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original documents or copy thereof.

To the Honorable Commissioner of Patents

1. Name of conveying party(ies):
 Airwaves Wireless, Inc.
 300 Oak Street
 170-180 Corporate Park
 Pembroke, MA 02359

Individual(s) Association
 General Partnership Limited Partnership
 Corporation-State Massachusetts
 Other

Additional name(s) of conveying party(ies) attached? Yes No

2. Name and address of receiving party(ies):
 Name: UTrust
 Internal Address:
 Street Address: 30 Court Street
 City: Boston State: MA ZIP: 02108

Individual(s) citizenship
 Association
 General Partnership
 Limited Partnership
 Corporation-State
 Other Massachusetts trust company

If assignee is not domiciled in the United States, a domestic representative designation is attached: Yes No
 (Designations must be a separate document from assignment)
 Additional name(s) & address(es) attached? Yes No

3. Nature of conveyance:

Assignment Merger
 Security Agreement Change of Name
 Other

Execution Date: November 30, 1999

4. Application number(s) or patent number(s):

A. Trademark Application No.(s)

B. Trademark Registration No.(s)
 Mobile Lifestyles 2,265,006

Additional numbers attached? Yes No

5. Name and address of party to whom correspondence concerning document should be mailed:

Name: Anthony A. Botelho
 Internal Address: UTrust

Street Address: 865 Washington Street

City: Braintree State: MA ZIP: 02184

6. Total number of applications and registrations involved: 1

7. Total fee (37 CFR 3.41) \$ 45.00

Enclosed
 Authorized to be charged to deposit account

8. Deposit account number:

(Attach duplicate copy of this form if paying by deposit account)

12/17/1999 TRIM 00000107 00000005
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9. Statement and signature.
 To the best of my knowledge and belief, the foregoing information is true and correct and an attached copy is a true copy of the original document.

By: Anthony A. Botelho, UTrust
 Name of Person Signing

Signature: [Handwritten Signature] V.P.
 Signature

Total number of pages including cover sheet, attachments, and documents: 42

LOAN AND SECURITY AGREEMENT

This LOAN AND SECURITY AGREEMENT (this "Agreement") is entered into this day of November, 1999, between USTrust, a Massachusetts trust company having its principal office at 30 Court Street, Boston, Massachusetts 02108 (the "Bank"), and Airwaves Wireless, Inc., a Massachusetts corporation having an address at 300 Oak Street, 170-180 Corporate Park, Pembroke, Massachusetts 02359 (the "Borrower"), which Bank and Borrower make this Agreement in consideration of the mutual covenants contained herein and the benefits to be derived herefrom.

ARTICLE 1 - THE REVOLVING CREDIT

1-1. Establishment of Revolving Credit. (a) The Bank hereby establishes a discretionary revolving line of credit (hereinafter, the "Revolving Credit") in the Borrower's favor, for the purpose of financing the Borrower's short-term working capital, pursuant to which the Bank may make loans and advances and otherwise provide financial accommodations to and for the account of the Borrower as provided herein. Without any obligation on the part of the Bank to make any such loan or advance or to otherwise provide any such financial accommodation, the amount of the Revolving Credit may be determined by the Bank by reference to the Borrower's Availability (as defined below), as determined by the Bank from time to time hereafter. All loans made by the Bank under this Agreement, and all of the Borrower's other Liabilities (as defined below) to the Bank under or pursuant to this Agreement, are payable ON DEMAND.

(b) As used herein, the term "Availability" refers at any time to up to Seventy-Five Thousand Dollars (\$75,000.00) (or such other amount as the Bank may set from time to time, in the Bank's sole discretion), minus the aggregate amount then undrawn on all outstanding letters of credit, acceptances or any other accommodations issued or incurred by the Bank for the account and/or benefit of the Borrower.

(c) The Bank shall provide notice to the Borrower in the event of any change in the manner by which Availability is determined.

1-2. Discretionary Advances. (a) The Revolving Credit is not a committed line of financing. The formulas included in Section 1-1, above, are solely for the Bank's guidance and for the monitoring of the Borrower's financial condition.

