

09-15-1999

ATTORNEY DOCKET NO. 145/003



101145860

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
ASSIGNMENT BRANCH

MFD
9/10/99

RECORDED DOCUMENT COVER SHEET

Box Assignment
Commissioner of Patents and Trademarks
Washington, D.C. 20231

Dear Sir:

It is respectfully requested that the enclosed document be recorded in the United States Patent Office, against the items identified, according to the information below:

Party Conveying the Interest: Schaefer Marine, Inc., a Massachusetts corporation

Party Receiving the Interest: Compass Bank for Savings, a stock savings bank organized and existing under the laws of the Commonwealth of Massachusetts.

Address of Party Receiving the Interest:

791 Purchase Street
New Bedford, Massachusetts 02740

Description of the Interest Conveyed:

Security interest in two (2) United States trademark registrations:

Registration No. 1,375,740

Registration No. 1,936,610

I, Barry I. Friedman, hereby certify that this correspondence is being deposited with the United States Postal Service as first class mail in an envelope addressed to: Box Assignment, Commissioner of Patents and Trademarks, Washington, D.C. 20231 on:

9/10/99

Date of Deposit

[Signature]

Signature

09/13/1999 NTMA11 00000279 1375740

01 FC:481
02 FC:482

40.00 OP
25.00 OP

TRADEMARK
REEL: 001958 FRAME: 0515

Correspondence Address:

Barry I. Friedman, Esq.
Sweeney Metz Fox McGrann & Schermer, LLC
11 Stanwix Street
Pittsburgh, Pennsylvania 15222

Number of items identified: 2

Total Fee: \$65.00

A check in the amount of \$65.00 is enclosed. Authorization is given to charge any additional amount necessary for the recordation of this document to our Deposit Account No. 50-0525.

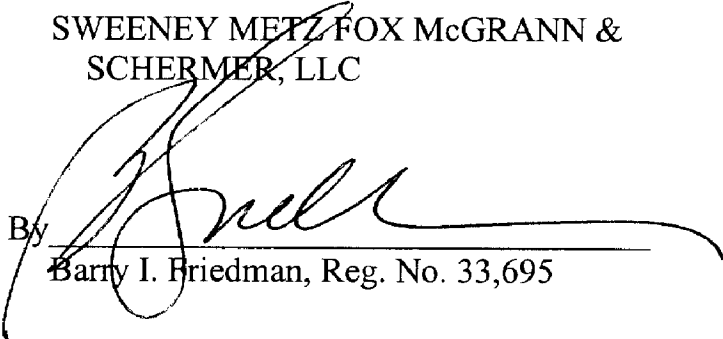
Date of Execution of the Recorded Document: July 19, 1999

The statements made herein, to the best of the undersigned's knowledge and belief, are true and correct and any copies submitted are true and correct copies.

Respectfully submitted,

SWEENEY METZ FOX McGRANN &
SCHERMER, LLC

By


Barry I. Friedman, Reg. No. 33,695

SECURITY AGREEMENT

July 19, 1999

In order to secure the due and punctual payment of all of the Obligations (as herein defined), Schaefer Marine, Inc., a Massachusetts corporation ("Debtor"), with its chief executive office at 158 Duchaine Boulevard, New Bedford, Massachusetts 02740, hereby grants to **COMPASS BANK FOR SAVINGS**, a stock savings bank organized and existing under the laws of the Commonwealth of Massachusetts ("Secured Party"), having an office at 791 Purchase Street, New Bedford, Massachusetts 02740, a continuing security interest in the following item(s) of collateral:

ACCOUNTS RECEIVABLE: All of Debtor's now owned and hereafter acquired accounts, accounts receivable, contract rights, instruments, chattel paper and general intangibles (including patents, copyrights, trademarks and trade names).

INVENTORY: All of Debtor's now owned and hereafter acquired inventory (including raw materials, work-in-process, finished goods and supplies).

EQUIPMENT: All of Debtor's now owned and hereafter acquired equipment, machinery, furniture and fixtures, including, without, limitation, the equipment listed on Exhibit A attached hereto, if any, together with all additions and accessions to, and all warranties and service agreements relating to, all of the foregoing.

INTELLECTUAL PROPERTY: All of Debtor's now owned and hereafter acquired patents, trademarks and registrations therefor and copyrights and registrations therefor, together with any applications for the same, said now owned patents and trademark registrations being listed on Schedule A hereto.

The foregoing security interest(s) is hereby granted together with a continuing security interest in the following additional items of collateral:

- (a) All money, instruments, documents of title, deposit accounts and other property of Debtor from time to time in the possession of Secured Party.
- (b) All replacements and substitutions for, and all proceeds (including insurance proceeds) and products of, any or all of the foregoing.
- (c) All of Debtor's books and records relating to any or all of the foregoing.

All of the foregoing items of collateral are hereinafter collectively referred to as the "Collateral".

