

09-07-1999

FORM PTO-1618A
Expires 06/30/99
OMB 0651-0027



101137284

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

RECORDATION FORM COVER SHEET
TRADEMARKS ONLY

23618.0180

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

Submission Type

9-1-99

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
Effective Date
Month Day Year
08/13/99

Change of Name

Other

Conveying Party

Mark if additional names of conveying parties attached

Execution Date
Month Day Year

Name Communications Integrators, Inc.

08/13/99

Formerly

Individual General Partnership Limited Partnership Corporation Association

Other

Citizenship/State of Incorporation/Organization Arizona

Receiving Party

Mark if additional names of receiving parties attached

Name Comerica Bank - Texas

DBA/AK/TA

Composed of

Address (line 1) P.O. Box 650282, Mail Code 6595

Address (line 2)

Address (line 3) Dallas

Texas

75265-0282

City

State/Country

Zip Code

Individual General Partnership Limited Partnership

Corporation Association

Other

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.)

Citizenship/State of Incorporation/Organization Texas

09/03/1999 NTHAI1 00000070 1678068

FOR OFFICE USE ONLY

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01 FC:461
02 FC:462

40.00 OP
75.00 OP

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

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

TRADEMARK
REEL: 001953 FRAME: 0375

Domestic Representative Name and Address

Enter for the first Receiving Party only.

Name

Address (line 1)

Address (line 2)

Address (line 3)

Address (line 4)

Correspondent Name and Address

Area Code and Telephone Number

Name

Address (line 1)

Address (line 2)

Address (line 3)

Address (line 4)

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

#

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

Mark if additional numbers attached

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

Trademark Application Number(s)			Registration Number(s)		
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text" value="1,678,068"/>	<input type="text" value="1,761,163"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text" value="1,775,773"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text" value="1,713,023"/>	<input type="text"/>	<input type="text"/>

Number of Properties Enter the total number of properties involved.

#

Fee Amount Fee Amount for Properties Listed (37 CFR 3.41):

\$

Method of Payment: Enclosed Deposit Account

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

Deposit Account Number: #

Authorization to charge additional fees: Yes No

Statement and Signature

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

Matthew J. Booth (Reg. No. 35,454)

8-30-99

Name of Person Signing

Signature

Date Signed

SECURITY AGREEMENT

This Security Agreement (the "*Security Agreement*") is entered into as of the 13 day of August, 1999 by **COMMUNICATIONS INTEGRATORS, INC.**, an Arizona corporation ("*Debtor*"), the mailing address for which is 110 West Orion, Suite 133, Tempe, Arizona 86283, in favor of **COMERICA BANK - TEXAS** ("*Secured Party*"), the mailing address for which is P.O. Box 650282, Mail Code 6595, Dallas, Texas 75265-0282.

WHEREAS, at the time of the execution of this Security Agreement, Secured Party has made loans to Debtor, Noral Energy Solutions Company, a Texas corporation ("*Noral*"), and Formfit, Inc., an Arizona corporation ("*Formfit*"), pursuant to the provisions of a Loan Agreement dated as of the 13 day of August, 1999 among Debtor, Noral, Formfit, and Secured Party (the "*Agreement*"); and

WHEREAS, to induce Secured Party to make the loans provided for in the Agreement, Debtor has agreed to grant a security interest in certain collateral as hereinafter described as security for the repayment of such loans.

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged and to extend such additional credit as Secured Party may from time to time agree to extend, the parties do hereby agree as follows:

1.0 Terms. Terms defined in the Agreement have the same meanings when used herein unless otherwise defined herein or the context hereof otherwise requires. Certain terms used herein are defined in Appendix I hereto, which is incorporated herein. Terms not defined herein (including Appendix I) or in the Agreement which are defined in the Texas Uniform Commercial Code (the "*UCC*") have the meanings specified in the UCC, and the definitions specified in Article 9 of the UCC control in the case of any conflicting definitions in the UCC. The singular number includes the plural and *vice versa*. Captions of Sections do not limit the terms of such Sections.

2.0 Security.

2.1 Security Interest. To secure the payment and performance of the Obligations, Debtor grants to Secured Party a security interest in the following described property of Debtor (the "*Collateral*") wherever located, whether now owned or existing or hereafter acquired, arising, or existing:

- (x) Accounts;
- (x) Chattel Paper;
- (x) Documents;
- (x) Equipment;
- (x) General Intangibles;
- (x) Instruments;
- (x) Inventory;

(x) Investment Property;

(x) all amounts owing from time to time by Secured Party to Debtor in any capacity including without limitation, any balance belonging to Debtor of any deposit or other account with Secured Party, all investments thereof and any other claim of Debtor against Secured Party, now or hereafter existing, liquidated or unliquidated, and all properties of Debtor which are at any time in the possession, custody, or control of Secured Party or any of its agents, affiliates, or correspondents, for any purpose;

(x) all proceeds, products, additions to, substitutions and replacements for, model conversions, and accessions of, any and all Collateral described in this Section 2.1; "proceeds" includes, without limitation, all proceeds of any insurance (including any surrender value therefor, any right to return, or unearned premiums), causes and rights of action, remedies, privileges, settlements, judicial and arbitration judgments and awards, indemnities, liens, warranties, or guaranties payable from time to time with respect to or security for any of the Collateral; and

(x) all ledgers, files, writings, records, books, data bases, plans, drawings, and information relating to any of the foregoing.

2.2 **Debtor to Remain Liable.** Debtor shall remain liable under and shall preserve the liability of all other parties to each agreement constituting part of the Collateral and shall perform all of its obligations thereunder. The exercise by Secured Party of any of its rights hereunder shall not release Debtor from any duties under any agreement. Secured Party has no obligation or liability with respect to any of the Collateral under any agreement by reason or arising out of the assignment thereof to Secured Party or the granting to Secured Party of a security interest therein or the receipt by Secured Party of any payment relating to any such agreement.

3.0 **Representations.** Debtor makes the following representations to Secured Party:

3.1 **Enforceability.** Debtor has all requisite authority to execute, deliver, and perform its duties under, and has duly authorized, executed, and delivered, this Security Agreement; and this Security Agreement is enforceable against Debtor in accordance with its terms. The execution, delivery, and performance hereof by Debtor do not violate, and do not require any authorization, notice, or filing under, any agreement, judgment, injunction, decree, determination, award, rule, regulation, order, or writ of any person, entity, court, or governmental agency or authority. This Security Agreement creates in favor of Secured Party an enforceable security interest; prior to or contemporaneously with the execution hereof, all filings necessary or appropriate to create, preserve, and perfect the Security Interest have been accomplished; and the Security Interests in the Collateral constitute, or upon such filings will constitute, perfected security interests therein which are prior in right to all other Liens other than Permitted Liens.

3.2 **Accuracy of Information.** All information provided by Debtor herein or pursuant hereto is true, correct, and complete in all material respects as of the date provided.

3.3 **No Proceeding.** There is no pending or threatened claim or proceeding which if determined adversely to Debtor would materially and adversely affect any aspect of Debtor's business or the Collateral.

3.4 **Financial Condition of Debtor.** Debtor is Solvent. All financial or credit statements or information of or relating to Debtor delivered to or relied upon by Secured Party prior to,

contemporaneously with, or subsequent to the execution of this Security Agreement, are true, correct, complete, and valid and accurately reflect Debtor's financial condition.

3.5 Title to Collateral and Related Matters.

(a) Debtor has a valid leasehold interest in all Collateral it leases, rights in or power to transfer title to Collateral it owns, and is the lawful licensee of the rights under its licenses, in all cases free of any dispute, counterclaim, or defense.

(b) Except for permitted lessor filings with respect to any leased property constituting part of the Collateral, no Lien covers any part of the Collateral except Permitted Liens.

(c) Each Account and Chattel Paper is a valid and enforceable obligation representing an undisputed debt owing by the Account Debtor to Debtor for a fixed sum as set forth in an invoice or other document or instrument representing the same for goods delivered or services rendered. To the best of Debtor's knowledge, no Account or Chattel Paper is subject to any defense, right of offset, counterclaim or adjustment (except for Permitted Defenses), and Debtor expects each such Account will be paid in full when due.