(b) The making of loans, advances, and credits by the Bank in excess of Availability is for the benefit of the Borrower and does not affect the obligations of the Borrower hereunder; such loans constitute Liabilities. The making of any such loans, advances, and credits in excess of Availability on any one occasion shall not obligate the Bank to make any such loans, credits, or advances on any other occasion nor to permit such loans, credits, or advances to remain outstanding. The Borrower recognizes that Availability is only one of several factors considered by the Bank in its determination whether to make a loan, credit, or advance under the Revolving Credit.

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1-3. Risks of Value of Accounts and Inventory. The Bank's reference to a given asset of the Borrower for guidance and/or monitoring concerning the Bank's making of loans, credits, and advances under the Revolving Credit shall not be deemed a determination by the Bank relative to the actual value of the asset in question. All risks concerning the creditworthiness of all Accounts and Accounts Receivable of the Borrower and salability of all Inventory are and remain upon the Borrower. Reference by the Bank to a particular Account from a particular Account Debtor for guidance and/or monitoring purposes shall not obligate the Bank to rely upon any other Accounts owed by the same Account Debtor to be acceptable for borrowing nor to continue to rely upon that Account. All Collateral secures the prompt, punctual, and faithful performance by the Borrower of its Liabilities to the Bank whether or not relied upon by the Bank in connection with the making of loans, credits, and advances under the Revolving Credit.

1-4. Procedures for Borrowing. (a) The Borrower may request loans pursuant to the Revolving Credit from time to time hereafter in accordance with the procedures set forth in Section 1-4(c), below. All loans requested by the Borrower may be made by the Bank in the Bank's sole discretion in each instance.

(b) At the time of each loan made under or pursuant to this Agreement, the Borrower shall immediately become indebted to the Bank for the amount thereof. Each loan made by the Bank may, at the Bank's option, be (i) credited by the Bank to any deposit account of the Borrower with the Bank; (ii) credited by the Bank to a deposit account designated by the Borrower; (iii) paid to a person designated by the Borrower; (iv) paid the Borrower; or (v) applied to any Liability of the Borrower to the Bank (each of the foregoing of which may be by check, draft, or other written order or by bank wire or other transfer).

(c) The Borrower may request loans under the Revolving Credit in such manner as may from time to time be acceptable to the Bank, and which may include, without limitation, (i) telephone notice to such person as may be designated by the Bank, or (ii) written notice.

(d) Upon the making of any request by or on behalf of the Borrower for any loan, advance, or credit under the Revolving Credit, the Borrower shall be deemed to have certified that as of the date of such request, the following representations are each true and correct:

(i) there has been no material adverse change in the Borrower's financial condition from the most recent financial information furnished the Bank pursuant to this Agreement; and

(ii) the Borrower is in compliance with, and has not breached any of, its covenants contained in this Agreement; and

(iii) no event has occurred nor failed to occur which occurrence or failure is, or with the passage of time or giving of notice (or both), would constitute, an Event of Default

(as described herein), whether or not the Bank has exercised any of its rights upon such occurrence or failure.

1-5. Indebtedness. (a) An account (hereinafter, the "Loan Account") may be opened on the books of the Bank in which Loan Account a record shall be kept of all loans made by the Bank to the Borrower under or pursuant to this Agreement and of all payments thereon.

(b) The Bank may also keep a record (either in the Loan Account or elsewhere, as the Bank may from time to time elect) of all interest, service charges, costs, expenses, and other debits owed the Bank on account of the Liabilities and of all credits against such amounts so owed.

(c) All credits against the Borrower's Liabilities shall be conditional upon final payment to the Bank of the items giving rise to such credits. The amount of any item credited against Liabilities which is charged back against the Bank for any reason or is not so paid shall be a Liability and may be (i) added to the Loan Account, or (ii) charged against any account maintained by the Borrower with the Bank (at the Bank's discretion and without notice, in each instance), in each instance whether or not the item so charged back or not so paid is returned.

(d) Each of the current balance of the Loan Account, those amounts described in Section 1-5(b), above, and all other amounts due under this Agreement, are payable ON DEMAND. Unless demand is sooner made, all interest and service charges, without notice, may be (i) added to the Loan Account at any time or (ii) charged to any account maintained by the Borrower with the Bank on the first day of the calendar month then next following that in which such arose as the Bank may determine in each instance. All other costs, expenses, and other debits may at any time or from time to time without notice be (i) added to the Loan Account or (ii) charged to any account maintained by the Borrower with the Bank, as the Bank may determine in each instance.

