings. All proceedings taken in connection with the transactions contemplated by this Agreement, and all documents necessary to the consummation thereof, shall be satisfactory in form and substance to Lender and Lender's counsel.

5.03 Required Consents. Any consents or approvals required to be obtained from any third party, including any holder of indebtedness or any outstanding security of Borrower or any Subsidiary, and any amendments of agreements which shall be necessary to permit the consummation of the transactions contemplated hereby on the Closing Date, shall have been obtained and all such consents or amendments shall be satisfactory in form and substance to Lender and Lender's counsel.

5.04 Conditions of Lender's Obligations. Lender shall have received the following documents, in form and substance satisfactory to Lender in its sole discretion:

Lender to maintain the security interest of the Lender in the Collateral fully perfected and in full force and effect.

4.27 Modification of Terms; Collection. Except in the ordinary course of business consistent with past practices, neither Borrower nor any Subsidiary shall rescind or cancel any indebtedness evidenced by any receivable or under any contract, or modify in any material respect any term thereof, or make any material adjustment with respect thereto, or extend or renew the same, or compromise or settle any material dispute, claim, suit or legal proceeding relating thereto without the prior written consent of the Lender. Borrower and each Subsidiaries will in accordance with reasonable business practices cause to be collected from account debtors receivables or third parties under any contract, as and when due any and all amounts owing under or on account of such receivables or contracts.

4.28 Trademarks. Borrower and each Subsidiary will maintain and will not divest itself of any trademark without the prior written consent of the Lender. Borrower will promptly notify the Lender of any infringement of any of Borrower's or any Subsidiary's trademarks by any third party known to Borrower. Borrower and each Subsidiary will use its trademarks in interstate or foreign commerce during the terms of this Agreement in a manner sufficient to preserve such trademarks; provided, however, that neither Borrower nor any Subsidiary will be under any obligation to preserve any trademark if Borrower determines in its reasonable business judgment that the preservation of the trademark is not desirable in the conduct of its business. If any trademark registration issues to Borrower or any subsidiary of Borrower after the date of this Agreement, within thirty (30) days of receipt of such certificate, Borrower or such subsidiary will deliver to the Lender a copy of such certificate and an assignment for security in the trademark, in form reasonably satisfactory to the Lender. In the event Borrower or any subsidiary of Borrower fails to take any action to maintain any trademark of Borrower or such subsidiary, the Lender may, in the Lender's sole discretion and at Borrower's sole expense, take such action as is reasonably necessary to maintain any such trademark of Borrower or such subsidiary.

4.29 Patents. Borrower and each Subsidiary will maintain and will not divest itself of any patent listed in Section 3.17(a) of the Disclosure Schedule without the prior written consent of the Lender. Borrower will notify the Lender promptly of any infringement of any of Borrower's or any Subsidiary's patents by any third party known to Borrower. If any patent issues after the date of this Agreement to Borrower or any subsidiary of Borrower, within thirty (30) days of receipt of such certificate, Borrower will deliver to the Lender a copy of such certificate an assignment for security in the patent in form reasonably satisfactory to the Lender. In the event Borrower or any subsidiary of Borrower fails to take any action to maintain any patent of Borrower or such subsidiary, the Lender may, in the Lender's sole discretion and at Borrower's sole expense, take such action as is reasonably necessary to maintain any such patent of Borrower or such subsidiary.

4.30 Copyrights. Borrower and each Subsidiary will maintain and will not divest itself of any copyright listed in Section 3.17(a) of the Disclosure Schedule material to its business without the prior written consent of Lender. Borrower will notify the Lender

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(a) Corporate Documents. A copy of the Articles of Incorporation of Borrower, certified by the Secretary of State of Georgia, and certificates of good standing from the secretaries of state of each state where Borrower conducts business, all as of a recent date.

(b) Officer's Certificate. A certificate of the President and Chief Executive Officer of Borrower to the effect set forth in Exhibit C hereto.

(c) Opinion of Counsel. The opinion of counsel to Borrower, in form reasonably satisfactory to Lender, substantially in the form of Exhibit D hereto.

(d) Secretary's Certificate. A certificate of the Secretary, or an Assistant Secretary of Borrower to the effect set forth in Exhibit E hereto.

(e) Debenture. The Debenture, duly completed and executed.

(f) Stock Purchase Warrant. The Warrant duly completed and executed.

(g) UCC-1 Financial Statements; Assignments of Security Interests. Financing Statements on Form UCC-1 and Assignments of Security Interests, each in a form reasonably satisfactory for filing with applicable governmental authorities duly completed and executed by Borrower and Subsidiaries, securing the rights of the Lender to the Collateral.

(h) SBA Documentation. SBA Form 480 (Size Status Declaration) and SBA Form 652 (Assurance of Compliance), which have been completed and executed by Borrower, and SBA Form 1031 (portfolio Finance Report), Part A and Part B of which have been completed by Borrower.

(i) Collateral Assignment. The Collateral Assignment, duly completed and acknowledged by the insurer, together with the life insurance policy on the lives of Michael Anderson and John Eberhardt thereby assigned.

(j) Guarantys. A Guaranty (individually referred to herein as a "Guaranty" and collectively referred to herein as the "Guarantys"), substantially in the form of Exhibit G hereto, executed by each Subsidiary.

(k) Payment of Closing Fee. Evidence that the Closing Fee has been or is being paid in full.

(l) Senior Indebtedness. Copies of the documentation evidencing and securing the Senior Indebtedness.

(m) Miscellaneous. Such other documents as the Lender may reasonably request.

ARTICLE VI

DEFAULT AND REMEDIES

6.01 Events of Default. The occurrence of any of the following shall constitute an Event of Default hereunder:

(a) Default in the payment of the principal of or interest on the indebtedness evidenced by the Debenture in accordance with the terms of the Debenture, which default is not cured within ten (10) business days;

(b) Any material misrepresentation by Borrower or any Subsidiary as to any matter hereunder or under any of the other Loan Documents or the Warrant, or delivery by Borrower or any Subsidiary of any schedule, statement, resolution, report, certificate, notice or writing to Lender that is untrue in any material respect on the date as of which the facts set forth therein are stated or certified;

(c) Failure of Borrower or any Subsidiary to perform any of its obligations under this Agreement, any of the Security Instruments or any of the other Loan Documents or the Warrant;

(d) Borrower's (i) admission in writing its inability to pay its debts generally as they become due; or (ii) assignment for the benefit of creditors or petition or application to any tribunal for the appointment of a custodian, receiver or trustee for it or a substantial part of its assets; or (iii) voluntary commencement of any proceeding under any bankruptcy, reorganization, arrangement, readjustment of debt, dissolution or liquidation law or statute of any jurisdiction, whether now or hereafter in effect, or the involuntary commencement of any such proceeding that is not dismissed within ninety (90) days; or (iv) suffering to exist any such petition or application or any such proceeding against it in which an order for relief is entered or an adjudication or appointment is made; or (v) indication, by any act or omission, of its consent to, approval of or acquiescence in any such petition, application, proceeding or order for relief or the appointment of a custodian, receiver or trustee for it or a substantial part of its assets, or (vi) permitting any such custodianship, receivership or trusteeship to continue undischarged for a period of ninety (90) days or more,

(e) Borrower's liquidation, dissolution, partition or termination;

(f) A default or event of default under any of the other Loan Documents that, if subject to a cure right, is not cured within any applicable cure period;

(g) Borrower's default in the timely payment or performance of any obligation now or hereafter owed to Lender in connection with any indebtedness of Borrower now or hereafter owed to Lender other than the Loan;

(h) (i) Borrower's default in the timely payment or performance of the Senior Indebtedness or any principal of or premium or interest on any other debt owed by Borrower (other than the Loan), which is outstanding in a principal amount of at least \$50,000 in the aggregate, when the same becomes due and payable (whether by scheduled maturity, acceleration, demand or otherwise), if such failure shall continue after any cure period applicable thereto; or (ii) the occurrence of any other event or condition under any agreement or instrument relating to any such indebtedness that continues after any applicable cure period, if the effect of such event or condition is to accelerate or permit the acceleration of such indebtedness; or (iii) the acceleration of any such indebtedness or otherwise declaration to be due and payable prior to the stated maturity thereof of any such indebtedness; or (iv) requirement that any such indebtedness be prepaid, redeemed, purchased or defeased prior to the stated maturity thereof.

With respect to any Event of Default described above that is capable of being cured and that does not already provide its own cure procedure (a "Curable Default"), the occurrence of such Curable Default shall not constitute an Event of Default hereunder if such Curable Default is fully cured and/or corrected within thirty (30) days (ten (10) days, if such Curable Default may be cured by payment of a sum of money) of notice thereof to Borrower.

6.02 Acceleration of Maturity, Remedies. Upon the occurrence of any Event of Default described in Section 6.01, the Secured Obligations shall be immediately due and payable in full; and the Lender at any time thereafter may at its option accelerate the maturity of the Secured Obligations. Upon the occurrence of any such Event of Default and the acceleration of the maturity of the Secured Obligations, the Lender shall have the following rights and remedies:

(a) All of the rights and remedies of a secured party under the Uniform Commercial Code of the State of North Carolina, or under other applicable law, all of which rights and remedies shall be cumulative, and none of which shall be exclusive, to the extent permitted by law, in addition to any other rights and remedies contained in this Agreement, the Debenture or the Warrant.

(b) The right to: (i) enter upon the premises of Borrower or any Subsidiary, or any other place or places where the Collateral is located and kept, through self-help and without judicial process, without first obtaining a final judgment or giving Borrower or such Subsidiary notice and opportunity for a hearing on the validity of Lender's claims and without any obligation to pay rent to Borrower or such Subsidiary, and remove the Collateral therefrom to the premises of Lender or any agent of Lender, for such time as Lender may desire, in order to effectively collect or liquidate the Collateral, and/or (ii) require Borrower or such Subsidiary to assemble the Collateral and make it available to Lender at a place to be designated by Lender in its sole discretion.

(c) The right to sell or otherwise dispose of all or any Collateral in its then condition, or after any further manufacturing or processing thereof, at public or private sale or sales, with such notice as may be required by law, in lots or in bulk, for cash or on credit, all as Lender, in its sole discretion may deem advisable; such sales may be adjourned from time to time with or without notice. Lender shall have the right to conduct such sales on Borrower's or such Subsidiary's premises or elsewhere and shall have the right to use Borrower's or such Subsidiary's premises without charge for such sales for such time or times as Lender may see fit. Lender is hereby granted a license or other right to use, without charge, Borrower's or such Subsidiary's labels, patents, copyrights, rights of use of any name, trade secrets, trade names, trademarks, service marks and advertising matter, or any property of a similar nature, as it pertains to the Collateral, in advertising for sale and selling any Collateral and Borrower's or such Subsidiary's rights under all licenses and all franchise agreements shall inure to Lender's benefit. Lender shall have the right to sell, lease or otherwise dispose of the Collateral, or any part thereof, for cash, credit or any combination thereof, and Lender may purchase all or any part of the Collateral at public or, if permitted by applicable law, private sale and, in lieu of actual payment of such purchase price, may set off the amount of such price against the Secured Obligations. The proceeds realized from the sale of any Collateral shall be applied first to costs, expenses and attorneys' fees and expenses incurred by Lender for collection and for acquisition, completion, protection, removal, storage, sale and delivery of the Collateral; second to interest due upon any of the Secured Obligations; third to the principal of the Secured Obligations. If any deficiency shall arise, Borrower shall remain liable to Lender therefor.