(d) With respect to any Intellectual Property that is necessary for the conduct of Debtor's business as now conducted or presently proposed to be conducted without any infringement upon rights of others which could reasonably be expected, individually or in the aggregate, to result in or constitute a materially adverse effect on Debtor (i) such Intellectual Property is subsisting and has not been abandoned and has not been determined to be invalid or unenforceable, in whole or in part; (ii) Debtor has made all necessary filings and recordations to perfect and protect its interest in such Intellectual Property and permit its lawful use in Debtor's business; (iii) Debtor owns, is licensed, or is otherwise entitled to use its Intellectual Property and to grant the Security Interest, free and clear of any Liens, shop rights, and covenants by Debtor not to sue third persons, and no claim has been made or, to the best knowledge of Debtor, is threatened that the use of such Intellectual Property does or may violate the rights of any third person, that any of such Intellectual Property is invalid, or that Debtor does not have all rights necessary to make, publish, distribute, market, sell, offer to sell, or use any product or engage in any business utilizing such Intellectual Property; and (iv) Exhibit 3.5(d) contains a complete and accurate list of all Intellectual Property owned by Debtor (including applicable registration and application for registration numbers) and of all licenses of Intellectual Property to or from Debtor.

(e) Exhibit 3.5(e) lists all trade names by which Debtor is now known or has been previously known (the "Tradenames").

(f) Exhibit 3.5(f) lists all Federal Employer Identification Numbers of Debtor, its subsidiaries, and any predecessors, and Debtor has never utilized any other Federal Employer Identification Number except as disclosed on such Exhibit.

(g) Exhibit 3.5(g) lists all Trademarks (including the identity, number, registration date, and country of use), Patents (including name of inventor, all numbers, dates of application, issuance, or registration), and Copyrights (including the number, registration date, and country of registration).

(h) None of the Collateral is an accession to goods other than goods constituting part of the Collateral.

3.6 Instruments in Payment of Intangible Collateral. Debtor has not received any note, trade acceptance, draft, or other instrument with respect to or in payment of any Intangible Collateral.

3.7 Address and Place of Business. The address for Debtor specified in the introductory paragraph of this Security Agreement is Debtor's correct mailing address and the location of its chief executive office. All of Debtor's records or copies thereof pertaining to the Collateral and the proceeds thereof are now maintained at its chief executive office. Within the past four (4) months, Debtor has not changed the location of its chief executive office or where it keeps its records concerning the Collateral. Debtor has no place of business other than the locations shown in the introductory paragraph of this Security Agreement and set forth in this Section. None of the Equipment or Inventory has, within the four (4) months preceding the date of this Security Agreement, been located at any place other than the principal place of business specified above.

3.8 Name of Debtor. The name of Debtor stated in the first paragraph hereof is the correct legal name of Debtor. Debtor has not changed its name within the five (5) years immediately preceding the date of this Security Agreement, and Debtor conducts no business under any other name, whether or not registered as an assumed name, except the Tradenames.

3.9 Additional Representations Concerning Accounts and Chattel Paper.

(a) All representations made by Debtor to Secured Party with reference to the description, content, or valuation of all of Accounts and Chattel Paper are true and correct.

(b) The sale of all goods or services which gives rise to an Account or Chattel Paper is an absolute sale and not on consignment or approval, and Debtor has not received the same on consignment or approval.

(c) All services which give rise to an Account have been performed.

(d) All invoices, records, notes, instruments, documents of title, shipping, and delivery receipts, and any and all other instruments, memoranda, and documents presented or delivered to Secured Party as evidence of an Account or Chattel Paper are valid, genuine, and not subject to any dispute, defense, right of setoff, counterclaim, allowance or adjustment.

(e) No Account or Chattel Paper arises out of a contract with or an order from an Account Debtor that, by its terms, (i) purports to forbid or make the assignment of that Account to Secured Party void or unenforceable, (ii) purports to prohibit the creation of a security interest therein, or (iii) requires the Account Debtor's consent to such assignment or security interest.

(f) No Account Debtor is an affiliate of Debtor, and should an Account Debtor become an affiliate of Debtor, Debtor will immediately notify Secured Party thereof and will make the proper notation of this fact on Debtor's books and records.

(g) To the best of Debtor's knowledge, each Account Debtor owing each Account or Chattel Paper is Solvent.

4.0 Covenants. Debtor covenants as follows:

4.1 In General. Debtor will (a) maintain a valid leasehold interest in all Collateral it leases and good and marketable title to all other Collateral (other than Permitted Liens), dispute, counterclaim, or

defense; (b) perform fully and promptly all agreements contained herein and in all other Loan Documents; (c) conduct all business efficiently and without voluntary interruption; (d) preserve all material rights, privileges, and franchises held or used in its business; and (e) at its cost and expense, defend any action which may affect the Security Interest or Debtor's title to the Collateral.

4.2 Notices. Debtor promptly will notify Secured Party of (a) any material adverse change in Debtor's financial condition or any change which materially affects any of the Collateral or the Security Interest; (b) any claim, action, or proceeding which could materially and adversely affect the value of, or Debtor's title to, any of the Collateral, or the effectiveness of the Security Interest; and (c) the occurrence of any Event of Default.

4.3 Processing, Sale, Collections, Etc.

(a) Debtor will use Equipment constituting Collateral solely in the conduct of Debtor's business, will keep all tangible Collateral in good order and repair, and will not waste or destroy any part of the Collateral nor use any of the Collateral in violation of any statute or ordinance.

(b) Until notice from Secured Party to the contrary, given at any time after the occurrence and during the continuance of any Event of Default, Debtor (i) may, in the ordinary course of its business, at its own expense, sell, lease, or furnish under contracts of service any of the Inventory (but no such sale or use shall limit or impair the Security Interest in any proceeds thereof); (ii) will, at its own expense, endeavor to collect, when due, all amounts due with respect to any of the Intangible Collateral, and take such action with respect to such collection as Secured Party may reasonably request or, in the absence of such request, as Debtor may deem advisable; and (iii) may grant in the ordinary course of business, to any person obligated on any of the Intangible Collateral, any rebate, refund, or allowance to which such person may be lawfully entitled, and accept, in connection therewith, the return of goods, the sale or lease of which shall have given rise to such Intangible Collateral.

(c) Except as permitted by Section 4.3(b) or 4.3(d), Secured Party does not authorize Debtor to, and Debtor will not, sell, lease, assign, license, transfer, or otherwise dispose of or in any manner alter, modify, manufacture, process, or assemble the Collateral or any part thereof. If Debtor with or without the consent of Secured Party disposes of a substantial part of the Collateral, Debtor will notify Secured Party of such disposition.

(d) Any Equipment constituting Collateral which is worn out, destroyed, or damaged beyond repair may be disposed of but will promptly be replaced by Equipment, free of any Lien except for Permitted Liens, which has a value or utility at least equal as of the date of replacement to the value or utility of the replaced Equipment as of the date hereof.

(e) So long as Debtor holds any proceeds of the Collateral, Debtor will hold same separate and apart from any other property of Debtor and in trust for Secured Party and shall not commingle the proceeds of Collateral with any of Debtor's funds or property.

4.4 Change of Name or Location. Debtor will not change its name, state of organization, or Federal Employer Identification Number nor its name nor form of organization or conduct any of its business under any name except its legal name or the Tradenames without the prior, written consent of Secured Party, which consent is conditioned on Debtor's delivery of all documents necessary or desirable to preserve the Security Interest. Debtor will not establish a new location for its chief executive office or for maintaining its books and records nor the location of any Collateral until it has given to Secured Party not less than thirty

(30) days' prior written notice of its intention to do so which identifies such new location and provides such other information and documents in connection therewith as Secured Party may request.

4.5 **Books and Records.** Debtor will maintain a complete and accurate set of books and records containing up-to-date posting of all Debtor's transactions. Debtor will keep proper books and records with respect to the Collateral (including the status of pending applications for Intellectual Property) and will upon request mark or otherwise make entries with respect to such books and records to reflect the Security Interest.