"Obligations" shall mean all indebtedness and liabilities whatsoever of Debtor to Secured Party, whether direct, indirect, absolute or contingent, due or to become due, now existing or hereafter arising, including without limitation, all indebtedness and obligations evidenced by promissory notes, guarantees, overdrafts, reimbursement agreements for letters of credit and reimbursement obligations to correspondent or affiliate banks for the issuance of letters of credit on behalf of the Debtor, and any collection expenses.

Section 1. Representations, Warranties And Covenants Of Debtor. Debtor hereby represents, warrants and covenants as follows:

- (a) The Collateral is and will continue to be used primarily for business purposes.
- (b) Debtor is or, to the extent that certain of the Collateral is to be acquired after the date hereof, will be, the owner of the Collateral free from any adverse lien, security interest or encumbrance, except for any Permitted Liens, and Debtor will defend the Collateral against all claims and demands of all persons at any time claiming any interest therein. As used herein, "Permitted Liens" means, singly and collectively, liens on the Borrower's personal property with respect to which a UCC-1 financing statement is on file with the appropriate secretary of state's office, which is disclosed in a UCC lien search delivered to Secured Party prior to the date hereof and which Secured Party does not require to be terminated.

(c) No financing statement covering any Collateral is on file in any public office, other than the financing statements filed pursuant to this Security Agreement and any Permitted Liens. At the request of Secured Party, Debtor will join with Secured Party in executing one or more (i) financing statements pursuant to the Uniform Commercial Code, (ii) title certificate lien application forms, and (iii) other documents necessary or advisable to perfect the security interests granted hereby, all in form satisfactory to Secured Party, and Debtor will pay the cost of filing the same or filing or recording this Agreement in all public offices wherever filing or recording is deemed by Secured Party to be necessary or desirable. A carbon, photographic, or other reproduction of this Agreement or a financing statement is sufficient as a financing statement.

(d) Debtor will promptly pay any and all taxes, assessments and governmental charges upon the Collateral or for its use or operation.

(e) Debtor will immediately notify Secured Party of any event causing a substantial loss or diminution in the value of all or any material part of the Collateral.

(f) Debtor will keep the Collateral free from any adverse lien, security interest or encumbrance, other than Permitted Liens, and in good order and repair.

(g) Debtor will not sell, lease or transfer any of the Collateral or any interest therein (except the sale or lease of inventory in the ordinary course of business), without the prior written consent of Secured Party.

(h) Debtor will not, without the prior written consent of Secured Party, change the name of Debtor, the chief executive office of Debtor, the office where Debtor maintains its books and records pertaining to the Collateral or the location of the Collateral. Unless otherwise specified, the chief executive office of Debtor, the location where Debtor maintains its books and records and the location of the Collateral is the address of Debtor set forth above.

(i) Debtor shall permit Secured Party and its agents to inspect any or all of the Collateral at all reasonable times and shall promptly deliver to Secured Party and its agents such information with respect to the Collateral as Secured Party may reasonably request from time to time. The Secured Party may in its own name or in the names of others, communicate with account debtors in order to verify with them, to Secured Party's satisfaction, the existence, amount and terms of any accounts.

(j) Debtor will have and maintain insurance at all times with respect to the Collateral against risks of fire (including so-called extended coverage), business interruption and such other risks as Secured Party may require, containing such terms, in such form, for such periods and written by such companies as may be acceptable to Secured Party, such insurance to be payable to Secured Party and to provide for at least twenty (20) days' prior written cancellation notice to Secured Party. Debtor shall furnish Secured Party with certificates or other evidence satisfactory to Secured Party of compliance with the foregoing insurance provisions.

(k) Debtor shall maintain all patents, trademarks, service mark and copyright registrations in full force and effect, through the filing of all necessary documents and the payment of all necessary fees. Debtor shall abandon such patents and registrations only with the prior written consent of Secured Party.

Section 2. Events Of Default. Debtor shall be in default under this Agreement upon the occurrence of any one of the following events (herein referred to as an "Event of Default"):

(a) Any representation or warranty made by Debtor to Secured Party herein shall prove to be false or misleading in any material respect when made;

- (b) Default by Debtor in the due observance or performance of any covenant or agreement herein contained;
- (c) Default in the payment when due of any indebtedness of Debtor to Secured Party secured hereby;
- (d) The placing of any attachment on any of the Collateral;
- (e) The occurrence of any other default or Event of Default under any of the documents evidencing or securing the Obligations; or
- (f) Loss, theft, substantial damage or destruction of any of the Collateral which is not fully and adequately covered by insurance.

In the event that any of the Obligations secured hereby is evidenced by a note payable on demand, the foregoing Events of Default shall be inapplicable to such Obligation, and the only Event of Default hereunder shall be the failure of Debtor to pay such Obligation in full after demand for payment thereof is made by Secured Party. If such note is modified at any time so that the Obligations evidenced thereby are payable other than on demand, the foregoing Events of Default shall apply to such Obligation from and after the date of such modification.