(d) Any notice required to be given by Lender of a sale, lease, other disposition of the Collateral or any other intended action by Lender, given to Borrower in the manner set forth in Section 9.09 below ten (10) days prior to such proposed action, shall constitute commercially reasonable and fair notice thereof to Borrower and any Subsidiary.

(e) Upon and during the continuance of an Event of Default, Borrower and each Subsidiary irrevocably designates, makes, constitutes, and appoints the Lender (and all persons designated by the Lender) as Borrower's and such Subsidiary's true and lawful attorney, and the Lender may, without notice to Borrower or such Subsidiary and at such time or times thereafter as the Lender, in its sole discretion, may determine, in Borrower's, such Subsidiary's or Lender's name(s): (i) demand payment of accounts; (ii) enforce payment of accounts by legal proceedings or otherwise; (iii) exercise all of Borrower's or such Subsidiary's rights and remedies with respect to the collection of accounts; (iv) settle, adjust, compromise, extend or renew accounts; (v) settle, adjust or compromise any legal proceedings brought to collect accounts; (vi) if permitted by applicable law, sell or assign accounts and other Collateral upon such terms, for such amounts and at such time or times as the Lender deems advisable; (vii) discharge and release accounts and other Collateral; (viii) prepare, file and sign Borrower's or such Subsidiary's name on a proof of claim in bankruptcy or similar document against any account debtor and exercise Borrower's or such Subsidiary's rights to vote with respect thereto in such bankruptcy case; (ix) prepare, file and sign Borrower's or such Subsidiary's name on any notice of lien, assignment or satisfaction

of lien or similar document in connection with accounts and other Collateral; (x) do all acts and things necessary, in the Lender's sole discretion, to fulfill Borrower's or such Subsidiary's obligations under this Agreement; (xi) endorse the name of Borrower or such Subsidiary upon any of the items of payment or proceeds thereof and deposit the same to the account of the Lender on account of the Secured Obligations; (xii) endorse the name of Borrower or such Subsidiary upon any chattel paper, document, instrument, invoice, freight bill, bill of lading, or similar document or agreement relating to the accounts, inventory and other Collateral; (xiii) use Borrower's or such Subsidiary's stationery and sign the name of Borrower or such Subsidiary to verifications of such accounts and notices thereof to account debtors; and (xiv) use the information recorded on or contained in any data processing equipment and computer hardware and software relating to the Collateral to which Borrower or such Subsidiary has access.

(f) License for Use of Software and Other Intellectual Property. After the occurrence and during the continuance of an Event of Default, unless expressly prohibited by any licensor thereof, Lender is hereby granted a license to use all computer software programs, data bases, processes, trademarks, tradenames and materials used by Borrower or such Subsidiary in connection with its business or in connection with the Collateral.

6.03 Remedies Cumulative, No Waiver. No right, power or remedy conferred upon or reserved to Lender by this Agreement or any of the other Loan Documents or the Warrant is intended to be exclusive of any other right, power or remedy, but each and every such right, power and remedy shall be cumulative and concurrent and shall be in addition to any other right, power and remedy given hereunder, under any of the other Loan Documents or the Warrant or now or hereafter existing at law, in equity or by statute. No delay or omission by Lender to exercise any right, power or remedy accruing upon the occurrence of any Event of Default shall exhaust or impair any such right, power or remedy or shall be construed to be a waiver of any such Event of Default or an acquiescence therein, and every right, power and remedy given by this Agreement and the other Loan Documents or the Warrant to Lender may be exercised from time to time and as often as may be deemed expedient by Lender.

6.04 Proceeds of Remedies. Any or all proceeds resulting from the exercise of any or all of the foregoing remedies shall be applied as set forth in the Loan Document(s) providing the remedy or remedies exercised; if none is specified, or if the remedy is provided by this Agreement, then as follows:

First, to the costs and expenses, including reasonable attorneys' fees, incurred by Lender in connection with the exercise of its remedies;

Second, to the expenses of curing the default that has occurred, in the event that Lender, in its reasonable discretion, incurs expenses to cure the default that has occurred;

Third, to the payment of the Secured Obligations, including but not limited to the payment of the principal of and interest on the indebtedness evidenced by the Debenture, in such order of priority as Lender shall determine in its sole discretion; and

Fourth, the remainder, if any, to Borrower or to any other person lawfully thereunto entitled.

ARTICLE VII

TERMINATION

This Agreement shall remain in full force and effect until the indefeasible repayment in full of the Debenture.

ARTICLE VIII

MISCELLANEOUS

8.01 Performance By Lender. If Borrower shall default in the payment, performance or observance of any covenant, term or condition of this Agreement, the Lender may, at its option, pay, perform or observe the same, and all payments made or costs or expenses incurred by the Lender in connection therewith (including but not limited to reasonable attorneys' fees), with interest thereon at the highest default rate provided in the Debenture (but not exceeding the maximum contract rate from time to time allowed by applicable law), shall be immediately repaid to the Lender by Borrower and shall constitute a part of the Secured Obligations and be secured hereby until fully repaid. The Lender, in its reasonable discretion, shall determine the necessity for any such actions and of the amounts to be paid.

8.02 Successors and Assigns Included in Parties. Whenever in this Agreement one of the parties hereto is named or referred to, the heirs, legal representatives, successors, successors-in-title and assigns of such parties shall be included, and all covenants and agreements contained in this Agreement by or on behalf of Borrower or by or on behalf of Lender shall bind and inure to the benefit of their heirs, legal representatives, successors, successors-in-title and assigns, whether so expressed or not.

8.03 Costs and Expenses. Borrower agrees to pay all costs and expenses reasonably incurred by Lender in connection with the making of the Loan that is the subject of this Agreement, including but not limited to filing fees, recording taxes and reasonable attorneys' fees, promptly upon demand of Lender. Borrower further agrees to pay all premiums for insurance required to be maintained pursuant to the terms of the Loan Documents or the Warrant and all of the out-of-pocket costs and expenses incurred by Lender in connection with the collection of the Secured Indebtedness upon an Event of Default, including but not limited to reasonable attorneys' fees, promptly upon demand of Lender.

8.04 Assignment. The Debenture, this Agreement and the other Loan Documents and the Warrant may be endorsed, assigned and/or transferred in whole or in part by Lender, and any such holder and/or assignee of the same shall succeed to and be possessed of the

rights and powers of Lender under all of the same to the extent transferred and assigned. Neither Borrower nor any Subsidiary shall assign any of its rights or delegate any of its duties hereunder or under any of the other Loan Documents or the Warrant without the prior express written consent of the Lender.

8.05 Time of the Essence. Time is of the essence with respect to each and every covenant, agreement and obligation of Borrower or any Subsidiary hereunder and under all of the other Loan Documents and the Warrant.

8.06 Severability. If any provision(s) of this Agreement or the application thereof to any person or circumstance shall be invalid or unenforceable to any extent, the remainder of this Agreement and the application of such provisions to other persons or circumstances shall not be affected thereby and shall be enforced to the greatest extent permitted by law.

8.07 Interest and Loan Charges Not to Exceed Maximum Allowed by Law. Anything in this Agreement, the Debenture, the Warrant, the Security Instruments or any of the other Loan Documents to the contrary notwithstanding, in no event whatsoever, whether by reason of advancement of proceeds of the Loan, acceleration of the maturity of the unpaid balance of the Secured Indebtedness, acceptance or exercise of the Warrant, or otherwise, shall the interest and loan charges agreed to be paid to Lender for the use of the money advanced or to be advanced hereunder exceed the maximum amounts collectible under applicable laws in effect from time to time. It is understood and agreed by the parties that, if for any reason whatsoever the interest or loan charges paid or contracted to be paid by Borrower in respect of the indebtedness evidenced by the Debenture shall exceed the maximum amounts collectible under applicable laws in effect from time to time, then ipso facto, the obligation to pay such interest and/or loan charges shall be reduced to the maximum amounts collectible under applicable laws in effect from time to time, and any amounts collected by Lender that exceed such maximum amounts shall be applied to the reduction of the principal balance of the Secured Indebtedness and/or refunded to Borrower so that at no time shall the interest or loan charges paid or payable in respect of the Secured Indebtedness exceed the maximum amounts permitted from time to time by applicable law.

8.08 Article and Section Headings, Defined Terms. Numbered and titled article and section headings and defined terms are for convenience only and shall not be construed as amplifying or limiting any of the provisions of this Agreement.

8.09 Notices. Any and all notices, elections or demands permitted or required to be made under this Agreement shall be in writing, signed by the party giving such notice, election or demand and shall be delivered personally, telecopied, telexed, or sent by certified mail or nationally recognized courier service (such as Federal Express), to the other party at the address set forth below, or at such other address as may be supplied in writing and of which receipt has been acknowledged in writing. The date of personal delivery, telecopy or telex or one business day after delivery to such courier service or two business days after mailing, as the case may be, shall be the date of such notice, election or demand. For the purposes of this Agreement:

The address of Lender is: Oberlin Capital, L.P.
702 Oberlin Road
Suite 150
Raleigh, North Carolina 27605
Attention: Robert G. Shepley

with a copy (which shall not constitute notice) to: Kilpatrick Stockton LLP
4101 Lake Boone Trail
Suite 400
Raleigh, North Carolina 27607 27102
Attention: James F. Verdonik

The address of Borrower and each Subsidiary is: UtiliMan Systems, Inc.
6290 McDonough Drive, Suite I
Norcross, Georgia 30093
Attention: Michael H. Anderson, President

with a copy (which shall not constitute notice) to: Mottern, Fisher & Rosenthal, P.C.
2300 Northlake Centre Drive
Suite 200
Tucker, Georgia 30084
Attention: Robert J. Mottern

8.10 Entire Agreement. This Agreement and the other written agreements between Borrower, Subsidiaries and Lender represent the entire agreement between the parties concerning the subject matter hereof, and all oral discussions and prior agreements are merged in this Agreement.

8.11 Miscellaneous. This Agreement shall be construed and enforced under the laws of the State of North Carolina without respect to the principles of the choice of law or the conflicts of laws. No amendment or modification hereof shall be effective except in a writing executed by each of the parties hereto.

(The remainder of this page is intentionally left blank.)

IN WITNESS WHEREOF, the parties hereto have executed this Agreement, or have caused this Agreement to be executed by their duly authorized officers, as of the day and year first above written.

LENDER:

OBERLIN CAPITAL, L.P.