4.6 **Financial Statements and Reports.** Debtor will furnish Secured Party with any information with respect to the Collateral as Secured Party may request. Debtor will deliver to Secured Party on a periodic basis as Secured Party determines, a report describing the kind, location, and quantity of Inventory and a report in form satisfactory to Secured Party accurately showing and describing the Accounts and Chattel Paper of Debtor and including, among other information, the aging of each Account and Chattel Paper. Debtor will deliver to Secured Party, together with each such report, duplicate invoices, shipping receipts, and such other evidence of shipment or delivery of the goods or performance of the services or the performance of such other act or acts giving rise to such Accounts or Chattel Paper as Secured Party may, from time to time, require. If Debtor grants to any Account Debtor a credit, or if Debtor receives back any goods which Debtor had delivered to an Account Debtor, Debtor will forthwith give notice to Secured Party, in writing, of the issuance of such credit or the return of such goods. Debtor will promptly advise Secured Party of the existence of any dispute with respect to any Intangible Collateral.

4.7 **Indemnity.** Debtor indemnifies and agrees to hold Secured Party harmless from and against any loss, claim, demand, or expense (including attorneys' fees) (individually, a "***Claim***") arising by reason, or in any manner related to, this Security Agreement or the Collateral or the failure of Debtor to comply with any state or federal statute, rule, regulation, order, or decree but excluding any Claim arising by reason of the gross negligence or willful misconduct of Secured Party. Secured Party shall control the defense of any Claim, but Debtor will pay the cost thereof.

4.8 **Taxes.** Debtor will pay all taxes and assessments on the Collateral or on its use or operation prior to the time such taxes become past due, except such as are being Contested in Good Faith.

4.9 **Mortgagees' and Landlords' Waivers.** Debtor will cause each mortgagee of all real estate owned by Debtor and each landlord of all premises leased by Debtor to execute and deliver to Secured Party instruments, in form and substance satisfactory to Secured Party, by which such mortgagee or landlord waives or subordinates all of its rights, if any, to all of the Collateral.

4.10 **Insurance.** Debtor will maintain insurance at all times with respect to all Collateral in such amounts and against such risks as is specified in the Agreement and, if required by Secured Party, provide originals or certified copies thereof to Secured Party. Each insurer shall agree, by endorsement upon the policy or policies issued by it or by independent instrument furnished to Secured Party, that (a) it will give Secured Party at least thirty (30) days prior written notice of the effective date of any material alternation or cancellation of such policy, and (b) the coverage shall not be terminated, reduced, or affected in any manner because of any breach of violation by Debtor of any warranty, declaration, or condition of such insurance policy.

4.11 **Operations.** Debtor will at all times comply in all material respects with all applicable law, the non-compliance with which could have a materially adverse effect on Debtor.

4.12 Further Assurances. Debtor will at its own expense take all action as Secured Party may at any time request to protect, assure or enforce Secured Party's interests, rights and remedies created by, provided in or emanating from this Security Agreement. Debtor will (a) immediately deliver to Secured Party, in due form for transfer (endorsed in blank or accompanied by duly executed, undated, appropriate blank stock or bond powers) all Certificated Securities, Chattel Paper, Instruments, Documents, and writings evidencing General Intangibles which are interests in or obligations of the issuer of such writings constituting part of the Collateral; (b) upon request of Secured Party, cause the Security Interest to be duly noted on any certificate of title issuable with respect to any of the Collateral and forthwith deliver to Secured Party each such certificate of title; and (c) execute and deliver to Secured Party, in due form for filing or recording (and pay the cost of filing or recording the same in all public offices deemed necessary or advisable by Secured Party) such assignments (including assignments of life insurance), security agreements, mortgages, deeds of trust, pledge agreements, consents, waivers, financing statements (and amendments thereof), stock or bond powers, and other documents, and do such other acts and things, all as may from time to time in the opinion of Secured Party be necessary or desirable to establish and maintain a valid perfected first priority security interest in the Collateral free of all Liens other than Permitted Liens.

4.13 Accessions and Fixtures. Debtor will not permit any of the Collateral to become an accession to goods other than goods constituting the Collateral. If any of the Collateral is to be attached to real property, Debtor will give Secured Party written notice of (a) the legal description of the real property to which such Collateral is to be attached, and (b) the name of the record owner thereof.

4.14 Notice of Change. Debtor will promptly notify Secured Party of any adverse change in (a) the financial status of any Account Debtor, (b) the condition of the goods or services sold which give rise to any Account, or (c) the collectibility of any Account, including all claims, rejections, reductions, returns, and adjustments by any Account Debtor.

4.15 Notice Of Default Under Other Agreements. Debtor agrees to notify Secured Party in writing within five (5) business days of Debtor's default under any note, indenture, loan agreement, mortgage, lease or other agreement to which Debtor is a party or is bound.

4.16 Documents. If any Collateral is at any time in the possession or control of any warehouseman, bailee, agent or independent contractor, Debtor shall notify such person of Secured Party's security interest in such Collateral. Upon Secured Party's request, Debtor shall instruct any such person to hold all such Collateral for Secured Party's account subject to Debtor's instructions, or, if an Event of Default shall have occurred, subject to Secured Party's instructions.

4.17 Government Contracts. Debtor will immediately notify Secured Party if any Intangible Collateral arises out of contracts with the United States Government or any department, agency, or instrumentality thereof, and Debtor will execute such instruments and take any steps required by Secured Party for all moneys due or to become due under such contracts to be assigned to Secured Party and notice thereof given to the United States Government under the Federal Assignment of Claims Act, 31 U.S.C.A. §203 (1908) (As Amended) and 41 U.S.C.A. §15 (1940) (as amended).

4.18 Use of Trademarks. Debtor will (a) unless Debtor has determined and given notice to Secured Party that a Trademark no longer has any material economic value to Debtor, continue to use each Trademark in accordance with past practice in connection with all goods and services with which it is associated (as reflected in, but not limited to, its catalogs, brochures, and price lists) in order to maintain each Trademark in full force and effect, free from any claim of abandonment for non-use; (b) maintain the quality of products and services offered under each Trademark in accordance with past practice; (c) employ each

Trademark with the appropriate notice of trademark status or trademark registration; (d) not adopt or use any mark which is confusingly similar to or a colorable imitation of any Trademark, unless such mark has been subjected to the Security Interest in a manner in form and substance satisfactory to Secured Party; and (e) not do any act or omit to do any act whereby any Trademark may become invalid.

4.19 Protection of Intellectual Property

(a) Debtor will take all appropriate action to prosecute, protect, preserve, maintain, and defend in each case in a manner consistent with prudent practices therefor, all of its or Secured Party's rights in the Intellectual Property and related licenses in favor of, or otherwise of value to, Debtor. Debtor will advise Secured Party in writing of each application or filing for or registration of any Intellectual Property. Debtor will maintain the quality of all goods and services in connection with which the Intellectual Property is used at a level not lower than that in effect on the date hereof. Debtor will not abandon or allow any of the Intellectual Property to be placed in the public domain or become invalid or unenforceable. Debtor will maintain the quality of all goods and services in connection with which the Intellectual Property is used at a level not lower than that in effect on the date hereof. Debtor will prosecute and defend against all suits involving infringement, dilution, or validity of or claiming injury to Debtor's goodwill associated with any of Debtor's Intellectual Property or such related licenses. Debtor will make all registrations, recordations, and filings necessary or appropriate to maintain the validity of and diligently prosecute all applications for its Intellectual Property and the perfection of the Security Interest. Any expenses incurred in protecting, preserving, and maintaining the Intellectual Property or such related licenses and the Security Interest shall be borne by Debtor. To the full extent permitted by applicable law, Secured Party has the right, without taking title to any of the Intellectual Property or related licenses, to bring suit to enforce any such Intellectual Property, such related licenses, or its Security Interest therein. Debtor indemnifies (which indemnification survives any termination of this Security Agreement) and holds harmless Secured Party from and against all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses, or disbursements (including reasonable attorneys' fees and legal expenses) of any kind which may be imposed on, incurred by, or asserted against Secured Party in connection with or in any way arising out of the aforementioned suits, proceedings, or other actions.