Section 3. Remedies Upon Event Of Default. If any Event of Default occurs, Secured Party may declare all obligations secured hereby to be immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived. Secured Party may exercise all the rights and remedies of a secured party under the Uniform Commercial Code. Secured Party may require Debtor to assemble the Collateral and make it available to Secured Party at a place designated by Secured Party. The requirements of reasonable notice shall be met if notice is mailed, postage prepaid, to Debtor at its address set forth above at least ten (10) days before the time of sale or disposition of the Collateral. The Secured Party shall have the right to demand from the Debtor a list of all accounts assigned hereunder and to notify any and all account debtors to make payment thereof directly to Secured Party. Secured Party shall also have the right to (i) open all mail addressed to Debtor; (ii) change the Post Office box or mailing address of Debtor; and (iii) use Debtor's stationery and billing forms or facsimiles thereof, for the purpose of collecting accounts and realizing upon the Collateral. Debtor understands and agrees the Secured Party may exercise its rights hereunder without affording Debtor an opportunity for a preseizure hearing before Secured Party, through judicial process or otherwise, takes possession of the Collateral upon the occurrence of an Event of Default, and Debtor expressly waives its constitutional right, if any, to such prior hearing.

Section 4. Expenses. Debtor will pay to Secured Party on demand any and all expenses, including attorneys' fees, incurred or paid by Secured Party in protecting or enforcing any of its rights hereunder, including its right to take possession of the Collateral, store and dispose of the same or collect the proceeds thereof.

Section 5. Waivers, Non-Exclusive Remedies. No failure or delay on the part of Secured Party in exercising any rights under this Security Agreement shall operate as a waiver thereof, nor shall any single or partial exercise by Secured Party of any of such rights preclude any other or further exercise thereof or the exercise of any other rights with respect to the Collateral, and no waiver as to one Event of Default shall affect the rights of Secured Party as to any other or subsequent Event of Default.

Section 6. Changes In Writing. This Agreement and any provision hereof may not be amended, waived or terminated except by a written instrument signed by Secured Party and Debtor.

Section 7. Governing Law. This Agreement shall be construed in accordance with and governed by the laws of the jurisdiction where the Collateral is located.

Section 8. Successors And Assigns. All the terms and provisions of this Agreement shall be binding upon and inure to the benefit of and be enforceable by the respective heirs, personal representatives, successors and assigns of the parties hereto.

Section 9. Further Assurances. Debtor will execute and deliver to Secured Party, upon Secured Party's request and at Debtor's sole cost and expense, any documents Secured Party deems necessary for the perfection of its security interests or preservation of its rights hereunder.

Section 10. General Authority. Secured Party may, at its election, discharge taxes, liens or security interests or other encumbrances at any time levied or placed upon the Collateral, pay for insurance on the Collateral and pay for the maintenance and preservation of the Collateral. Debtor agrees to reimburse Secured Party on demand for any payment made, or any expense incurred by Secured Party pursuant to the foregoing authorization. Upon request by Secured Party, Debtor will deliver to Secured Party a detailed aging of accounts receivable in form acceptable to Secured Party.

Section 11. Power Of Attorney. Debtor hereby appoints Secured Party its true and lawful attorney with full power of substitution to execute any and all documents Secured Party deems necessary to perfect its security interests hereunder, to demand, collect, receive, receipt for, sue for, compound and give acquittance for, any and all amounts due and to become due on any accounts and to endorse the name of the Debtor on all commercial paper given in payment or part-payment thereof and in its discretion to file any claim or take any other action which Secured Party may deem necessary or appropriate to protect and preserve and realize upon the security interest of the Secured Party in any accounts or the proceeds thereof, to obtain, adjust, settle and cancel any insurance and endorse any drafts in payment of any loss, to take any actions permitted by Section 10 hereof and to do all other acts or things contemplated by this Agreement.

IN WITNESS WHEREOF, this Agreement is executed by Debtor and Secured Party under seal on the date set forth above.

SCHAEFFER MARINE, INC.

By: Fred C Cook
Fred Cook, President

COMPASS BANK FOR SAVINGS

By: Mathew J. Insana VP
Mathew J. Insana, Vice President

SCHEDULE A

SCHAEFER MARINE, INC.

Intellectual Property Assets

<u>Patents</u>			
<u>Patent No.</u>	<u>Issue Date</u>	<u>Inventor(s)</u>	<u>Title</u>
4,619,216	October 28, 1986	Ahem, Roy E. Crear, William	Sailboat Luff System
4,823,720	April 25, 1989	Foster, Lewis R.	Batten Attachment
5,065,686	November 19, 1991	Foster, Lewis R.	Sail Batten Compression Adjustment Fitting

Expiration
October 5, 2004

July 24, 2007

February 22, 2011

<u>Trademarks</u>		
<u>Registration No.</u>	<u>Date</u>	<u>Mark</u>
1,375,740	December 17, 1985	TUFF LUFF
1,936,610	November 21, 1995	BATTSLIDE

Renewal Date

December 17, 2005

November 21, 2005