(e) Any statement rendered by the Bank to the Borrower concerning the Liabilities shall be considered correct and accepted by the Borrower and shall be conclusively binding upon the Borrower unless the Borrower provides the Bank with written objection thereto within twenty (20) days from the mailing of such statement, which written objection shall indicate, with particularity, the reason for such objection. The Loan Account and the Bank's books and records concerning the loan arrangement contemplated herein and the Borrower's Liabilities shall be prima facie evidence and proof of the items described therein.

1-6. Interest. The daily balance of the Loan Account shall bear interest, until repaid, at the aggregate of the Bank's Base Lending Rate (as used herein, the Bank's "Base Lending Rate" shall mean the Base Lending Rate as so announced by the Bank from time to time) plus one and one-quarter percent (1.250%) per annum, calculated based upon a 360-day year and actual days elapsed. For the purpose of the calculation of interest hereunder, changes in the Base Lending Rate

shall be effective when made effective generally by the Bank, and whether or not notice is given to the Borrower.

1-7. Repayments of Letters of Credit and Other Financial Accommodations. Unless otherwise provided for by the Bank and the Borrower, the honoring by the Bank of any letters of credit, acceptances, or other accommodations issued by the Bank for the account and/or benefit of the Borrower shall constitute a corresponding advance under the Revolving Credit.

1-8. Charging of Borrower's Account. In addition to the Bank's rights set forth in Section 1-5, above, and the Bank's right of set off set forth in Section 10-1, below, the Borrower authorizes the Bank, without notice, to charge any account which the Borrower maintains with the Bank for any payments due from the Borrower to the Bank on account of the Liabilities.


ARTICLE 1A - SECURED TERM LOAN

Provided that there exists no Event of Default and that the Borrower has satisfied the Bank's requirements as to such financing, the Bank shall lend to the Borrower the sum of Two Hundred Fifty Thousand (\$250,000.00) Dollars, for the purpose of assisting the Borrower in the purchase of the assets of Mobile Lifestyles from New England Stereo, Inc., New England Cellular Corp. and New England Car Stereo NY, Inc. (collectively, the "Seller"), in exchange for the Borrower's execution of one or more promissory notes (collective, the "Term Note") in the aggregate principal amount of \$250,000.00, repayable with interest as provided in the Term Note. The Term Note shall provide for repayment in full of the loan evidenced thereby over a forty-eight (48) month period, in consecutive monthly principal payments of \$5,209.00, plus interest, with the final payment being equal to the entire unpaid principal balance of such term loan, plus any and all accrued and unpaid interest thereon. The Term Note shall be in form and substances satisfactory to the Bank in the Bank's discretion. On or before the date hereof, the Borrower shall pay to the Bank a non-refundable commitment fee of Five Thousand Dollars (\$5,000.00), in consideration of the Bank's funding of such term loan.

ARTICLE 2 - GRANT OF SECURITY INTEREST

2-1. Grant of Security Interest. To secure the Borrower's prompt, punctual, and faithful performance of all and each of the Borrower's Liabilities, the Borrower hereby grants to the Bank a continuing security interest in and to, and assigns to the Bank, the following, and each item thereof, whether now owned or now due, or in which the Borrower has an interest, or hereafter, at any time in the future, acquired, arising, or to become due, or in which the Borrower obtains an interest, and all products, proceeds, substitutions, and accessions of or to any of the following (all of which, together with any other property in which the Bank may in the future be granted a security interest, is referred to herein as the "Collateral"):

- (a) All Accounts and Accounts Receivable;

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- (b) All Inventory;
 - (c) All Contract Rights (including, without limitation, any and all rights of the Borrower under any agreements, contracts, or leases related to the distribution, sale or lease of car stereo equipment, cellular radio services, cellular telephone equipment, commercial mobile radio services, paging services, and any other equipment or services similar to or related to any of the foregoing);
 - (d) All General Intangibles (including, without limitation, all rights of the Borrower to use the tradename "Mobile Lifestyles");
 - (e) All Equipment;
 - (f) All Goods;
 - (g) All Fixtures;
 - (h) All Chattel Paper;
 - (i) All Farm Products;
 - (j) All books, records, and information relating to the Collateral and/or to the operation of the Borrower's business, and all rights of access to such books, records, and information, and all property in which such books, records, and information are stored, recorded, and maintained;
 - (k) All Instruments, Documents of Title, Documents, policies and certificates of insurance, Securities, deposits, deposit accounts, money, cash, or other property;
 - (l) All federal, state, and local tax refunds and/or abatements to which the Borrower is, or becomes entitled, no matter how or when arising, including, but not limited to any loss carryback tax refunds;
 - (m) All insurance proceeds, refunds, and premium rebates, including, without limitation, proceeds of fire and credit insurance, whether any of such proceeds, refunds, and premium rebates arise out of any of the foregoing (a) through (l), or otherwise;