(b) Without limiting any other rights and remedies of Secured Party, if any Event of Default has occurred and is continuing, within five (5) days after written notice from Secured Party, Debtor will make reasonably available to Secured Party such personnel as Party may reasonably request to permit Debtor to continue, directly or indirectly, to produce, advertise, and sell the products sold by Debtor under the Trademarks or related licenses, such personnel to be available to perform their functions on Secured Party's behalf and to be compensated by Debtor (or if Debtor fails to pay such compensation, by Secured Party at Debtor's sole expense) on a per diem, pro rata basis consistent with the salary and benefit structure applicable to each as of the date of such Event of Default.

(c) Debtor grants to Secured Party an irrevocable, nonexclusive transferable license (exercisable without payment of royalty or other compensation to Debtor) to make, use, sell, offer to sell, assign, license, or sublicense after the occurrence of an Event of Default any of Debtor's Intellectual Property (including, in the case of all Trademarks, the goodwill and assets relating to the products sold under such Trademarks), including in such license reasonable access to all media in which any of the licensed items may be recorded or stored and to all computer programs used for the compilation or printout thereof. No agreement entered into by Debtor shall prohibit, restrict, or impair the rights granted hereunder. Upon the making, use, sale, offer to sell, assignment, license, or sublicense of any of such Intellectual Property, Debtor will upon request by Secured Party cease to use such Intellectual Property.

5.0 Secured Party's Rights. Secured Party has the following rights:

5.1 Information. Secured Party may at any time obtain from any person any information concerning Debtor, Debtor's business or affairs, the Collateral, or the Obligations, and neither Secured Party nor the person furnishing such information shall be liable to Debtor in respect thereof. At any reasonable time and from time to time, Secured Party or any of its representatives may, at Debtor's expense to the extent permitted by applicable law, inspect the Collateral and examine, audit, inspect, verify, and make copies of and abstracts from the books and records, and visit the properties of Debtor, discuss the affairs, finances, and accounts of Debtor with any of its officers or directors and discuss the affairs, finances, and accounts of Debtor with its independent public accountants; and Debtor will permit such accountants to disclose to Secured Party all financial statements and other information they may have with respect to Debtor.

5.2 Delivery of Collateral. Upon the occurrence of an Event of Default, Secured Party may at any time demand and Debtor shall deliver to Secured Party possession or control of any of the Collateral.

5.3 Performance by Secured Party. Upon the occurrence of an Event of Default, Secured Party may, but is not obligated to, perform or attempt to perform any agreement of Debtor contained herein. If any material part of the Collateral is or becomes the subject of any proceeding and Debtor fails to defend fully such proceeding and to protect Debtor's and Secured Party's rights in such Collateral in good faith, Secured Party may, at its option but at Debtor's cost, elect to defend and control the defense of such litigation or other proceeding, and may (a) select and retain counsel, (b) determine whether settlement shall be offered or accepted, and (c) determine and negotiate all settlement terms.

5.4 Preservation. Secured Party's duty with respect to any Collateral in the possession of Secured Party is solely to use reasonable care in the custody and preservation of the Collateral. Secured Party shall be deemed to have exercised reasonable care in the custody and preservation of any Collateral in its possession if it takes such action for that purpose as Debtor may request in writing, but failure by Secured Party to comply with any such request shall not of itself be deemed a failure to exercise such reasonable care. **Secured Party is not responsible for, nor are the Obligations (or Debtor's liability with respect thereto) subject to setoff or reduction by reason of, any shortage, discrepancy, damage, loss, or destruction in or to the Collateral unless caused by the gross negligence or willful misconduct of Secured Party nor, in any event, any depreciation in the value of the Collateral.** Secured Party is not required to fulfill any of the obligations of Debtor with respect to any of the Collateral, or to make any payment, or to make any inquiry as to the nature or sufficiency of any payment received by it or the sufficiency of any performance of any party under any of the Collateral, or to present or file any claim, or to take any action to enforce any performance or the payment of any amounts which have been assigned to it, in which it has been granted a security interest, or to which it may be entitled at any time. Secured Party has no duty to maintain in force, to prevent lapse or impairment of, or to exercise any rights with respect to any of the Collateral or any insurance thereon, or to exercise any rights, options or privileges respecting any of the Collateral or to take any steps necessary to preserve rights against prior or other parties or to enforce collection of the Collateral or any part thereof by legal proceedings or otherwise. The duties of Secured Party are to account to Debtor for Collateral actually received by Secured Party and to receive collections, remittances and payments on such Collateral as and when made and received by Secured Party and hold same as Collateral or apply same to the Obligations pursuant to the terms hereof.

5.5 Regarding Intangible Collateral. Upon the occurrence of an Event of Default, Secured Party may, without prior notice to Debtor and without the necessity of foreclosing thereon, notify any person liable in respect of any Intangible Collateral to make payment directly to Secured Party and receive such

payments. All payments so received will be applied as specified herein. Upon request of Secured Party after the occurrence of an Event of Default, Debtor will so notify the Account Debtors and will indicate on all billings to Account Debtors that all monies due thereon are payable to Secured Party. Secured Party has the right to verify the Intangible Collateral or any portion thereof in the name of Debtor, in the name of Secured Party, or otherwise. Except as specifically permitted in this Security Agreement, Debtor will not agree to any material modification of the terms of any Intangible Collateral without the prior written consent of Secured Party. If any Intangible Collateral evidences a security interest of Debtor in any property, Debtor will take all steps necessary to perfect such security interest. Any party liable in respect of the Collateral who makes any payment or distribution of any kind in respect of the Collateral to Secured Party or delivers the Collateral to Secured Party, shall be fully protected in relying on the written statement of Secured Party that it then holds a security interest in the Collateral which entitles Secured Party to receive such payment, distribution, or delivery. After an Account Debtor has been notified pursuant to the authority above to make payment directly to Secured Party, Debtor shall not, without the express written consent of Secured Party, release, compromise, or adjust any Intangible Collateral, or any guaranty, security, or lien therefor, or grant any discounts, allowances, or credits thereon, or bring any suit to enforce payment thereof. Secured Party is not liable for any error, omission, or delay occurring in the settlement, collection, or payment of any Intangible Collateral or of any instrument received in full or part payment thereof or in dealing with any lien, security, or guaranty of any Intangible Collateral. Upon the occurrence of an Event of Default, Secured Party may require Debtor to deposit in a bank account in a bank of Secured Party's choice over which Secured Party alone shall have the authority to make withdrawals, or deliver to Secured Party, all checks, drafts, money, or other cash proceeds of the Collateral, immediately upon receipt thereof and in form received (except for any necessary endorsement or assignment to permit a collection), and Secured Party may hold the funds in said account as additional Collateral or may, at its discretion, apply same to the Obligations. Upon the occurrence of an Event of Default, Secured Party may attempt to collect from any person liable in respect of any Intangible Collateral, by suit or otherwise, any sums due thereon and otherwise to enforce Debtor's rights with respect thereto, and may surrender, release, or exchange any Collateral therefor and extend, renew, or compromise any sums payable in connection therewith, but Secured Party is in any event entitled to charge back against Debtor any uncollected Intangible Collateral.

