

10-20-1999

MRO 10-14-99



FORM PTO-1594
(Rev. 5-93)

101175003

U.S. DEPARTMENT OF COMMERCE
Patent and Trademark Office

To the Honorable Commissioner of Patents and Trademarks. Please record the attached original documents or copy thereof.

<p>1. Name of conveying party(ies): NETCOMPLIANCE, INC.</p> <p>Individual(s) citizenship: Association: General Partnership: Limited Partnership: Corporation - State: WASHINGTON Other</p> <p>Additional name(s) of conveying party(ies) attached? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>3. Nature of Conveyance: <input type="checkbox"/> Assignment <input type="checkbox"/> Merger <input checked="" type="checkbox"/> Security Agreement <input type="checkbox"/> Change of Name <input type="checkbox"/> Other</p> <p>Execution Date: October 12, 1999</p>	<p>2. Name and address of receiving party(ies): Name: IMPERIAL BANK Address: 226 AIRPORT PARKWAY City: SAN JOSE State: CA Zip: 95110</p> <p>Individual(s) citizenship: Association: General Partnership: Limited Partnership: Corporation - State: Other: a California chartered bank</p> <p>If assignee is not domiciled in the United States, a domestic representative designation is attached: <input type="checkbox"/> Yes <input type="checkbox"/> No (Designations must be a separate document from assignment) Additional name(s) & address(es) attached? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>
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<p>4. Application number(s) or trademark number(s): A. Trademark Application No.(s) 75/731,123</p>	<p>B. Trademark Registration No.(s)</p>
<p>Additional numbers attached? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>	

<p>5. Name and address of party to whom correspondence concerning document should be mailed: Name: Erin O'Brien Internal Address: GRAY CARY WARE & FREIDENRICH 401 B Street, Suite 1700 San Diego, California 92101-4297</p>	<p>6. Total number of applications and registrations involved: 1</p> <hr/> <p>7. Total fee (37 CFR 3.41) \$ 40.00 <input type="checkbox"/> Enclosed <input checked="" type="checkbox"/> Authorized to be charged to deposit account</p> <hr/> <p>8. Deposit account number: <u>07-1907</u></p> <p>(Attach duplicate copy of this page if paying by deposit account)</p>
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DO NOT USE THIS SPACE

9. 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.

Erin O'Brien		October 13, 1999
Name of Person Signing	Signature	Date

Total number of pages comprising cover sheet: { 6 }

Mail Documents to be recorded with required cover sheet information to:
U.S. Patent and Trademark Office, Office of Public Records
1213 Jefferson Davis Highway, 3rd Floor
Arlington, VA 22202

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TRADEMARK
REEL: 001976 FRAME: 0481

INTELLECTUAL PROPERTY SECURITY AGREEMENT

This Intellectual Property Security Agreement is entered into as of October 12, 1999 by and between IMPERIAL BANK ("Bank") and NetCompliance, Inc., a Washington corporation ("Grantor").

RECITALS

A. Bank has agreed to make certain advances of money and to extend certain financial accommodation to Grantor (the "Loans") in the amounts and manner set forth in that certain Loan and Security Agreement by and between Bank and Grantor dated of even date herewith (as the same may be amended, modified or supplemented from time to time, the "Loan Agreement"; capitalized terms used herein are used as defined in the Loan Agreement). Bank is willing to make the Loans to Grantor, but only upon the condition, among others, that Grantor shall grant to Bank a security interest in certain Copyrights, Trademarks and Patents to secure the obligations of Grantor under the Loan Agreement.

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

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

AGREEMENT

To secure its obligations under the Loan Agreement and under all other agreements now existing or hereafter arising between Grantor and Bank, Grantor grants and pledges to Bank a security interest in all of Grantor's right, title and interest in, to and under its Intellectual Property Collateral (including without limitation those Copyrights, Patents and Trademarks listed on Schedules A, B and C hereto), and including without limitation all proceeds thereof (such as, by way of example but not by way of limitation, license royalties and proceeds of infringement suits), the right to sue for past, present and future infringements, all rights corresponding thereto throughout the world and all re-issues, divisions continuations, renewals, extensions and continuations-in-part thereof.

This security interest is granted in conjunction with the security interest granted to Bank under the Loan Agreement. The rights and remedies of Bank with respect to the security interest granted hereby are in addition to those set forth in the Loan Agreement and the other Loan Documents, and those which are now or hereafter available to Bank as a matter of law or equity. Each right, power and remedy of Bank provided for herein or in the Loan Agreement or any of the Loan Documents, or now or hereafter existing at law or in equity shall be cumulative and concurrent and shall be in addition to every right, power or remedy provided for herein and the exercise by Bank of any one or more of the rights, powers or remedies provided for in this Intellectual Property Security Agreement, the Loan Agreement or any of the other Loan Documents, or now or hereafter existing at law or in equity, shall not preclude the simultaneous or later exercise by any person, including Bank, of any or all other rights, powers or remedies.

IN WITNESS WHEREOF, the parties have cause this Intellectual Property Security Agreement to be duly executed by its officers thereunto duly authorized as of the first date written above.

GRANTOR:

Address of Grantor:

521 Lake Washington Blvd. E.
Seattle, WA 98112

Attn: Chief Executive Officer

NetCompliance, Inc.

By: *R. Gish*

Title: CEO

BANK:

IMPERIAL BANK

Address of Bank:

226 Airport Parkway
San Jose, CA 95110

Attn: Corporate Banking Center

By: *J.P. Michael*

Title: Vice President

EXHIBIT A

Copyrights

<u>Description</u>	<u>Registration/ Application Number</u>	<u>Registration/ Application Date</u>
SafetyNet Software		
Asbestos and Lead Abatement Software		
Hesse - 100% Java Communications Framework Software		
PraxisSim -- Scriptable Process Simulation System Software		
JavaSim -- Distributed 100% Java Process Simulation System Software		
CbtBase - - Visual Basic CBT authoring environment		
SimForest -- 3D Forest landscape Simulation Software		
Negotiate -- Group Negotiation Simulation System Software		
Mangasaria.Net -- Neural Network Pattern Recognition System based on Hyperplane Division mathematical Algorithms		

EXHIBIT B

Patents

Description

Registration/
Application
Number

Registration/
Application
Date

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EXHIBIT C

Trademarks

<u>Description</u>	Registration/ Application <u>Number</u>	Registration/ Application <u>Date</u>
NETCOMPLIANCE	75/731,123	06/17/99

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RECORDED: 10/14/1999

**TRADEMARK
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