By: Oberlin Capital Partners, LLC, General Partner

By: Robert G. Shepley, Jr.
Robert G. Shepley, Jr.
President of the General Partner

BORROWER:

UTILIMAN SYSTEMS, INC.

By: Michael Anderson
Name: Michael Anderson
Title: President

USI MULTIFAMILY GROUP, INC.

By: Michael Anderson
Name: Michael Anderson
Title: President

USI UTILITY GROUP, INC.

By: Michael Anderson
Name: Michael Anderson
Title: President

USI COMMERCIAL & INDUSTRIAL GROUP, INC.

By: Michael Anderson
Name: Michael Anderson
Title: President

SCREAMER TECHNOLOGIES, INC.

By: M. Anderson
Name: Michael Anderson
Title: President

SCHEDULE A

LENDER

<u>Names and Address</u>	<u>Principal Amount</u>	<u>Warrant</u>	<u>Fair Market Value of Warrant</u>
Oberlin Capital, L.P. 702 Oberlin Road Suite 150 Raleigh, NC 27605	\$1,500,000.00	6.0%*	\$10,000

* Except as provided in the Warrant.

EXHIBIT A

DEBENTURE

EXHIBIT A**SENIOR SUBORDINATED DEBENTURE**

\$1,500,000

Raleigh, North Carolina
July 16, 1999

FOR VALUE RECEIVED, the undersigned, UtiliMan Systems, Inc., a Georgia corporation ("Maker"), promises to pay to the order of Oberlin Capital, L.P., a Delaware limited partnership ("Payee") (Payee and any subsequent holder(s) hereof are hereinafter referred to collectively as "Holder"), at the office of Holder at 702 Oberlin Road, Suite 150, Raleigh, North Carolina 27605, or at such other place as Holder may designate to Maker in writing from time to time, the principal sum of ONE MILLION FIVE HUNDRED THOUSAND DOLLARS (\$1,500,000), together with interest on the outstanding principal balance hereof from the date hereof at the rate per annum (computed on the basis of a 360-day year) equal to thirteen percent (13.0%).

Interest only on the outstanding principal balance hereof shall be due and payable monthly in arrears on the last day of each month, commencing on July 31, 1999 and continuing thereafter until July 31, 2004 (the "Maturity Date"), at which time the entire outstanding principal balance, together with all accrued and unpaid interest, shall be immediately due and payable in full.

Except as herein expressly provided and except subject to the terms and conditions of the Loan and Security Agreement, dated of even date herewith, by and between Maker and Oberlin Capital, L.P. (the "Loan Agreement"), this Debenture shall not be prepaid. Maker shall have the privilege to prepay the principal amount of this Debenture in full or in part: (a) in the first year from the date hereof, subject to a three percent (3%) prepayment premium on the principal amount prepaid; (b) on and after the first anniversary of the date hereof, but prior to the second anniversary of the date hereof, subject to a two percent (2%) prepayment premium on the principal amount prepaid; and (c) on or after the second anniversary of the date hereof, with no prepayment premium; provided, however, that in the event of the sale of all or substantially all of the assets or capital stock of Maker, the merger of Maker with and/or into any other entity in any transaction in which Maker is not the surviving corporation, or a firm commitment underwritten public offering of Maker's common stock with gross proceeds to Maker of not less than \$10,000,000, at any time after the first anniversary, but before the second anniversary, of the date hereof, then Maker may use the proceeds of such sale, merger, or public offering to prepay this Debenture without prepayment premium. Any prepayments shall be credited first to any accrued and unpaid installments of interest and then to principal.

This Debenture is issued pursuant to the Loan Agreement and is subordinated to certain other indebtedness of Maker to the extent and with the effect set forth in the Loan Agreement. Terms used herein and not herein defined shall have the meanings given them in

the Loan Agreement. This Debenture is guaranteed by the Guarantys as provided in the Loan Agreement and such Guarantys.

Time is of the essence with this Debenture. It is hereby expressly agreed that in the event that any Event of Default shall occur under the Loan Agreement which is not cured within any applicable cure period set forth in the Loan Agreement; then, and in such event, the entire outstanding principal balance of the indebtedness evidenced hereby, together with any other sums advanced hereunder, under the Loan Agreement and/or under any other instrument or document now or hereafter evidencing, securing or in any way relating to the indebtedness evidenced hereby, together with all unpaid interest accrued thereon, shall, at the option of Holder and without notice to Maker, at once become due and payable and may be collected forthwith, regardless of the stipulated date of maturity. Upon the occurrence of any default as set forth herein, at the option of Holder and without notice to Maker, all accrued and unpaid interest, if any, shall be added to the outstanding principal balance hereof, and the entire outstanding principal balance, as so adjusted, shall bear interest thereafter until such default is cured at an annual rate (the "Default Rate") equal to eighteen percent (18%) or, if lower, the maximum rate of interest permissible under applicable law (the "Maximum Rate"). All such interest shall be paid at the time of and as a condition precedent to the curing of any such default.

In the event this Debenture is placed in the hands of an attorney for collection or for enforcement or protection of the Collateral, or if Holder incurs any costs incident to the collection of the indebtedness evidenced hereby or the enforcement or protection of the Collateral, Maker and any endorsers hereof agree to pay to Holder an amount equal to all such costs, including without limitation all reasonable attorneys' fees and all court costs.

Presentment for payment, demand, protest and notice of demand, protest and nonpayment are hereby waived by Maker and all other parties hereto. No failure to accelerate the indebtedness evidenced hereby by reason of default hereunder or acceptance of a past-due installment or other indulgences granted from time to time, shall be construed as a novation of this Debenture or as a waiver of such right of acceleration or of the right of Holder thereafter to insist upon strict compliance with the terms of this Debenture or to prevent the exercise of such right of acceleration or any other right granted hereunder or by applicable laws. No extension of the time for payment of the indebtedness evidenced hereby or any installment due hereunder, made by agreement with any person now or hereafter liable for payment of the indebtedness evidenced hereby, shall operate to release, discharge, modify, change or affect the original liability of Maker hereunder or that of any other person now or hereafter liable for payment of the indebtedness evidenced hereby, either in whole or in part, unless Holder agrees otherwise in writing. This Debenture may not be changed orally, but only by an agreement in writing signed by the party against whom enforcement of any waiver, change, modification or discharge is sought.

The indebtedness and other obligations evidenced by this Debenture are further evidenced and/or secured by (a) the Loan Agreement, and (b) certain other instruments and

documents, as may be required to protect and preserve the rights of Maker and Holder as more specifically described in the Loan Agreement.

All agreements herein made are expressly limited so that in no event whatsoever, whether by reason of advancement of proceeds hereof, acceleration of maturity unpaid balance hereof or otherwise, shall the amount paid or agreed to be paid to Holder for the use of the money advanced or to be advanced hereunder exceed the Maximum Rate. If, from any circumstances whatsoever, the fulfillment of any provision of this Debenture or any other agreement or instrument now or hereafter evidencing, securing or in any way relating to the indebtedness evidenced hereby shall involve the payment of interest in excess of the Maximum Rate, then, ipso facto, the obligation to pay interest hereunder shall be reduced to the Maximum Rate; and if from any circumstance whatsoever, Holder shall ever receive interest, the amount of which would exceed the list collectible at the Maximum Rate, such amount as would be excessive interest shall be applied to the reduction of the principal balance remaining unpaid hereunder and not to the payment of interest. This provision shall control every other provision in any and all other agreements and instruments existing or hereafter arising between Maker and Holder with respect to the payment of interest on the indebtedness evidenced hereby.

Notwithstanding the place of making of this Debenture, the parties agree that this Debenture is intended as a contract under and shall be construed and enforceable in accordance with the laws of the State of North Carolina, except to the extent that federal law may be applicable to the determination of the Maximum Rate.

As used herein, the terms "Maker" and "Holder" shall be deemed to include their respective successors, legal representatives and assigns, whether by voluntary action of the parties or by operation of law.

MAKER:

UTILIMAN SYSTEMS, INC.

By: _____
Michael H. Anderson, President

EXHIBIT B

WARRANT

RALLIB01:511990.05

TRADEMARK
REEL: 001943 FRAME: 0101

EXHIBIT B

THIS WARRANT AND THE SHARES OF COMMON STOCK ISSUABLE HEREUNDER HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR ANY APPLICABLE STATE SECURITIES LAW, AND MAY NOT BE OFFERED, SOLD OR TRANSFERRED UNTIL (i) A REGISTRATION STATEMENT UNDER THE ACT AND ANY APPLICABLE STATE SECURITIES LAWS SHALL HAVE BECOME EFFECTIVE WITH REGARD THERETO, OR (ii) IN THE OPINION OF COUNSEL ACCEPTABLE TO THE COMPANY REGISTRATION UNDER THE ACT AND APPLICABLE STATE SECURITIES LAWS IS NOT REQUIRED IN CONNECTION WITH SUCH PROPOSED TRANSFER.

STOCK PURCHASE WARRANT

UTILIMAN SYSTEMS, INC., a Georgia corporation (the "Company") issues this WARRANT as of the 16th day of July, 1999 (the "Date of Issuance"), to OBERLIN CAPITAL, L.P., a Delaware limited partnership (the "Holder").

1. Issuance of Warrant, Term.

(a) For and in consideration of the Holder making a loan to the Company in the aggregate principal amount of \$1,500,000 (the "Loan") pursuant to the terms of a certain Loan and Security Agreement by and between the Company and the Holder, dated as of the Date of Issuance (the "Loan Agreement") and evidenced by a Senior Subordinated Debenture dated as of the Date of Issuance (the "Debenture"), and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company hereby grants to the Holder the right to purchase at the Exercise Price (as hereinafter defined) shares of the Company's Common Stock (the "Common Stock") as set forth herein, all subject to adjustment and upon the terms and conditions contained herein, together with the other appurtenant rights, powers and privileges hereinafter described, as follows: on or at any time after the Date of Issuance up to and including the sixth (6th) anniversary of the Date of Issuance, the Holder may exercise this warrant (the "Warrant" or "Warrants") at the Exercise Price and acquire a number of shares of Common Stock of the Company such that immediately after the exercise in full of the Warrant the Holder would own 6.0% (the "Warrant Percentage") of the Common Stock of the Company, calculated on a fully diluted basis as of the close of business on the earlier of (i) the Share Lock-in Date (as defined below); or (ii) the date of exercise, which in the case of exercise of this Warrant in installments shall mean the last date on which this Warrant is exercised.

(b) Notwithstanding the terms and conditions of Section 1(a) above:

(i) If the Company does not close the Acquisition (as defined below) on or before December 31, 1999, then the "Warrant Percentage" will be

automatically adjusted to equal eight percent (8.0%) of the shares of Common Stock of the Company, calculated on a fully diluted basis as of December 31, 1999.