6.0 Default. Debtor is in default under this Security Agreement upon the happening of any of the following events or conditions (each an "**Event of Default**"): (a) the failure of any party liable to pay when due any portion of the Obligations; (b) the failure of Debtor or any other party liable for the Obligations to perform fully, faithfully and promptly the agreements, covenants and conditions contained in this or any other agreement between Debtor and Secured Party; (c) the making of any representation by Debtor or any other party liable for the Obligations in this Security Agreement or in any instrument delivered pursuant hereto, or in connection herewith, or in any other agreement between Debtor or any other party liable for the Obligations and Secured Party which is untrue or misleading in any material respect at the time such statement, representation, warranty or covenant is made; (d) the sale, assignment, distribution, transfer or granting of a Lien on any of the Collateral to or in favor of any party other than Secured Party, unless otherwise expressly permitted by this Security Agreement or in writing by Secured Party; (e) the entry of a judgment or levy against any part of the Collateral or any execution, attachment, sequestration, distraint warrant or other like or similar writ is issued with respect to any of the Collateral that is not fully dismissed, discharged or rescinded within thirty (30) days after its entry or filing; (f) the title of Debtor to any substantial part of the Collateral becomes the subject of litigation which would or might, in Secured Party's opinion, upon final determination result in substantial impairment or loss of the security provided by this Security Agreement and upon notice by Secured Party to Debtor such litigation is not dismissed within 30 days of such notice; (g) the entry of a decree or order for relief by a court having jurisdiction in the premises in respect of Debtor in an involuntary case under the federal bankruptcy laws, as now or hereafter constituted, or any other applicable federal or state bankruptcy, insolvency or other similar law, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator

(or similar official) of Debtor or of any substantial part of Debtor's property, or ordering the winding-up or liquidation of the affairs of Debtor and the continuance of any such decree or order unstayed and in effect for a period of thirty (30) consecutive days; (h) the commencement by Debtor of a voluntary case under the federal bankruptcy laws, as now constituted or hereafter amended, or any other applicable federal or state bankruptcy, insolvency or other similar law, or the consent by Debtor to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator (or other similar official) of Debtor or for any substantial part of Debtor's property, or the making by Debtor of any assignment for the benefit of creditors, or the failure of Debtor generally to pay its debts as such debts become due, or the taking of any action by Debtor in furtherance of any of the foregoing; (i) the occurrence, with respect to any party liable in respect of the Obligations, of any of the events specified in subsections (g) or (h) of this Section; (j) the death, incapacity, dissolution, merger, consolidation, or termination of existence of Debtor or any other person or entity liable to pay any portion of the Obligations; (k) the loss, theft, substantial damage to or destruction of any material portion of the Collateral (whether or not covered by insurance); (l) the acceleration of the maturity of debt of Debtor to any other person; or (m) Secured Party deems itself insecure or determines the Collateral has become unsatisfactory or insufficient.

7.0 Remedies. Upon the occurrence of an Event of Default, and at any time thereafter, if any Event of Default is continuing, Secured Party has the following rights and remedies to the full extent permitted by applicable law:

7.1 Acceleration. Secured Party may declare the Obligations secured hereby, or any part thereof, immediately due and payable, whereupon same shall be due and payable without demand, presentment for payment, notice of non-payment, protest, notice of intent to accelerate, notice of acceleration and all other notices or without further action of any kind, all of which are hereby expressly waived by Debtor; and Secured Party may proceed to enforce payment of same and exercise all of the rights and remedies provided by the UCC as well as all other rights and remedies possessed by Secured Party under this Security Agreement, any other Loan Document or otherwise.

7.2 Removal and Possession. Secured Party may require Debtor to assemble the Collateral and make it available to Secured Party at any place designated by Secured Party which is reasonably convenient to both parties. Secured Party is entitled to immediate possession of all books and records pertaining to any of the Collateral. Secured Party may leave the Collateral on Debtor's or any other party's premises but under Secured Party's control or may remove the Collateral, including such books and records, from the premises of Debtor or from wherever located, and, for purposes of removal and possession, Secured Party or its representatives may enter any premises of Debtor without legal process and thereafter hold or store same, and Debtor waives and releases Secured Party from all claims in connection therewith or arising therefrom, and Secured Party may maintain at Debtor's expense on Debtor's premises a custodian who may exercise Secured Party's rights to protect the Collateral.

7.3 Sale of Collateral.

(a) Secured Party may sell the Collateral, in one or more sales or parcels, at such price as Secured Party deems adequate and for cash or on credit or for future delivery, without assumption of any credit risk, any portion of the Collateral, at any broker's board or at public or private sale, without demand of performance or notice of intention to sell. The purchaser of any Collateral sold shall thereafter hold the same free from any claim or right, including any equity of redemption, of Debtor. Secured Party may make any such sale subject to any limitation or restriction, including but not limited to a limitation in the method of offering the Collateral or in the number or identity of prospective bidders, which Secured Party may believe to be necessary to comply with any requirement of applicable law or in order to obtain any required approval

of the purchase or the purchaser by any governmental authority or officer. No such limitation or restriction shall cause such sale not to be considered a commercially reasonable sale, nor shall Secured Party be liable or accountable to Debtor, nor shall the Obligations be subject to any reduction, by reason of the fact that the proceeds of a sale subject to any such limitation or restriction are less than otherwise might have been obtained. Without notice to or consent by Debtor Secured Party may exercise all rights as the insured, beneficiary, or owner of any insurance policy and may surrender same and receive the surrender value thereof or sell same pursuant to the terms thereof.

(b) Unless the Collateral is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market, Secured Party will give Debtor commercially reasonable notice of the time and place of any public sale thereof or of the time after which any private sale or any other intended disposition thereof is to be made. The requirements of commercially reasonable notice are met if such notice is given in accordance with Section 10.1 at least five (5) days before the time of the sale or disposition. Expenses of retaking, holding, preparing for sale, selling, leasing or the like shall include Secured Party's attorneys' fees and legal expenses, and all such expenses shall be borne by Debtor. Public or private sales, for cash or on credit, to a wholesaler or retailer or investor, or use of Collateral of the types subject to this Security Agreement, or public auction, are commercially reasonable since differences in the sales prices generally realized in the different kinds of sales are ordinarily offset by the differences in the costs and the credit risks of such sales.

7.4 Non-judicial Remedies. Secured Party may enforce its rights hereunder without prior judicial process or judicial hearing, and to the extent permitted by law, Debtor expressly waives any and all legal rights which might otherwise require Secured Party to enforce its rights by judicial process. Debtor recognizes and concedes that such non-judicial remedies are consistent with the usage of trade, are responsive to commercial necessity, and are the result of a bargain at arm's length.

7.5 Payments on Account of Debtor. To the extent that Secured Party has advanced or will advance funds to or for the account of Debtor to enable Debtor to purchase or otherwise acquire specific types or items of Collateral, Secured Party may at its option pay such funds (i) directly to the person from whom Debtor will make such purchase or acquire such rights or (ii) to Debtor, in which case Debtor covenants promptly to pay the same to such person and forthwith furnish to Secured Party, on request, evidence satisfactory to Secured Party that such payment has been made from the funds so provided by Secured Party for such payment.

7.6 Right of Subrogation. Secured Party may subrogate to all of Debtor's interests, rights and remedies in respect to any Account.

7.7 Other Rights. Secured Party may exercise all other rights it may have under any of the other agreements between Debtor and Secured Party, or under applicable law. Secured Party is entitled to the appointment of a receiver to take possession of all or any portion of the Collateral and to exercise any such powers as the court confers upon the receiver.

7.8 Exercise of Rights. Secured Party may exercise its rights with respect to the Collateral in such manner and in such order as Secured Party determines, and Secured Party is not required to sell or dispose of any part of the Collateral or to collect, or attempt to collect, any sum payable by reason of the Collateral before Secured Party may collect the Obligations, nor is Secured Party obligated to attempt to collect the Obligations before selling or disposing of any part of the Collateral. Secured Party may, without foreclosing thereon, license, collect and otherwise enforce all amounts owing on the Collateral or any proceeds or otherwise enforce all of Debtor's or Secured Party's rights in any of the Collateral. Neither Debtor nor any

other party liable in respect of the Obligations may direct the application of any proceeds received by Secured Party, and Secured Party may apply any such proceeds as herein provided.

7.9 Proceeds of Sale. All proceeds of sale or other disposition or collection of the Collateral (whether before or after default), at Secured Party's discretion and to the extent permitted by applicable law, shall be applied first to all costs and expenses of sale or other disposition or collection, including attorneys' fees, and expenses for holding, preparing for sale, and selling the property; second, in whatever order Secured Party elects, to payment of the Obligations; third, to the settling of any other Liens or claims against the Collateral. If the Obligations are fully satisfied and there are no other claims to any surplus, Debtor is entitled to any surplus of the Collateral or the proceeds received therefrom, but Debtor remains liable for any deficiency.