- (n) All liens, guaranties, rights, remedies, and privileges pertaining to any of the foregoing (a) through (m) including the right of stoppage in transit.

2-2. Duration of Security Interest. The within grant of a security interest is in addition to, and supplemental of, any security interest previously or hereafter, granted by the Borrower to the Bank, and shall continue in full force and effect applicable to all Liabilities until all Liabilities are paid and the security interest granted herein is specifically terminated in writing by a duly authorized officer of the Bank.

2-3. Proceeds. "Proceeds" include, without limitation, "Proceeds" as defined in the Uniform Commercial Code as adopted in Massachusetts (hereinafter, the "UCC") and also, insurance proceeds, and each type of property described in Sections 2-1(a) through and including 2-1(n) above.

2-4 Guaranties. As additional security for the Revolving Credit and the Term Loan, the Borrower shall furnish to the Bank the unlimited, joint and several guaranties of (i) Toni Anne DiCaprio; (ii) Paul J. Anderson; and (iii) Armen Khoylian. The Guaranty of Armen Khoylian shall be secured by a second mortgage (the "Second Mortgage") encumbering the real property known as and located at 72 Forest Street, Pembroke, Massachusetts (the "Premises"). The Bank's furnishing of the Revolving Credit and the Term Loan to the Borrower shall be subject to the Bank's receipt of a satisfactory appraisal evidencing that the market value of the Premises is at least \$250,000.00.

ARTICLE 3 - DEFINITIONS

As herein used, the following terms have the following meanings or are defined in the section of the within Agreement so indicated:

"Accounts" and "Accounts Receivable" include, without limitation, "accounts" as defined in the UCC, and also all: accounts, accounts receivable, notes, drafts, acceptances, and other forms of obligations and receivables and rights to payment for credit extended and for goods sold or leased, or services rendered, whether or not yet earned by performance; all Inventory which gave rise thereto, and all rights associated with such Inventory, including the right of stoppage in transit; all reclaimed, returned, rejected or repossessed Inventory (if any) the sale of which gave rise to any Account.

"Account Debtor": has the meaning given that term in the UCC.

"Availability": is defined in Section 1-1(b).

"Bank": is defined in the Preamble.

"Bank's Rights and Remedies": is defined in Article 9.

"Base Lending Rate": is defined in Section 1-6.

"Borrower": is defined in the Preamble.

"Chattel Paper": has the meaning given that term in the UCC.

"Collateral": is defined in Section 2-1.

"Contract Rights" includes, without limitation, "contract rights" as now or formerly defined in the UCC and also any right to payment under a contract not yet earned by performance and not evidenced by an instrument or Chattel Paper.

"Costs of Collection" includes, without limitation, all attorneys' fees, and out-of-pocket expenses incurred by the Bank's attorneys, and all costs incurred by the Bank in the administration of the Liabilities, this Agreement, and all other instruments and agreements executed in connection with or relating to the Liabilities including, without limitation, costs and expenses associated with travel on behalf of the Bank. Costs of Collection also includes, without limitation, all attorneys' fees, out-of-pocket expenses incurred by the Bank's attorneys, and all costs and expenses incurred by the Bank, including, without limitation, costs and expenses associated with travel on behalf of the Bank, which costs and expenses are directly or indirectly related to or in respect of the Bank's efforts to preserve, protect, collect, or enforce the Collateral, the Liabilities and/or the Bank's Rights and Remedies or any of the Bank's rights and remedies against or in respect of any guarantor or other person liable in respect of the Liabilities (whether or not suit is instituted in connection with such efforts). The Costs of Collection shall be added to the Liabilities of the Borrower to the Bank and shall bear interest as if such had been lent, advanced, and credited by the Bank to, or for the benefit of, the Borrower and without notice. may be added to the Loan Account or charged to any account of the Borrower.