(ii) If the Company reports cumulative earnings before interest, taxes, depreciation and amortization, plus the 1999 EBITDA Adjustment (as defined in the Loan Agreement), as determined in accordance with generally accepted accounting principles ("EBITDA"), for the period commencing January 1, 1999 through December 31, 2001 (the "EBITDA Period") of greater than or equal to \$10,000,000, then the number of shares issuable upon exercise of this Warrant will be automatically reduced by (A) if the Company closes the Acquisition on or before December 31, 1999, one-sixth (1/6), or (B) if the Company does not close the Acquisition on or before December 31, 1999, one-eighth (1/8); provided, however, that if the Company reports EBITDA for the EBITDA Period of greater than or equal to \$11,500,000, then the number of shares issuable upon exercise of this Warrant will be automatically reduced by (A) if the Company closes the Acquisition on or before December 31, 1999, two-sixths (2/6), or (B) if the Company does not close the Acquisition on or before December 31, 1999, two-eighths (2/8); provided, however, that if this Warrant is exercised prior to the expiration of the EBITDA Period while one or more of the foregoing contingencies is unresolved, then the Company will issue the number of shares issuable upon exercise of this Warrant without regard to this subparagraph (ii), and, if necessary due to the subsequent operation of this subparagraph (ii) and only to the extent that the Company operates its business through the close of the EBITDA Period, the Holder and the Company subsequently will adjust the number of shares issued (including, in the case of the Holder and only to the extent necessary, by delivery to the Company of previously issued certificate(s) for cancellation and the reissuance of a lesser number of shares) to the Holder pursuant to the terms and conditions of this subparagraph (ii).

(iii) If any principal or interest payable pursuant to the Debenture remains outstanding as of the third anniversary or the fourth anniversary of the date hereof, then the number of shares issuable upon exercise of this Warrant will be automatically adjusted effective as of such third anniversary and fourth anniversary, as the case may be, to equal: (A) the number of shares issuable upon exercise of this Warrant immediately prior to such adjustment (including any prior adjustments pursuant to this Paragraph (b)), plus (B) 1.0% of the Common Stock of the Company, calculated on a fully diluted basis as of the close of business on the date of the adjustment pursuant to this Paragraph 1(b)(iii).

(c) For the purposes of this Warrant, "fully diluted basis" means, as of any date of determination, the shares of Common Stock outstanding on such date, together with all shares of Common Stock that would be outstanding on such date assuming the issuance of all shares of Common Stock issuable upon the exercise, exchange or conversion of: (i) any securities outstanding as of such date and convertible into or exchangeable for Common Stock (whether or not the rights to exchange or convert thereunder are immediately exercisable) (such convertible or exchangeable securities

being herein called "Convertible Securities"); (ii) any contractual or other rights outstanding as of such date to subscribe for or to purchase, or any warrants or options outstanding for the purchase of, Common Stock or Convertible Securities (whether or not immediately exercisable) (such rights, warrants or options being herein called "Option Securities"); and (iii) any such Common Stock and/or Convertible Securities issued upon the exercise of such Option Securities. The Company represents and warrants that, as of the date of this Warrant, there are 2,611,406 issued and outstanding shares of the Company's Common Stock, calculated on a fully diluted basis.

(d) For the purposes of this Warrant, the term "Share Lock-in Date" means the earlier of (i) the date of the closing of the Acquisition, or (ii) December 31, 1999; provided, however, that if the Company does not close the Acquisition on or before December 31, 1999, and the "Warrant Percentage" is automatically adjusted to equal 8.0% of the shares of the Company pursuant to Paragraph 1(b)(i) of this Warrant, then the "Share Lock-in Date" means the close of business on the date of such automatic adjustment.

(e) For the purposes of this Warrant, the term "Acquisition" means the closing of one or more acquisitions by the Company (or any wholly owned subsidiary of the Company) of all of the issued and outstanding capital stock of, or all or substantially all of the assets of, an entity or entities in the utility submetering industry which had combined earnings before interest, taxes, depreciation and amortization, as determined in accordance with GAAP, of \$600,000 or more for the consecutive twelve (12) months ended September 30, 1999.

(f) This Warrant shall be exercisable at any time and from time to time in whole or in part until the sixth (6th) anniversary of the Date of Issuance.

2. Exercise Price. The exercise price per share for which all or any of the shares of Common Stock of the Company (collectively, the "Warrant Shares") may be purchased pursuant to the terms of this Warrant shall be \$0.01 (the "Exercise Price"), provided that in no event shall the aggregate exercise price for all Warrant Shares issuable hereunder exceed \$100.00.

3. Exercise.

(a) This Warrant may be exercised by the Holder hereof on a cashless (net) basis or on a cash basis (but only on the conditions hereinafter set forth) as to all or any increment or increments of the Warrant Shares upon delivery of written notice of intent to exercise to the Company at the Company's address set forth below its signature below or such other address as the Company shall designate in a written notice to the Holder hereof, together with this Warrant and cash or check payable to the Company for the aggregate Exercise Price of the Warrant Shares so purchased (the "Purchase Price"), except as provided in the following sentence. The Holder may, at its option, elect to pay some or all of the Purchase Price payable upon an exercise of

this Warrant by canceling a portion of this Warrant exercisable for such number of the Warrant Shares as is determined by dividing (i) the total Purchase Price payable in respect of the number of Warrant Shares being purchased upon such exercise by (ii) the excess of the Fair Market Value (as defined below) per share of Common Stock as of the date of exercise over the Purchase Price per share. Upon exercise of this Warrant, the Company shall as promptly as practicable, and in any event within fifteen (15) days thereafter, execute and deliver to the Holder of this Warrant a certificate or certificates for the total number of Warrant Shares for which this Warrant is being exercised in such names and denominations as are requested by such Holder. If this Warrant shall be exercised with respect to less than all of the Warrant Shares, the Holder shall be entitled to receive a new Warrant covering the number of Warrant Shares in respect of which this Warrant shall not have been exercised, which number shall be equal to the number of the outstanding shares of the Company's Common Stock, as of the close of business on the date of final exercise of the Warrant, which would cause the Holder to own the Warrant Percentage of the shares of Common Stock of the Company calculated on a fully diluted basis, minus the number of shares of the Company's Common Stock issued upon earlier exercise(s) of the Warrant. The Company covenants and agrees that it will pay when due any and all state and federal issue taxes which may be payable in respect of the issuance of this Warrant or the issuance of any Warrant Shares upon exercise of this Warrant.

(b) For purposes of this Warrant, "Common Stock" means the Common Stock of the Company, and all other securities of any class or classes (however designated) of the Company the holders of which have the right, without limitation as to amount, after payment on any securities entitled to a preference on dividends or other distributions upon any dissolution or winding up, either to all or to a share of the balance of payments upon such dissolution, liquidation or winding up.

4. Covenants and Conditions. The above provisions are subject to the following:

(a) Neither this Warrant nor the Warrant Shares have been registered under the Securities Act or any state securities laws ("Blue Sky Laws"). This Warrant has been acquired for investment purposes and not with a view to distribution or resale and may not be pledged, hypothecated, sold, made subject to a security interest, or otherwise transferred without (i) an effective registration statement for such Warrant under the Securities Act and such applicable Blue Sky Laws, or (ii) an opinion of counsel reasonably satisfactory to the Company that registration is not required under the Securities Act or under any applicable Blue Sky Laws. Transfer of the Warrant Shares issued upon the exercise of this Warrant shall be restricted in the same manner and to the same extent as the Warrant and the certificates representing such Warrant Shares shall bear substantially the following legend:

THE SHARES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR ANY APPLICABLE

STATE SECURITIES LAW AND MAY NOT BE OFFERED, SOLD OR TRANSFERRED UNTIL (i) A REGISTRATION STATEMENT UNDER THE ACT AND ANY APPLICABLE STATE SECURITIES LAWS SHALL HAVE BECOME EFFECTIVE WITH REGARD THERETO, OR (ii) IN THE OPINION OF COUNSEL ACCEPTABLE TO THE COMPANY, REGISTRATION UNDER THE ACT AND APPLICABLE STATE SECURITIES LAWS IS NOT REQUIRED IN CONNECTION WITH SUCH PROPOSED TRANSFER.

THE SHARES SUBJECT TO THIS CERTIFICATE ARE SUBJECT TO RESTRICTIONS ON TRANSFER PURSUANT TO THE TERMS OF THAT STOCK PURCHASE WARRANT DATED AS OF JULY 16, 1999, AND ISSUED BY THE COMPANY. COPIES OF THE STOCK PURCHASE WARRANT MAY BE OBTAINED FROM THE COMPANY'S SECRETARY.

(b) The Company covenants and agrees that all Warrant Shares that may be issued upon exercise of this Warrant will, upon issuance and payment therefor, be legally and validly issued and outstanding, fully paid and nonassessable. The Company shall at all times reserve and keep available for issuance upon the exercise of this Warrant such number of authorized but unissued shares of Common Stock as will be sufficient to permit the exercise in full of this Warrant.

(c) The Holder hereof and the Company agree to execute such other documents and instruments as counsel for the Company reasonably deems necessary to effect the compliance of the issuance of this Warrant and any Warrant Shares issued upon exercise of this Warrant with applicable federal and state securities laws. In furtherance of the foregoing, the Holder represents and warrants:

(i) The Holder has substantial experience in evaluating and investing in private placement transactions of securities in companies similar to the Company so that the Holder is capable of evaluating the merits and risks of its investment in the Company and has the capacity to protect its own interests;

(ii) The Holder is acquiring this Warrant, and will acquire the Warrant Shares, for investment for its own account and not with a view to, or for resale in connection with, any distribution thereof. The Holder understands that this Warrant has not been, and the Warrant Shares will not be, registered under the Securities Act or any Blue Sky Laws by reason of exemptions from the registration provisions of the Securities Act and such Blue Sky Laws that depend upon, among other things, the bona fide nature of the investment intent and the accuracy of the Holder's representations;

(iii) The Holder is familiar with the provisions of Rule 144 under the Act which permits the limited resale of restricted securities, subject to the satisfaction of certain conditions;

(iv) The Holder has had an opportunity to discuss the Company's business, management and financial affairs with the Company's management and the opportunity to review the Company's facilities, financial statements and any other documents requested by the Holder. The Holder has also had an opportunity to ask questions of officers of the Company, which were answered to its satisfaction; and

(v) The Holder is an "accredited investor" as that term is defined in Rule 501 (a) of Regulation D under the Act.

5. Transfer of Warrant. Subject to the provisions of Paragraph 4, this Warrant or the Warrant Shares may be transferred, in whole or in part, to any person or business entity, by presentation of the Warrant or the Warrant Shares to the Company with written instructions for such transfer; provided, however, that the Company shall have the right to refuse to transfer any portion of this Warrant to any person who directly competes with the Company or is affiliated with any such competitor. Upon such presentation for transfer, the Company shall promptly execute and deliver a new Warrant or Warrants in the form hereof in the name of the assignee or assignees and in the denominations specified in such instructions. The Company shall pay all expenses in connection with the preparation, issuance and delivery of Warrants under this Paragraph 5.