8.0 Attorney-In-Fact. Debtor appoints Secured Party as Debtor's attorney-in-fact (without requiring it to act as such) to do any act which Debtor is obligated by this Security Agreement to do, including, without limitation, (a) to receive cash and to receive and to endorse the name of Debtor on all checks, drafts, money orders, or other instruments for the payment of monies that are payable to Debtor and constitute collections of the Collateral, (b) to execute in the name of Debtor any schedules, assignments, instruments, documents, financing statements, amendments of financing statements, application for registration, and other papers deemed necessary or appropriate by Secured Party to perfect, preserve, or enforce the Security Interest; (c) to exercise all rights of Debtor in the Collateral, (d) to make extension agreements with respect to Collateral, (e) to release any party liable on or any security for the Collateral and to give receipts and acquittances and compromise disputes in connection therewith, (f) to make withdrawals from and to close deposit accounts and other accounts with any financial institution into which proceeds may have been deposited and to apply funds so withdrawn as provided herein, (g) to give notice of Secured Party's rights under this Security Agreement, (h) to enter onto Debtor's premises to inspect the Collateral, (i) to receive, open, and read mail addressed to Debtor, (j) to verify facts concerning the Collateral by inquiry of obligors thereon, or otherwise, in its own name or a fictitious name, (k) to prepare, adjust, execute, deliver, and receive payment under insurance claims and to collect and receive payment of and endorse any instrument in payment of loss or return premiums on any other insurance refund or return and apply such amounts as received by Secured Party, at Secured Party's sole option, toward repayment of the Obligations or replacement of the Collateral, and (l) to do all acts and things and execute all documents in the name of Debtor or otherwise, reasonably deemed necessary, proper, or convenient by Secured Party in connection with the preservation, perfection, and enforcement of its rights hereunder. The power and authority herein conferred upon Secured Party may be exercised by Secured Party through any person who, at the time of the execution of the particular instrument, is an officer of Secured Party. All persons dealing with Secured Party, or any substitute, shall be fully protected in treating the powers and authorities conferred by this paragraph as continuing in full force and effect until advised by Secured Party that all Obligations are finally paid. The power of attorney herein conferred is granted for valuable consideration, is coupled with an interest, and is irrevocable so long as any part of the Obligations is unpaid and shall not be terminated prior thereto or affected by any act of Debtor or any other person or by operation of law, including, without limitation, the dissolution, death, disability, or incompetency of any person. Secured Party agrees it will not exercise its powers as attorney-in-fact until the occurrence of an Event of Default.

9.0 Right of Setoff. In addition to any rights now or hereafter granted under applicable law, upon the occurrence of an Event of Default or any condition, event, or act which, with the giving of notice or lapse of time, or both, would constitute such an Event of Default, Secured Party is authorized at any time and from time to time, without notice to Debtor or to any other person, any such notice being hereby expressly waived, to set off and to appropriate and to apply any and all deposits (general or special) and any other indebtedness at any time held or owing by Secured Party to or for the credit or the account of Debtor against and on account

of the liabilities of Debtor to Secured Party under this Security Agreement or any other agreement between Debtor and Secured Party, including, without limiting the generality of the foregoing, all claims of any nature or description, whether or not Secured Party has made any demand hereunder and although said liabilities or claims, or any of them, are contingent or unmatured and whether or not other security held by Secured Party is considered by Secured Party to be adequate.

10.0 Miscellaneous.

10.1 **Notices.** All notices, requests, demands, or other communications to or upon the parties hereto shall be deemed to have been given or made if given or made in accordance with Section 13.0 of the Agreement.

10.2 **Assignment of Collateral.** Secured Party may assign all or any part of the Obligations and may assign, transfer, or deliver to any transferee of any of the Obligations any or all of the rights of Secured Party in the Collateral, and thereafter Secured Party shall be fully discharged from all responsibility with respect to the Collateral so assigned, transferred, or delivered. Such transferee shall be vested with all the powers and rights of Secured Party hereunder with respect to such Collateral, but Secured Party shall retain all rights and powers hereby given with respect to any of the Collateral not so assigned or transferred.

10.3 **Alteration, Etc.** No waiver, amendment, modification, or alteration of any provision of this Security Agreement (individually, an "***Alteration***"), nor consent to any departure by Debtor from the terms hereof, or from the terms of any other document, is effective unless such is in writing and signed by Secured Party; and any such Alteration is effective only for the specific purpose and in the specific instance given. No waiver by Secured Party of any Event of Default shall be deemed to be a waiver of any other or subsequent Event of Default; nor shall such waiver be deemed to be a continuing waiver. No delay of Secured Party in exercising any right shall be deemed to be a waiver thereof, nor shall one exercise of any right affect or impair the exercise of any other right. Time is of the essence in Debtor's performance hereof.

10.4 **Expenses.** To the extent permitted by applicable law Debtor promptly will pay, upon demand, any out-of-pocket expenses incurred by Secured Party in connection herewith, including all costs, expenses, taxes, assessments, insurance premiums, repairs (including repairs to realty or other property to which any Collateral may have been attached), court costs, attorneys' fees, rent, storage costs, and expenses of sales incurred in connection with the administration of this Security Agreement, the enforcement of the rights of Secured Party hereunder, whether incurred before or after the occurrence of an Event of Default or incurred in connection with the perfection, preservation, or defense of the Security Interest, or the custody, protection, collection, repossession, enforcement or sale of the Collateral. All such expenses shall become part of the Obligations and shall bear interest at the highest lawful rate from the date paid or incurred by Secured Party until paid by Debtor.

10.5 **Parties Bound.** The rights of Secured Party hereunder inure to the benefit of its successors and assigns. The terms of this Security Agreement bind the successors and assigns of the parties hereto, but Debtor may not assign any of its rights or obligations hereunder without the prior written consent of Secured Party. All representations, warranties, and covenants of Debtor survive the execution and delivery hereof. All indemnities by Debtor in favor of Secured Party survive termination or release of this Security Agreement. This Security Agreement constitutes a continuing agreement, and applies to all future transactions, whether or not contemplated at the date hereof, and all renewals, modifications, and extensions thereof.

10.6 Remedies Cumulative, Etc. All rights and remedies of Secured Party hereunder are cumulative of each other and of every other right or remedy which Secured Party may otherwise have at law or in equity or under any other document for the enforcement of the Security Interest or the enforcement of any duties of Debtor or any other party liable in respect of the Obligations. The exercise by Secured Party of one or more rights or remedies shall not prejudice or impair the concurrent or subsequent exercise of other rights or remedies.

10.7 Copy as Financing Statement. A carbon, photographic, or other reproduction of this Security Agreement or a financing statement describing the Collateral is sufficient as a financing statement.

10.8 Severability. If any portion of the Obligations or if any provision of this Security Agreement is held to be invalid or unenforceable for any reason, such holding shall not affect any other portion of the Obligations or any other provision contained herein or contained in any other agreement between Debtor and Secured Party, and the same shall continue in full force and effect according to their terms.

10.9 Applicable Law. This Security Agreement and each issue related hereto, including the validity and enforceability hereof, shall be governed and construed according to and determined under the laws of the State of Texas and is performable in Dallas County.

10.10 Entire Agreement. This Security Agreement together with the other Loan Documents embodies the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior agreements and understandings relating to the subject matter hereof.

10.11 Usury Savings Clause. The parties hereto intend to conform strictly to the usury laws applicable to Secured Party. Accordingly, (a) the aggregate of all consideration which constitutes interest under controlling applicable law that is contracted for, charged, or received under the Obligations or otherwise in connection with the Obligations shall never exceed the maximum amount allowed by such applicable law, and any excess shall be credited by Secured Party on the principal amount of the Obligations (or, to the extent that the principal amount of the Obligations has been or would thereby be paid in full, refunded by Secured Party to Debtor); and (b) if the maturity of the Obligations is accelerated or if there is any required or permitted prepayment, such consideration that constitutes interest under controlling applicable law may never include more than the maximum amount allowed by such applicable law, and excess interest, if any, shall be canceled automatically as of the date of such acceleration or prepayment and, if theretofore paid, shall be credited by Secured Party on the principal amount of the Obligations (with any amount in excess of the unpaid Obligations to be refunded by Secured Party to Debtor). To the extent that the Texas Revised Civil Statutes are relevant to Secured Party for the purpose of determining the highest lawful rate of interest allowed from time to time by applicable law, Secured Party hereby elects to determine the applicable rate ceiling under such Article by the weekly rate ceiling from time to time in effect, subject to Secured Party's right subsequently to change such method in accordance with applicable law.