6. Warrant Holder Not Shareholder; Rights Offering. This Warrant does not confer upon the Holder hereof, as such, any right whatsoever as a shareholder of the Company. Notwithstanding the foregoing, in the event the Company should offer to all the Company's shareholders the right to purchase any securities of the Company, then all of the Warrant Shares shall be deemed for such purpose to be outstanding and owned by the Holder as of the subscription date and the Holder shall be entitled to participate in such rights offering as if it were a shareholder.

7. Antidilution; Adjustment.

(a) In the event that the Share Lock-in Date shall occur at any time prior to the exercise of this Warrant, the number of Warrant Shares purchasable hereunder are subject to adjustment from time to time, as follows:

(i) If the Company at any time after the Share Lock-in Date subdivides its Common Stock, the number of Warrant Shares issuable pursuant to this Warrant will be proportionately increased. If the Company at any time after the Share Lock-in Date combines its Common Stock, the number of Warrant Shares issuable pursuant to this Warrant will be proportionately decreased.

(ii) If the Company at any time after the Share Lock-in Date pays a dividend payable in, or make any other distribution (except any distribution specifically provided for in the foregoing subsections (i)) of Common Stock, then the number of Warrant Shares issuable pursuant to this Warrant will be adjusted, from and after the date of determination of stockholders entitled to receive such dividend or distribution of stockholders to that number of Warrant Shares determined by multiplying the number of Warrant Shares issuable immediately prior to such date of determination by a fraction (i) the numerator of which will be the total number of shares of Common Stock outstanding immediately after such dividend or distribution, calculated on a fully diluted basis as provided in Section 1(c) of this Warrant, and (ii) the denominator of which will be the total number of shares of Common Stock outstanding immediately prior to such dividend or distribution, calculated on a fully diluted basis as provided in Section 1(c) of this Warrant.

(iii) The number of shares reserved for issuance pursuant to this Warrant will automatically be adjusted without further action by the Company in the event of any adjustment of the number of Warrant Shares issuable pursuant to this Warrant.

(b) In the event of a merger, consolidation, recapitalization, combination or exchange of Common Stock occurring after the date hereof pursuant to which the Company is not the surviving entity (an "Acquisition"), the Company covenants that it will obtain from the acquiring entity, as a condition to the closing of such transaction or event, the right for the Holder to exchange this Warrant, at its sole option and in lieu of exercise hereof, for a warrant to purchase that number of shares of the same class or other consideration of the acquiring entity which the Holder would be entitled to receive as a result of such merger, consolidation, recapitalization, combination or exchange of shares if this Warrant had been exercised in full immediately prior to such merger, consolidation, recapitalization, combination or exchange of shares (or the record date, if any, for such transaction or event) for the same aggregate exercise price as provided for in this Warrant. The period of exercise of such new warrant shall be equal to the remaining duration of the exercise period of this Warrant. If, as a result of such Acquisition, the shareholders of the Company immediately prior to such Acquisition own at least a majority of the shares of voting capital stock, assuming full exercise or conversion of all securities exercisable for or convertible into such voting capital stock, outstanding after such Acquisition and are entitled upon liquidation to receive a majority of the assets of the surviving entity, then the method of calculating the number of Warrant Shares set forth in Paragraph 1 hereof shall remain unaffected; otherwise, this Warrant shall, after such Acquisition, permit the Holder to purchase that percentage of Warrant Shares or other consideration of the acquiring entity which the Holder would be entitled to receive as a result of such merger, consolidation, recapitalization, combination or exchange of shares if this Warrant had been exercised in full immediately prior to such merger, consolidation, recapitalization, combination or exchange of shares (or the record date, if any, for such transaction or event) for the same aggregate exercise price as provided for in this Warrant.

(c) If the Company shall issue or sell any shares of Common Stock (or securities exercisable for or convertible into shares of Common Stock (other than pursuant to the Company's stock option plan(s)) after the Date of Issuance for no consideration or for a consideration per share less than the Fair Market Value (as defined below), then in such event the number of Warrant Shares issuable pursuant to this Warrant will be adjusted, from and after the date of such issuance, to that number of Warrant Shares determined by multiplying (i) the number of Warrant Shares issuable pursuant to this Warrant immediately prior to such issuance or sale, by a fraction (ii) (x) the numerator of which shall be the total number of shares of Common Stock outstanding, calculated on a fully diluted basis as provided in Section 1(c), immediately after such issuance or sale, and (y) the denominator of which shall be the total number of shares of Common Stock outstanding, calculated on a fully diluted basis as provided in Section 1(c), immediately prior to such issuance or sale.

8. Put Rights.

(a) The Company hereby irrevocably grants and issues to the Holder the right and option to sell to the Company (the "Put") this Warrant, and any Warrant Shares acquired by the Holder as a result of the exercise of this Warrant, at any time after July 31, 2004 (or such earlier date when the Debenture issued pursuant to the Loan Agreement has been paid in full, if then permitted by applicable regulations of the SBA) at a purchase price (the "Put Purchase Price") equal to the Fair Market Value (as hereinafter defined) of the shares of the Common Stock (calculated as of the date of the Holder's written notice of its intention to exercise the Put pursuant to Paragraph 8(b) of this Agreement) subject to this Warrant plus any Warrant Shares acquired by the Holder as a result of the Holder's exercise of this Warrant.

(b) The Company shall pay to the Holder, in cash or official or cashier's check, the Put Purchase Price in exchange for the delivery to the Company of this Warrant (or any Warrant Shares acquired by the Holder as a result of the exercise of this Warrant) within thirty (30) days of the final determination of Fair Market Value in accordance with Paragraph 8(c), addressed as set forth in Paragraph 10 hereof, from the Holder of its intention to exercise the Put.

(c) For purposes of this Warrant, "Fair Market Value" shall mean, with respect to each share of Common Stock as of a particular date, the price determined in good faith by the Company's Board of Directors. Upon each such determination, the Company shall promptly give notice thereof to the Holder, setting forth in reasonable detail the calculation of such Fair Market Value and the method and basis of determination thereof (the "Company Determination"). If the Holder shall disagree with the Company Determination and shall, by notice to the Company given within thirty (30) days after the Company's notice of the Company Determination, elect to dispute the Company Determination, the Fair Market Value shall then be determined as follows:

(i) The Company and the Holder shall each appoint an independent, experienced appraiser. Upon the request of any appraiser appointed pursuant to this Paragraph 8, the Company will provide the appraisers with access to all information, documents and records necessary for the appraisers to conduct the appraisal(s) contemplated by this Paragraph 8. The two appraisers shall determine the Fair Market Value of the Common Stock which would be issued upon the exercise of the Warrant, assuming that the sale would be between a willing buyer and a willing seller, both of whom have full knowledge of the financial and other affairs of the Company, and neither of whom is under any compulsion to sell or to buy.

(ii) If the higher of the two appraisals is not more than ten percent (10%) more than the lower of the appraisals, the Fair Market Value shall be the average of the two appraisals. If the higher of the two appraisals is ten percent (10%) or more than the lower of the two appraisals, then a third appraiser shall be appointed by the two appraisers, and if they cannot agree on a third appraiser, the American Arbitration Association shall appoint the third appraiser. The third appraiser, regardless of who appoints him or her, shall be a member of the American Arbitration Association.

(iii) The Fair Market Value after the appointment of the third appraiser shall be the mean of the three appraisals.

(iv) The fees and expenses of the appraisers shall be paid by the Company if the Company Determination is more than five percent (5%) less than the final Fair Market Value Determination; otherwise such fees and expenses shall be paid by the Holder.

(e) In determining Fair Market Value pursuant hereto, neither the Board of Directors of the Company nor any appraiser shall take into account or otherwise make any discount in respect of (i) any restrictions on the transfer of shares of Common Stock of the Company or this Warrant, (ii) any minority interest, (iii) any lack of liquidity of shares of Common Stock of the Company or this Warrant due to the fact that there may be no public or private market for such shares or this Warrant, or (iv) the voting status of this Warrant or any share of Common Stock of the Company, whether under the Articles of Incorporation or Bylaws of the Company, by agreement or otherwise. In determining the Fair Market Value of the Common Stock as of a particular date, the Company's Board of Directors (or the appraisers, as the case may be) shall appraise the value of the Company as of such date and the Fair Market Value of each share shall be the Fair Market Value of the Company divided by the number of shares of Common Stock of the Company on a fully diluted basis as of such date, taking into account only in the money options, warrants and convertible securities and adding to Fair Market Value the exercise price and conversion price of such in the money options, warrants and convertible securities.

(f) Notwithstanding the foregoing, the Holder may not exercise the Put if, at the time of the proposed exercise of the Put, (i) the Common Stock is listed for trading on the New York Stock Exchange, the American Stock Exchange or the NASDAQ National Market, (ii) the Holder would be able to sell all of the shares of Common Stock acquired upon exercise of this Warrant under Rule 144 promulgated by the Securities and Exchange Commission under the Securities Act of 1933, as amended, or any successor to Rule 144, in a three (3) consecutive month period, and (iii) the average daily volume of the Common Stock for the twenty (20) preceding trading days is equal to or greater than fifty percent (50%) of the Common Stock acquired upon exercise of this Warrant; provided, however, that if the Holder reasonably determines that the sale of the Common Stock acquired upon exercise of this Warrant results in a decrease in the then-prevailing market price, the Company will pay to the Holder the difference between the proceeds of such sale and the prevailing market price immediately preceding such sale.

9. Registration. The Company acknowledges and agrees that, with respect to the Warrant Shares, the Holder will have the registration rights provided in that certain Registration Rights Agreement, dated as of July 16, 1999, by and among the Company and certain shareholders (the "Registration Rights Agreement"). After the date of this Warrant, the Company will not grant to any holder of securities of the Company any registration rights which have a priority greater than those granted to the Holder pursuant to the Registration Rights Agreement without the prior written consent of the Holder.

10. Covenants of the Company. As long as this Warrant is outstanding, the Company covenants and agrees with the Holder as follows:

(a) The Company will furnish to the Holder (i) within ninety (90) days after the end of each fiscal year of the Company, an audited balance sheet of the Company as of the close of such fiscal year, an audited income statement of the Company for such fiscal year, and audited statements of cash flows for the Company for such fiscal year, all in reasonable detail, prepared in accordance with generally accepted accounting principles, consistently applied, and in such form as has customarily been prepared by the Company; (ii) within thirty (30) days of the end of each calendar month, balance sheets of the Company as of the close of such month and an income statement of the Company for such month, all in reasonable detail, and prepared on the basis of accounting principles consistently applied; and (iii) with reasonable promptness, such other financial data as the Holder may reasonably request from time to time. If requested by the Company, the Holder may in its sole discretion permit the Company additional time to prepare and deliver the financial statements required to be delivered to the Holder by the Company at the end of each fiscal year.

(b) The Company shall maintain its books, accounts and records on the basis of accounting principles consistently applied, and permit a representative of the Holder, at the Holder's expense and upon two (2) days' prior written notice, to visit

and inspect any of its properties, corporate books and financial records, and to discuss its accounts, affairs and finances with the Company or the principal officers of the Company during business hours, and without interruption of the Company's business, all at such times as the Holder may reasonably request.

(c) The Company will furnish or cause to be furnished to the U.S. Small Business Administration (the "SBA") information required by the SBA concerning the economic impact of the Holder's investment (including any loans previously advanced to the Company by the Holder), including but not limited to information concerning federal, state, and local income taxes paid, number of employees, gross revenues, source of revenue growth, after tax profit or loss, and federal, state and employee income tax withholding. The Company will furnish annually all information required on the appropriate SBA forms. The Company will also furnish or cause to be furnished to the SBA such other information regarding the business, affairs and condition of the Company as the SBA may from time to time reasonably request. The Company will permit SBA examiners to inspect the books and any of the properties or assets of the Company and its subsidiaries and to discuss the Company's business with senior management employees at such reasonable times as the SBA may from time to time request.

(e) One representative of the Holder designated by the Holder in its sole discretion will have the right to attend, at the Company's expense, all meetings of the Company's Board of Directors and all committees of the Company's Board of Directors and participate in a nonvoting capacity and, in this respect, the Company shall give the designated representative copies of all notices, written consents and other materials provided to directors in preparation for or as part of such meetings or otherwise at such times as such notices, written consents and materials are provided to the board of directors; provided, however, that the Company shall not be obligated to allow the Holder's representative to participate in, or deliver to the Holder, any privileged communications directly relating to the Holder or the Company's obligations pursuant to the Loan Agreement or this Warrant, including, without limitation, attorney/client privileged communications.

(f) Without thirty (30) days prior written notice to the Holder, the Company will not, and will not permit any subsidiary to (i) consolidate with or be a party to a merger or share exchange with any other corporation or (ii) sell, lease or otherwise dispose of all or any substantial part (as defined in this Paragraph 10(f)) of the assets of the Company and its subsidiaries; provided, however, that:

(i) any subsidiary may merge or consolidate with and into the Company or any wholly owned subsidiary so long as in any merger or consolidation involving the Company, the Company shall be the surviving or continuing corporation; and

(ii) any subsidiary may sell, lease or otherwise dispose of all or any substantial part of its assets to the Company or any wholly owned subsidiary.

As used in this Paragraph 10(f), a sale, lease or other disposition of assets shall be deemed to be a "substantial part" of the assets of the Company and its subsidiaries only if the book value of such assets, when added to the book value of all other assets sold, leased or otherwise disposed of by the Company and its subsidiaries (other than in the ordinary course of business) during the same twelve-month period ending on the date of such sale, lease or other disposition, exceeds 10% of the consolidated net tangible assets of the Company and its subsidiaries determined as of the end of the immediately preceding fiscal year.

(g) The Company will not, without thirty (30) days prior written notice to the Holder, permit to occur any (i) transaction, or series of related transactions, in which any person or entity that is not a shareholder on the date hereof acquires securities representing greater than 50% of the voting power with respect to the Company's capital stock; or (ii) change in the composition of the Company's Board of Directors in connection with any series of related transactions such that a majority of the Board shall not have served previously as directors of Borrower or have been elected by such previous directors.

(h) The Company will not, without the prior written consent of the Holder, enter into any agreement, or amend any existing agreement or its Articles of Incorporation or Bylaws, that would prohibit or restrict the Company from performing its obligations under this Warrant, or otherwise avoid or seek to avoid the observance or performance of any of the terms to be observed or performed under this Warrant, and the Company will at all times in good faith assist in the carrying out of all of the provisions of this Warrant and in the taking of all such action as may be necessary or appropriate in order to protect the rights of the Holder against impairment.

11. Notices. Any and all notices, elections or demands permitted or required to be made under this Agreement shall be in writing, signed by the party giving such notice, election or demand and shall be delivered personally, telecopied, telexed, or sent by certified mail or nationally recognized courier service (such as Federal Express), to the other party at the address set forth below, or at such other address as may be supplied in writing and of which receipt has been acknowledged in writing. The date of personal delivery, telecopy or telex or one business day after delivery to such courier service or two business days after mailing, as the case may be, shall be the date of such notice, election or demand. For the purposes of this Agreement:

The address of
Holder is: Oberlin Capital, L.P.
702 Oberlin Road
Suite 150
Raleigh, North Carolina 27605
Attention: Robert G. Shepley

with a copy (which
shall not constitute
notice) to: Kilpatrick Stockton LLP
4101 Lake Boone Trail
Suite 400
Raleigh, North Carolina 27607
Attention: James F. Verdonik

The address of
the Company is: UtiliMan Systems, Inc.
6290 McDonough Drive, Suite 1
Norcross, Georgia 30093
Attention: Michael H. Anderson, President

with a copy (which
shall not constitute
notice) to: Mottern, Fisher & Rosenthal, P.C.
2300 Northlake Centre Drive, Suite 200
Tucker, Georgia 30084
Attention: Robert J. Mottern

12. Amendment and Waiver. Except as otherwise provided herein, the provisions of this Warrant may be amended and the Company may take any action herein prohibited. or omit to perform any act herein required to be performed by it, only if the Company has obtained the prior written consent of the Holder.

13. Descriptive Headings; Governing Law. The descriptive headings of the several paragraphs of this Warrant are inserted for convenience only and do not constitute a part of this Warrant. **ALL QUESTIONS CONCERNING THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE DOMESTIC LAWS OF THE STATE OF NORTH CAROLINA WITHOUT GIVING EFFECT TO ANY CHOICE OF LAW OR CONFLICT OF LAW PROVISIONS OR RULE (WHETHER OF THE STATE OF NORTH CAROLINA OR ANY OTHER JURISDICTION) THAT WOULD CAUSE THE APPLICATION OF THE LAWS OF ANY JURISDICTION OTHER THAN THE STATE OF NORTH CAROLINA.**

(The remainder of this page is intentionally left blank.)

IN WITNESS WHEREOF, the parties hereto have set their hands as of the date first above written.

“COMPANY”:

UTILIMAN SYSTEMS, INC.

By:

Michael H. Anderson, President

Address: 6290 McDonough Drive, Suite I
Norcross, Georgia 30093

“HOLDER”:

OBERLIN CAPITAL, L.P.

By:

Name:

Title:

Address: 702 Oberlin Road, Suite 150
Raleigh, North Carolina 27605

EXHIBIT C
OFFICER'S CERTIFICATE

RALLIB01:511990.05

EXHIBIT C**UTILIMAN SYSTEMS, INC.**Officer's Certificate

July 16, 1999

This certificate is made and delivered to Oberlin Capital, L.P., a Delaware limited partnership (the "Lender"), by UtiliMan Systems, Inc., a Georgia corporation (the "Corporation"), pursuant to Section 5.04(b) of the Loan and Security Agreement, dated as of July 16, 1999, by and between the Lender and the Corporation (the "Agreement"). Capitalized terms used herein not otherwise defined have the meanings assigned to them in the Agreement.

CERTIFICATION:

The Corporation hereby certifies to Lender that the representations and warranties of the Corporation contained in Article III of the Agreement are true and correct on and as of the date hereof, except as otherwise disclosed, contemplated or permitted by the Agreement.

IN WITNESS WHEREOF, the undersigned, the duly authorized President of the Corporation, have executed this certificate as of the 16th day of July, 1999.

UTILIMAN SYSTEMS, INC.

By: _____
Michael H. Anderson, President

EXHIBIT D
OPINION OF COUNSEL

RALLIB01:511990.05

TRADEMARK
REEL: 001943 FRAME: 0118

EXHIBIT D

[COUNSEL LETTERHEAD]

July 16, 1999

Oberlin Capital, L.P.
702 Oberlin Road
Suite 150
Raleigh, North Carolina 27605

Re: Issuance of Debenture and Warrant by UtiliMan Systems, Inc. ("Borrower") to
Oberlin Capital, L.P. ("Lender")

Ladies and Gentlemen:

We have acted as counsel to Borrower, a Georgia corporation, USI Multifamily Group, Inc., a Georgia corporation ("USI Multifamily"), USI Utility Group, Inc., a Georgia corporation ("USI Utility"), USI Commercial & Industrial Group, Inc., a Georgia corporation ("USI Commercial"), and Screamer Technologies, Inc., a Georgia corporation ("Screamer") (USI Multifamily, USI Utility, USI Commercial and Screamer individually referred to herein as a "Subsidiary" and collectively referred to herein as the "Subsidiaries"), in connection with the preparation of that certain Loan and Security Agreement by and among Lender and Borrower (the "Agreement") and the exhibits thereto, including without limitation that certain Senior Subordinated Debenture, that certain Stock Purchase Warrant, and those certain Guarantys, each of even date herewith (collectively with the Agreement, the "Transaction Documents"), and have participated in the closing of the aggregate \$1,500,000 loan from Lender to Borrower and Borrower's issuance of a debenture and warrant to Lender (the "Transaction"). This opinion letter is rendered pursuant to Section 5.04 of the Agreement. Capitalized terms used in this opinion letter that are not otherwise defined herein will have the meanings ascribed to such terms in the Agreement.

This opinion letter is limited by, and is in accordance with, the January 1, 1992 edition of the Interpretive Standards applicable to Legal Opinions to Third Parties in Corporate Transactions adopted by the Legal Opinion Committee of the Corporate and Banking Law Section of the State Bar of Georgia, which Interpretive Standards are incorporated in this opinion letter by this reference. Capitalized terms used in this opinion letter and not otherwise defined herein or in the Agreement shall have the meanings assigned to such terms in the Interpretive Standards.

In the capacity described above, we have considered such matters of law and of fact, including the examination of originals or copies, certified or otherwise identified to our satisfaction, of such records and documents of Borrower, certificates of officers and representatives of Borrower, certificates of public officials and such other documents as we have deemed appropriate as a basis for the opinions hereinafter set forth.

The opinions set forth herein are limited to the laws of the State of Georgia and applicable federal laws.

Based upon the foregoing, it is our opinion that:

(1) Borrower and each Subsidiary is a corporation in good standing under the laws of the State of Georgia.

(2) Borrower and each Subsidiary has the corporate power to execute and deliver the Transaction Documents to which it is a party, to perform its obligations thereunder, to own and use its assets and to conduct its business.

(3) Borrower and each Subsidiary has duly authorized the execution and delivery of the Transaction Documents, and performance by Borrower or such Subsidiary thereunder, to which it is a party and Borrower and each Subsidiary has duly executed and delivered the Transaction Documents to which it is a party.

(4) The Transaction Documents are enforceable against Borrower and each Subsidiary in accordance with their terms.

(5) The execution and delivery by Borrower and each Subsidiary of the Transaction Documents to which it is a party does not, and if Borrower and such Subsidiary were to perform its respective obligations under the Transaction Documents to which it is a party, such performance would not, result in any:

(i) violation of Borrower's (or such Subsidiary's, as the case may be) Articles of Incorporation or bylaws;

(ii) violation of any existing federal or state constitution, statute, regulation, rule, order, or law to which Borrower or such Subsidiary or its assets are subject; or

(iii) violation of any judicial or administrative decree, writ, judgment or order to which, to our knowledge, Borrower, such Subsidiary or their assets are subject.