10.12 Reinstatement. If any payment received by Secured Party is or must be rescinded or returned, the Obligations shall, to the extent that such payment is or must be rescinded or returned, be deemed to have continued in existence, notwithstanding such payment, and the Security Interest shall continue to be effective or be reinstated.

10.13 Conflicts. If any term hereof conflicts with any provision of the Agreement, the terms of the Agreement shall control. If any item of Collateral hereunder also constitutes Collateral granted to Secured Party under any other Loan Document executed by Debtor, in the event of any conflict between the

provisions under this Security Agreement and those under such other Loan Document, the provision or provisions selected by Secured Party shall control with respect to such Collateral.

10.14 No Waiver. Secured Party's acceptance of partial or delinquent payments or any forbearance, failure or delay by Secured Party in exercising any right, power or remedy hereunder shall not be deemed a waiver of any obligation of Debtor or of any right, power or remedy of Secured Party; and no partial exercise of any right, power or remedy shall preclude any other or further exercise thereof. Secured Party may remedy any default hereunder or in connection with the Obligations without waiving the default so remedied, or waive any default hereunder or in connection with the obligations without waiving any other default including, without limitation, other occurrences of the same default, nor shall such action by Secured Party waive any prior or subsequent default.

10.15 Other Collateral. The execution and delivery of this Security Agreement shall not in any manner affect any other security for the Obligations, nor shall any security taken hereafter as security for the Obligations impair or affect this Security Agreement.

10.16 Full Satisfaction of the Obligations. Except as may be applicable pursuant to Section 9.505 of the UCC, no action taken or omission to act by Secured Party hereunder, including, without limitation, any action taken or inaction pursuant to Section 7.0, shall be deemed to be in full satisfaction of the Obligations, and the Obligations shall remain in full force and effect, until Secured Party has applied payments (including, without limitation, collections from Collateral) towards the Obligations in the full amount then outstanding or until such subsequent time as is hereinafter provided in this Section 10.16. To the extent that any payments on the Obligations or proceeds of the Collateral are subsequently invalidated, declared to be fraudulent or preferential, set aside or required to be repaid to a trustee, debtor in possession, receiver or other party under any bankruptcy law, common law or equitable cause, then to such extent, the Obligations so satisfied shall be revived and continue as if such payment or proceeds had not been received by Secured Party, and Secured Party's interest, rights, powers and remedies hereunder shall continue in full force and effect. If the Obligations are structured such that there are times when no indebtedness is owing thereunder, this Security Agreement shall remain valid and in full force and effect as to the subsequent indebtedness, provided Secured Party has not in the interim period executed a written termination statement or returned possession or reassigned the Collateral to Debtor.

10.17 Counterparts. This Security Agreement may be executed in any number of counterparts, and it is not necessary that the signatures of all parties hereto be contained on any one counterpart hereof. Each counterpart shall be deemed an original, but all such counterparts taken together shall constitute one and the same instrument. This Security Agreement shall become effective upon the execution hereof by Debtor and delivery of the same to Secured Party, and it is not necessary for Secured Party to execute any acceptance hereof or otherwise signify or express its acceptance hereof.

10.18 SUBMISSION TO JURISDICTION AND FORUM SELECTION. SECURED PARTY MAY ENFORCE ANY CLAIM ARISING OUT OF THIS SECURITY AGREEMENT, ANY COLLATERAL, OR ANY DOCUMENT OR AGREEMENT DELIVERED, OR WHICH MAY IN THE FUTURE BE DELIVERED, IN CONNECTION HERewith OR ARISING FROM OR RELATED TO ANY CREDIT RELATIONSHIP EXISTING IN CONNECTION WITH THIS SECURITY AGREEMENT IN ANY STATE OR FEDERAL COURT HAVING SUBJECT MATTER JURISDICTION WHICH IS LOCATED IN DALLAS COUNTY, TEXAS. FOR PURPOSES OF ANY ACTION OR PROCEEDING WITH RESPECT TO ANY SUCH CLAIM, DEBTOR HEREBY IRREVOCABLY SUBMITS TO THE NONEXCLUSIVE JURISDICTION AND VENUE OF SUCH COURTS. DEBTOR IRREVOCABLY WAIVES, TO THE FULL EXTENT PERMITTED BY LAW,

ANY OBJECTION WHICH IT MAY HAVE, NOW OR HEREAFTER, TO THE LAYING OR MAINTENANCE OF THE VENUE OF ANY SUCH SUIT, ACTION, OR PROCEEDING BROUGHT IN ANY SUCH COURT LOCATED IN DALLAS COUNTY, TEXAS AND ANY CLAIM THAT ANY SUCH SUIT, ACTION, OR PROCEEDING BROUGHT IN SUCH A COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM. DEBTOR IRREVOCABLY CONSENTS TO THE SERVICE OF ANY AND ALL PROCESS IN ANY SUCH ACTION OR PROCEEDING BY THE MAILING OF COPIES OF SUCH PROCESS TO DEBTOR AT ITS ADDRESS FOR NOTICES SPECIFIED HEREIN.

10.19 WAIVER OF JURY TRIAL. DEBTOR HEREBY EXPRESSLY WAIVES ANY RIGHT TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING TO ENFORCE OR DEFEND ANY RIGHTS UNDER OR RELATED TO THIS SECURITY AGREEMENT, ANY COLLATERAL, OR ANY DOCUMENT OR AGREEMENT DELIVERED, OR WHICH MAY IN THE FUTURE BE DELIVERED, IN CONNECTION WITH THE FOREGOING OR ARISING FROM ANY CREDIT RELATIONSHIP EXISTING IN CONNECTION WITH OR RELATING TO THIS SECURITY AGREEMENT, AND AGREES THAT ANY SUCH ACTION OR PROCEEDING SHALL BE TRIED BEFORE A COURT AND NOT BEFORE A JURY.

EXECUTED as of the day, month and year first above written.

DEBTOR:

COMMUNICATIONS INTEGRATORS, INC.,
an Arizona corporation

By: *J. Lynn Gross*
Name: J. Lynn GROSS
Title: PRESIDENT

SECURED PARTY:

COMERICA BANK - TEXAS

By: *Gregory D. Campbell*
Name: Gregory D. Campbell
Title: AVP

APPENDIX I

"Account" means any right of Debtor to payment for goods sold or leased or for services rendered, which right is not evidenced by an Instrument or Chattel Paper, whether or not it has been earned by performance and all other property of Debtor now or hereafter constituting as "accounts" under the UCC.

"Account Debtor" means the person who is obligated on or under any Account, Chattel Paper, or, if appropriate, any of the General Intangibles of Debtor.

"Certificated Securities" means all of Debtor's certificated securities.

"Chattel Paper" means all of Debtor's chattel paper.

"Collateral" has the meaning specified in Section 2.1.

"Computer Hardware" means all computer and other electronic data processing hardware, integrated computer systems, central processing units, memory units, display terminals, printers, features, computer elements, card readers, tape drives, hard and soft disk drives, cables, electrical supply hardware, generators, power equalizers, accessories, printers, keyboard, monitors, and all peripheral devices (including all input/output devices), modems and other communication controllers, and other related computer hardware, whether now owned, licensed, or leased or hereafter acquired by Debtor.

"Computer Software" means (a) all software programs (including both source code and object code and all related applications and data files), whether owned, licensed, or leased by Debtor, designed for use on Computer Hardware; (b) all firmware associated therewith, whether now owned, licensed, or leased or hereafter acquired by Debtor; (c) all documentation (including flow charts, logic diagrams, manuals, guides, and specifications) for Computer Hardware and such software and firmware described in the preceding clauses (a) and (b); and (d) all other rights with respect to any of the foregoing, including licenses, options, and test maintenance, support, upgrade improvement, and renewal rights.

"Copyrights" means all copyrights and all semiconductor chip product mask works, registered or unregistered, statutory or common law, now or hereafter in force throughout the world, owned, licensed, or leased by Debtor, including, without limitation, all such copyrights and mask works registered in the United States Copyright Office and all applications for registration thereof, all copyrights and mask work licenses to or from Debtor, all continuations, reissues, divisions, substitutions, renewals, extensions, and continuations-in-part thereof, the right to sue for past, present, and future infringements thereof, all rights corresponding thereto throughout the world, and all proceeds of the foregoing, including licenses, royalties, and proceeds of suit.

"Documents" means all of Debtor's documents.

"Equipment" means all furniture, furnishings, fixtures, machinery, computer hardware, and equipment of Debtor of every description used or useful in the conduct of Debtor's business, and all accessories, accessions, additions, attachments, substitutions, replacements, improvements, parts, and other property now or hereafter affixed thereto or used in connection therewith.

"General Intangibles" means all of Debtor's now owned or existing or hereafter acquired or arising general intangibles (including all payment intangibles) and in any event includes all rights to tax refunds, all Copyrights, Patents, Trademarks, Trade Secrets, formulae, blueprints, technology, trade dress, logotypes, rights

arising out of leases, licenses, and contracts which are not accounts, chattel paper, or instruments (including, without limitation, dividends and rights to payment arising out of partnership agreements and management contracts), Computer Software, options, warranties, service contracts, program services, rights to refund, reimbursement, indemnification, and subrogation, goodwill, licenses, royalties, franchises, customer lists, reversions from any retirement plan or arrangement, and all other choses in action and causes of action.

"Instruments" means all of Debtor's instruments.

"Intangible Collateral" means all Collateral other than Equipment and Inventory.

"Intellectual Property" means, collectively, all of Debtor's now owned or existing or hereafter acquired or arising Computer Software, Copyrights, Patents, Trademarks, and Trade Secrets.

"Inventory" means all of Debtor's goods, merchandise, and other personal property furnished under any contract of service or intended for sale or lease, including all raw materials, work in process, finished goods and materials and supplies, of any kind, nature, or description, that are used or consumed by Debtor's business, or are or might be used in connection with the manufacture, packing, shipping, advertising, selling, or finishing of such goods, merchandise, and other personal property, all goods consigned by or to Debtor, all goods previously constituting Equipment which are at any time in question being held for sale or lease in the ordinary course of Debtor's business, and all returned or repossessed goods now or at any time or times hereafter in the possession or under the control of Debtor.

"Investment Property" means all of Debtor's now owned or existing or hereafter acquired or arising investment property.

"Lien" means any mortgage, deed of trust, pledge, security interest, lien, conditional sale or other title retention agreement, or any financing statement or any distraint, writ of attachment, writ of garnishment, writ of sequestration, or similar writ or any other encumbrance of any nature whatsoever, whether voluntary or not.

"Patents" means all foreign and United States letters patent and applications for letters patent now or hereafter in force throughout the world, owned, licensed to or from, or otherwise acquired by Debtor, all licenses thereof, all patented technology and know-how, and all applications for, reissues, divisions, continuations, renewals, extensions, substitutions, and continuations-in-part thereof, all improvements thereof, the right to sue for past, present, and future infringements thereof, all rights corresponding thereto throughout the world, and all proceeds of the foregoing, including licenses, royalties, and proceeds of infringement suits.

"Permitted Defenses" means any setoff or defense against payment on an Account arising from the sale of goods, asserted by the Account Debtor as a result of damage to such goods or the failure of such goods to conform to the contract.

"Permitted Liens" means (a) liens and security interests in favor of Secured Party; (b) carriers', warehousemen's, mechanics', and other similar liens and charges arising under applicable law in the ordinary course of Debtor's business securing obligations that are not incurred in connection with the obtaining of loans and which are not overdue; (c) taxes and assessments not delinquent or actively being contested in good faith by Debtor; (d) deposits or pledges for goods or services made in the ordinary course of a borrower's business; (e) title of a bona fide lessor of tangible personal property to Debtor; and (f) liens and security interests in favor of third parties which are granted with the prior written consent of Secured Party.

"Security Agreement" means this Security Agreement and all amendment hereof or supplements hereto.

"Security Interest" means the security interest granted by Debtor to Secured Party under this Security Agreement.

"Solvent" when used with respect to any person means that the fair value of the property of such person is on the date of determination, greater than the total amount of the liabilities (including contingent liabilities) of such person as of such date and that, as of such date, such person is able to pay all indebtedness of such person as such indebtedness matures.

"Trademarks" means all foreign and United States (including each individual state thereof) trademarks and trademark registrations, tradenames and tradename registrations, corporate and company names, business and assumed names, trade dress, trade styles certification marks, collective marks, service marks and service mark registrations, logos, other source of business identifiers, and applications for any of the foregoing owned, licensed, or otherwise acquired by Debtor, and all of the goodwill and assets of the business connected with the use of, and symbolized by, each trademark and trademark registration, tradename and tradename registration, service mark and service mark registration, and applications therefor and all renewals, continuations, and extensions thereof, all licenses thereof to or from Debtor, the right to sue for past, present, and future infringements or dilutions thereof or for injury to the goodwill associated therewith, all rights corresponding thereto throughout the world, and all proceeds of the foregoing, including licenses, income, royalties, and proceeds of suit.

"Trade Secrets" means all of Debtor's common law and statutory trade secrets and all other confidential or proprietary information and know-how, all licenses thereof, and all claims with respect thereto, including rights to enjoin or collect damages for the misappropriation thereof.

EXHIBIT 3.5(d)

1. U. S. Patent Number 5,149, 277; issue date September 22, 1992; title: "Connectivity Management System".
2. U. S. Patent Number 5, 340, 326; issue date August 23, 1994; title: "Connectivity Management System".
3. U. S. Patent Number 5, 727, 963; issue date March 17, 1998; title: "Modular Power Connector Assembly".
4. U. S. Patent #5,326,934; issue date July 5, 1994; title: "Multi-Commodity Connectivity System".
5. Canadian Patent Application Number 2,010, 865; filed February 23, 1990; title: "Connectivity Management System".
6. Canadian Patent Application #2,125, 128; filed June 3, 1994; title: "Multi-Commodity Connectivity System."

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EXHIBIT 3.5(e)

None.

EXHIBIT 3.5(f)

86-0623390.

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EXHIBIT 3.5(g)

1. **Stationlink**; Registration No. 1,678,068.
2. **Execulink**; Registration No. 1,775,773.
3. **Duolink**; Registration No. 1,713,023.
4. **Powermate**; Registration No. 1,761,163.

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

TRANSMITTAL LETTER

Registrant/Applicant: Comerica Bank - Texas
Mark: Stationlink; Execulink; Duolink; and Powermate
Reg. No./Ser. No.: 1,678,068; 1,775,773; 1,713,023; and 1,761,163
Docket No. 23618.0180

TO THE ASSISTANT COMMISSIONER FOR TRADEMARKS:

Enclosed is/are the following document(s):

Security Agreement
Recordation Form Cover Sheet
Fee Transmittal
Postcard

A Check in the amount of \$115 is enclosed

Please charge Deposit Account No. 19-4547 for any additional charges or credits
A duplicate copy of this sheet is enclosed.



Signature

Dated: August 30, 1999

Matthew J. Booth (Reg. No. 35,454)
Strasburger & Price, L.L.P.
600 Congress Avenue, Suite 600
Austin, Texas 78701
Telephone: (512) 499-3600
Facsimile: (512) 499-3660

Date of Deposit: August 30, 1999

I certify that this correspondence is being deposited with the United States Postal Service with sufficient postage as first class mail on the indicated date and is addressed to the Assistant Commissioner for Trademarks, 2900 Crystal Dr., Arlington VA 22202-3513.



Signature of Person Mailing Correspondence

Michael Moody

Printed Name of Person Mailing Correspondence

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

TRANSMITTAL LETTER

Registrant/Applicant: Comerica Bank - Texas
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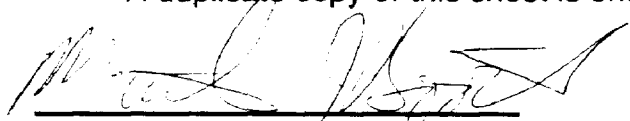
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Michael Moody
Printed Name of Person Mailing Correspondence