(6) Borrower and each Subsidiary has, prior to or concurrently with the closing of the transactions contemplated by the Transaction Documents, rights in, and the unrestricted right to convey, the Collateral described in the Agreement executed by Borrower and such Subsidiary, including that portion of such Collateral (the "UCC Collateral") which constitutes personal property of a type (i) in which a security interest may be granted and perfected by filing under the provisions of Article 9 of the Uniform Commercial Code as in effect in the State of Georgia on this date (the "UCC"), and (ii) as to which the federal laws of the United States have not preempted the UCC with respect to the perfection of security interests therein.

(7) The Agreement is effective to create a security interest in the UCC Collateral and the trademarks described therein. Except as disclosed pursuant to the Agreement, as of the date hereof, there are no perfected security interests in the UCC Collateral.

(8) The UCC financing statements naming Borrower as debtor and Lender as secured party, to be filed in the respective Georgia Filing Offices (as defined below) (the "Financing Statements") are in the appropriate form for filing in the State of Georgia, and no mortgage, documentary stamp or intangible taxes, or like fees or charges, other than normal filing fees, are required to be paid in connection with such filings. The security interests created by the Agreement, to the extent they may be perfected by the filing of UCC-1 financing statements in the State of Georgia, will be perfected upon the due filing of the Financing Statements with the Clerk of the Superior Court of Gwinnett County, Georgia (the "Georgia Filing Offices"), as appropriate.

(9) The documents naming Borrower and Subsidiaries as debtor and Lender as secured party to be filed with the United States Patent and Trademark Office (the "Trademark Financing Statements") and with the United States Copyright Office (the "Copyright Financing Statements") are in the appropriate form for filing with the United States Patent and Trademark Office and the United States Copyright Office respectively and no mortgage, documentary stamp or intangible taxes, or like fees or charges, other than normal filing fees, are required to be paid in connection with such filings. The security interests created by the Agreement, to the extent they may be perfected by the filing of the Trademark Financing Statements with the United States Patent and Trademark Office and the Copyright Financing Statements with the United States Copyright Office, will be perfected upon the due filing of the Trademark Financing Statements with the United States Patent and Trademark Office and the Copyright Financing Statements with the United States Copyright Office respectively.

(10) No consent, approval, authorization or other action by, or filing with, any governmental authority of the United States or the State of Georgia is required for Borrower's or any Subsidiary's execution and delivery of the Transaction Documents and consummation of the Transaction.

(11) Borrower's authorized shares consist of 25,000,000 common shares, of which 1,623,966 shares are outstanding, and 10,000,000 shares of preferred stock containing such terms, rights, preferences and limitations as the board of directors may from time to time determine, none of which are outstanding. The outstanding shares have been duly authorized and validly issued and are fully paid and nonassessable. None of the outstanding shares of capital stock of Borrower was issued in violation of the preemptive or similar rights of any securityholder of Borrower. Section 3.07 of the Disclosure Schedule sets forth a complete and accurate list of all outstanding shares of Common Stock and warrants, options and other rights to purchase or otherwise acquire Common Stock or other securities or instruments exchangeable for or convertible into Common Stock. Borrower owns all of the issued and outstanding capital stock of each Subsidiary.

(12) The Stock Purchase Warrant is exercisable into shares of Borrower's Common Stock (the "Warrant Shares") in accordance with the terms of the Stock Purchase Warrant. The Warrant Shares have been duly authorized by Borrower and, when issued and paid for upon exercise of the Stock Purchase Warrant in accordance with the terms thereof, will be fully paid, non-assessable and not subject to any preemptive or similar rights.

Based upon the limitations and qualifications set forth above, we confirm to you that:

(1) To our knowledge, no litigation or other proceeding against Borrower or any of its property is pending or overtly threatened by a written communication to Borrower.

(2) Borrower is qualified to transact business as a foreign corporation in the States of Georgia, Massachusetts, and North Dakota. The foregoing statement is based solely upon certificates provided by agencies of those states, copies of which Borrower has delivered to you at the closing of the Transaction, and is limited to the meaning ascribed to such certificates by each applicable state agency.

The enforceability of any of the Transaction Documents may be further limited by:

(i) limitations on self-help and non-judicial remedies, such as a right, without judicial process, to enter upon, to take possession of, to collect, retain, use and enjoy rents, issues and profits from property, or to manage property;

(ii) the effect of provisions respecting sale or disposal of collateral or property otherwise than in compliance with applicable law;

(iii) the effect with respect to a party's right to collect a deficiency except upon compliance with applicable law;

(iv) the effect of provisions purporting to entitle a party, as a matter of right and without court approval after required showings, to the appointment of a receiver;

(v) to the extent that the real property interest of a lessee under any lease agreement conveyed or assigned pursuant to the Transaction Documents is a usufruct, such conveyance or assignment may be effective only to the extent that the lessor under any such lease has consented to the conveyance and assignment; or

(vi) certain of the remedial provisions of the Transaction Documents may be further limited or rendered unenforceable by applicable State law, but such law does not, in our opinion, make the remedies afforded by the Transaction Documents inadequate for the practical realization of the benefits intended to be provided thereby.

This opinion letter is provided to you for your exclusive use solely in connection with the Transaction, and may not be relied upon by any other person or for any other purpose without our prior written consent.

July 16, 1999
Page 5

Very truly yours,

MOTTERN, FISHER & ROSENTHAL, P.C.

By: _____
Robert J. Mottern, President

EXHIBIT E

SECRETARY'S CERTIFICATE

RALLIB01:511990.05

EXHIBIT E

UTILIMAN SYSTEMS, INC.

Secretary's Certificate

The undersigned, the Secretary of UtiliMan Systems, Inc., a Georgia corporation (the "Corporation"), and USI Multifamily Group, Inc., USI Utility Group, Inc., USI Commercial & Industrial Group, Inc. and Screamer Technologies, Inc. (hereinafter, the "Subsidiaries") does hereby certify to Oberlin Capital, L.P., a Delaware limited partnership (the "Lender"), as follows:

1. Attached hereto as Exhibit A is a true, correct, and complete copy of the Articles of Incorporation of the Corporation, which Articles of Incorporation are in full force and effect as of the date hereof and has not been amended or rescinded.

2. Attached hereto as Exhibit B is a true, correct and complete copy of the Bylaws of the Corporation, which Bylaws are in full force and effect as of the date hereof and have not been amended or rescinded.

3. Attached hereto as Exhibit C is a true, correct and complete copy of minutes of a meeting of the Boards of Directors of the Corporation and the Subsidiaries, wherein certain resolutions were approved which are still in full force and effect as of the date hereof and have not been amended or rescinded.

4. The persons whose names, titles and signatures appear below are, on the date hereof, duly elected and acting incumbents of the offices of the Corporation set opposite their respective names, and the signatures appearing at the right of their respective names are the genuine signatures of such officers:

UTILIMAN SYSTEMS, INC.:

<u>Name</u>	<u>Title</u>	<u>Signature</u>
Michael H. Anderson	President	_____
Robert J. Mottern	Secretary	_____
Per Skaug	Vice President	_____
David Wood	Assistant Secretary	_____

USI MULTIFAMILY GROUP, INC.:

<u>Name</u>	<u>Title</u>	<u>Signature</u>
Michael H. Anderson	President	_____
Robert J. Mottern	Secretary	_____
David Wood	Treasurer	_____

USI UTILITY GROUP, INC.:

<u>Name</u>	<u>Title</u>	<u>Signature</u>
Michael H. Anderson	President	_____
Robert J. Mottern	Secretary	_____
David Wood	Treasurer	_____

USI COMMERCIAL & INDUSTRIAL, INC.:

<u>Name</u>	<u>Title</u>	<u>Signature</u>
Michael H. Anderson	President	_____
Robert J. Mottern	Secretary	_____
David Wood	Treasurer	_____

SCREAMER TECHNOLOGIES, INC.:

<u>Name</u>	<u>Title</u>	<u>Signature</u>
Michael H. Anderson	President	_____
Robert J. Mottern	Secretary	_____
David Wood	Treasurer	_____

IN WITNESS WHEREOF, the undersigned has executed this certificate as this 16th day of July, 1999.

Robert J. Mottern, Secretary

EXHIBIT F

COLLATERAL ASSIGNMENT

A. FOR VALUE RECEIVED, the undersigned (the "Assignor") hereby jointly and severally assign, transfer, and set over to OBERLIN CAPITAL, L.P., a Delaware limited partnership, its successors and assigns (collectively, the "Assignee"), the life insurance policy(ies) set forth on Schedule A hereto issued by the insurance company(ies) set forth on Schedule A (collectively, the "Insurer(s)") and any supplementary contracts issued in connection therewith (collectively, the "Policy"), upon the life of _____ and all claims, options, privileges, rights, title, and interest therein and thereunder (except as provided in Paragraph C hereof), subject to all the terms and conditions of the Policy and to all superior liens, if any, which the Insurer(s) may have against the Policy. The Assignor by this Assignment agrees and the Assignee by the acceptance of this Assignment agrees to the conditions and provisions herein set forth.

B. It is expressly agreed that, without detracting from the generality of the foregoing, the following specified rights are included in this Assignment and pass by virtue hereof:

1. The sole right to collect from the Insurer(s) the net proceeds of the Policy when a claim arises by reason of death or maturity;

2. The sole right to surrender the Policy and receive the surrender values thereof at any time provided by the terms of the Policy and at such other times as the Insurer(s) may allow;

3. The sole right to obtain one or more loans or advances on the Policy either from the Insurer(s) or at any time from other persons and to pledge or assign the Policy as security for such loans or advances;

4. The sole right to collect and receive all distributions or shares of surplus, dividends, deposits, or additions to the Policy now or hereafter made or apportioned thereto and to exercise any and all options contained in the Policy with respect thereto; provided, that unless and until the Assignee shall notify the Insurer(s) in writing to the contrary, the distributions or shares of surplus, dividends, and deposits and additions shall continue in force at the time of this Assignment; and

5. The sole right to exercise all nonforfeiture rights permitted by the terms of the Policy or allowed by the Insurer(s) and to receive all benefits and advantages derived therefrom.

C. It is expressly agreed that the following specific rights, so long as the Policy has not been surrendered, are reserved and excluded from this Assignment and do not pass by virtue hereof:

1. The right to collect from the Insurer(s) any disability benefit payable in cash that does not reduce the amount of insurance;
2. The right to designate and change the beneficiary;
3. The right to elect any optional mode of settlement permitted by the Policy or allowed by the Insurer(s); but the reservation of these rights shall in no way impair the right of the Assignee to surrender the Policy completely with all its incidents and shall in no way impair any other rights of the Assignee hereunder, and any designation or change of beneficiary or election of a mode of settlement shall be made subject to this Assignment and to the rights of the Assignee hereunder.

D. This Assignment is made and the Policy are to be held as collateral security for any and all liabilities of UtiliMan Systems, Inc., a Georgia corporation, to the Assignee, either now or hereafter existing, and all future advances by the Assignee to such borrower (collectively, the "Liabilities").

E. The Assignee covenants and agrees with the Assignor that any balance of sums received hereunder from the Insurer remaining after payment of the then existing Liabilities, matured or unmatured, shall be paid by the Assignee to the persons entitled thereto under the terms of the Policy as if this Assignment had not been executed.

F. The Insurer(s) are hereby authorized to recognize the Assignee's claims to rights hereunder without investigating the reason for any action taken by the Assignee or the validity or the amount of the Liabilities or the existence of any default therein, or the application to be made by the Assignee of any amounts to be paid to the Assignee. The sole signature of the Assignee shall be sufficient for the exercise of any rights under the Policy assigned hereby and the sole receipt of the Assignee for any sums received shall be a full discharge and release therefor to the Insurer(s). Checks for all or any part of the sums payable under the Policy and assigned herein shall be drawn to the exclusive order of the Assignee if, at such time, and in such amounts as may be requested by the Assignee.

G. The Assignee shall be under no obligation to pay any premium or the principal of or interest on any loans or advances on the Policy, whether or not obtained by the Assignee, or any other charges or premiums on the Policy, but any such amounts so paid by the Assignee from its own funds shall become a part of the Liabilities hereby secured, shall be due on demand, and shall draw interest at a rate fixed by the Assignee equal to the highest rate of interest in effect from time to time on any of the Liabilities (which in no event shall exceed the highest contract rate permitted by law).

H. The exercise of any right, option, privilege, or power given herein to the Assignee shall be at the option of the Assignee, but the Assignee may exercise any such right, option, privilege, or power without notice to, or assent by, or affecting the liabilities of, or releasing any interest hereby assigned by the Assignor or any of them.

I. The Assignee may take or release other security, may release any party primarily or secondarily liable for any of the Liabilities, may grant extensions, renewals, or indulgences with respect to the Liabilities, or may apply to the Liabilities in such order as the Assignee shall determine the proceeds of the Policy hereby assigned or any amount received on account of the Policy by the exercise of any right permitted under this Assignment without resorting or regard to other security. The Insured unconditionally waives any and all rights to require the Assignee to resort to other parties, collateral or remedies before exercising its rights hereunder.

J. In the event of any conflict between the provisions of this Assignment and provisions of any note or other evidence of any Liabilities, with respect to the Policy or rights of collateral security therein, the provisions of this Assignment shall prevail.

Signed and sealed as of the _____ day of July, 1999.

Owner:

_____ (Seal)

Address: _____

STATE OF _____)
)
COUNTY OF _____)

I, _____, a Notary Public,
do hereby certify that _____ personally appeared before me this
day and acknowledged the due execution of the foregoing instrument.

Witness my hand and official seal, this the _____ day of July, 1999.

My commission expires:

Notary Public

[Official Seal]

* * * * *

Duplicate received and filed at the home office of the Insurer this _____ day of
_____, 199____. The Insurer's records reflect no other assignment of the Policy
(as defined above) except: _____.

[Name of Insurer]

By:

Title: _____

Schedule A

<u>Policy No.</u>	<u>Owner</u>	<u>Insurer</u>	<u>Amount</u>	<u>Insured</u>
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RALLIB01:511990.04

July 16, 1999

Oberlin Capital, L.P.
702 Oberlin Road
Suite 150
Raleigh, North Carolina 27605
Attention: Robert G. Shepley

Re: Collateral Assignment of Life Insurance

Dear Bob:

This letter acknowledges that I will use my best efforts to deliver the Collateral Assignment (as defined in the Loan and Security Agreement, dated as of the date hereof (the "Loan and Security Agreement")), duly completed and acknowledged by the insurer, together with the life insurance policy on the life of _____ (which life insurance policy will satisfy all terms and conditions of the Loan and Security Agreement) thereby assigned, as soon as practicable immediately after the Closing (as defined in the Loan and Security Agreement) and, in any event, not later than thirty (30) days immediately after the Closing.

By signing below, UtiliMan Systems, Inc. acknowledges and agrees that any failure on the part of _____ to deliver the Collateral Assignment in accordance with the terms of this letter (time being of the essence) will constitute an Event of Default (as defined in the Loan and Security Agreement) and Oberlin Capital, L.P. will have all rights and remedies arising under the Loan and Security Agreement pursuant to such Event of Default.

Sincerely,

_____, Individually

ACKNOWLEDGED AND AGREED:

UTILIMAN SYSTEMS, INC.

By: _____
Michael H. Anderson, President

RALLIB01:516531.01

EXHIBIT G
GUARANTYS

EXHIBIT G**GUARANTY**

THIS GUARANTY, made as of the 16th day of July, 1999, by and among USI Multifamily Group, Inc., a Georgia corporation ("USI Multifamily"), USI Utility Group, Inc., a Georgia corporation ("USI Utility"), USI Commercial & Industrial Group, Inc., a Georgia corporation ("USI Commercial"), Screamer Technologies, Inc., a Georgia corporation ("Screamer") (USI Multifamily, USI Utility, USI Commercial and Screamer individually referred to herein as a "Guarantor" and collectively referred to herein as the "Guarantors"), and Oberlin Capital, L.P. (the "Beneficiary").

RECITALS:

The Guarantors desire that the Beneficiary enter into the Loan and Security Agreement, dated as of the date hereof (the "Agreement"), by and among UtiliMan Systems, Inc., a Georgia corporation ("UtiliMan"), the Guarantors and Beneficiary, and, pursuant to the Agreement, advance to UtiliMan an amount equal to One Million Five Hundred Thousand Dollars (\$1,500,000.00) to be evidenced by a senior subordinated debenture, dated as of the date hereof, made by UtiliMan payable to Beneficiary (the "Debenture"). The Guarantors have agreed to execute this Guaranty of all sums now or hereafter due to Beneficiary pursuant to the Agreement and the Debenture and all obligations to be performed by UtiliMan pursuant to the terms of the Agreement and the Debenture as an inducement to the Beneficiary to enter into the Agreement (the "Obligations").

NOW, THEREFORE in consideration of the Beneficiary entering into the Agreement and performing its obligations thereunder, including, without limitation the advance to UtiliMan of the amount evidenced by the Debenture, and other good and valuable consideration, receipt of which is hereby acknowledged, the Guarantors do hereby covenant and agree with the Beneficiary as follows:

1. The Guarantors hereby jointly, severally and unconditionally guarantee to the Beneficiary the full and prompt payment or performance of the Obligations. The Guarantors hereby acknowledge that each of the Guarantors, as a wholly owned subsidiary of UtiliMan, will substantially benefit from the Beneficiary entering into the Agreement and the transactions contemplated by the Agreement. The Guarantors will submit financial statements and copies of tax returns to the Beneficiary upon the Beneficiary's written request.

2. This Guaranty will remain in full force and effect until all of the Obligations of UtiliMan to the Beneficiary will have been paid or provided for according to the terms of the Agreement and the Debenture, notwithstanding the termination of the Agreement.

3. This is a guaranty of payment and not of collection, and the Guarantors expressly waive any right to require that any action be brought against UtiliMan or to require that resort be had to any security. To that end and without limiting the generality of the foregoing, the undersigned Guarantors herewith expressly waive any rights they otherwise might have had to

require the Beneficiary to attempt to recover against UtiliMan and/or to realize upon any securities or collateral security which the Beneficiary hold for the Obligations. If UtiliMan will default in the payment of any of the Obligations, whether by acceleration or otherwise, or if an event of default will exist under the Agreement, the Guarantors, upon demand by the Beneficiary, its successors or assigns, without notice other than such demand and without the necessity of further action by the Beneficiary, or its successors or assigns, will promptly and fully make such payment. The Guarantors will pay all reasonable costs and expenses, including attorneys' fees paid or incurred by the Beneficiary, its successors and assigns, in connection with the enforcement of the Obligations. All payments by the Guarantors will be paid in lawful money of the United States of America and in immediately available funds.

4. The Obligations of the Guarantors hereunder will be absolute and unconditional and will not be impaired, modified, released or limited by any occurrence or condition whatsoever, including without limitation: (a) any change in, modification or amendment of this Guaranty; (b) any acceleration, compromise, settlement, surrender, exchange, release, waiver, renewal, extension, indulgence, change in or modification of any of the Obligations under the Agreement, the Debenture or otherwise; (c) any surrender, exchange, release, change or other modification to any other security for the Obligations; (d) the assertion or exercise by UtiliMan, its successors or assigns, or the Beneficiary, its successors or assigns, of any rights or remedies with respect to the Obligations or under this Guaranty or the delay in or failure to assert or exercise any such rights or remedies; and (e) any impairment, modification, release or limitation of the liability of UtiliMan or any security for the Obligations or any remedy for the enforcement thereof, resulting from the operation of any present or future provision of the Federal Bankruptcy Code or other statute or from the decision of any court.

5. The Guarantors unconditionally waive (a) notice of any of the matters referred to in Section 4 hereof and (b) any demand, except as specified in Section 3 hereof, proof or notice of nonpayment of the Obligations or of default by UtiliMan in keeping, observing or performing any other covenant, condition or agreement required of them with respect to the Obligations.

6. No act of commission or omission of any kind or at any time upon the part of the Beneficiary or its successors or assigns in respect of any matter whatsoever will in any way affect or impair the rights of the Beneficiary or its successors or assigns to enforce any right, power or benefit of the Beneficiary under this Guaranty, and no setoff, claim, reduction or diminution of any obligation or any defense of any kind or nature which any Guarantor has or may have against UtiliMan, the Beneficiary or its successors and assigns will be available against the Beneficiary or any such successor or assign in any suit or action brought by the Beneficiary, their respective successors or assigns, to enforce any right, power or benefit under this Guaranty.

7. This Guaranty will be binding upon the Guarantors, their successors and assigns, and the rights against the Guarantors arising under this Guaranty will be for the sole benefit of the Beneficiary and its successors and assigns, all of whom will be entitled to enforce the performance and observance of this Guaranty to the same extent as if they were parties hereto. The Beneficiary will be entitled to bring any suit, petition or proceeding against the Guarantors for the enforcement of any provisions of this Guaranty without exhausting any other remedies

which the Beneficiary may have pursuant to the terms of the Agreement and without resort to any other security held by or available to the Beneficiary.

8. The Guaranty may be executed in one or more counterparts, each of which will be deemed an original but all of which together will constitute one and the same instrument.

(The remainder of this page is intentionally left blank.)

IN WITNESS WHEREOF, the Guarantors have duly executed this Guaranty and affixed their seals as of the date and year first above written.

GUARANTORS:

USI MULTIFAMILY GROUP, INC.

By: _____
Name: _____
Title: _____

USI UTILITY GROUP, INC.

By: _____
Name: _____
Title: _____

USI COMMERCIAL & INDUSTRIAL GROUP, INC.

By: _____
Name: _____
Title: _____

SCREAMER TECHNOLOGIES, INC.

By: _____
Name: _____
Title: _____

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