"Documents": has the meaning given that term in the UCC.

"Documents of Title": has the meaning given that term in the UCC.

"Employee Benefit Plan": is defined in Section 4-15.

"Equipment" includes, without limitation, "equipment" as defined in the UCC, and also all motor vehicles, rolling stock, machinery, office equipment, plant equipment, tools, dies, molds, store fixtures, furniture, and other goods, property, and assets which are used and/or were purchased for use in the operation or furtherance of the Borrower's business, and any and all accessions, additions thereto, and substitutions therefor.

"ERISA": is defined in Section 4-15.

"Events of Default": is defined in Article 8.

"Farm Products": has the meaning given that term in the UCC.

"General Intangibles" includes, without limitation "general intangibles" as defined in the UCC; and also all: rights to payment for credit extended; deposits; amounts due to the Borrower; credit memoranda in favor of the Borrower; warranty claims; all means and vehicles of investment or hedging, including, without limitation, options, warrants, and futures contracts; records; customer lists; telephone numbers; goodwill; causes of action; judgments; payments under any settlement or other agreement; literary rights; rights to performance; royalties; license fees, franchise fees; rights of admission; licenses, franchises; permits, certificates of convenience and necessity, and similar rights granted by any governmental authority; patents, patent applications, patents pending, and other intellectual property; developmental ideas and concepts; proprietary processes; blueprints, drawings, designs, diagrams, plans, reports, and charts; catalogs; manuals; technical data; all computer software programs, including the source and object codes therefor; all tapes, disks, semi-conductors chips and printouts; all trade secrets rights, copyrights, mask work rights and interests, and derivative works and interests; all user, technical reference and other manuals and materials; trade names, trademarks (including, without limitation, all of the Borrower's right, title, license and interest in and to the trademark and tradename "Mobile Lifestyles"), service marks, all good will relating thereto; all applications for registration of the foregoing; license agreements, including all rights of the Borrower to enforce same; and all other general intangible property of the Borrower in the nature of intellectual property; computer records, computer software, rights of access to computer record service bureaus, service bureau computer contracts, and computer data; proposals, costs estimates, and reproductions on paper, or otherwise, of any and all concepts or ideas, and any matter related to, or connected with, the design, development, manufacture, sale, marketing, leasing, or use of any or all property produced, sold, or leased, by the Borrower or credit extended or services performed, by the Borrower, whether intended for an individual customer or the general business of the Borrower, or used or useful in connection with research by the Borrower.

"Goods": has the meaning given that term in the UCC.

"Government Contract" refers to any agreement with, or purchase order from (a) the United States, of any instrumentality thereof, or (b) with any other governmental entity as to whose contracts, the assignment thereof is subject to any limitation or prohibition, and, as to both (a) or (b) provides for or may give rise to any Account or other right to payment.

"Instruments": has the meaning given that term in the UCC.

"Inventory" includes, without limitation, "inventory" as defined in the UCC and also all: goods, wares, merchandise, raw materials, work in process, finished goods, and all packaging, advertising, and shipping materials and documents related to any of the foregoing, and all labels, and other devices, names or marks affixed or to be affixed thereto for identifying or selling the same, and other personal property of every description held for sale or lease or furnished or to be furnished under a contract or contracts of sale or service by the Borrower, or used or consumed or to be used or consumed in the Borrower's business, and all goods of said description which are in transit, and all returned, repossessed and rejected goods of said description, and all such goods of said description which are detained from or rejected for entry into the United States, and all documents (whether or not negotiable) which represent any of the foregoing.

"Liability" and "Liabilities" include, without limitation, any and all liabilities, debts, and obligations of the Borrower to the Bank, and any and all liabilities, debts, and obligations of every endorser, guarantor, and surety of the Borrower to the Bank, each of every kind, nature and description, now existing or hereafter arising, whether under this Agreement or otherwise. "Liabilities" also includes, without limitation, each obligation to repay all loans, advances, indebtedness, notes, obligations, overdrafts, and amounts now or hereafter at any time owing by the Borrower to the Bank (including all future advances or the like, whether or not given pursuant to a commitment by the Bank), whether or not any of such are liquidated, unliquidated, primary, secondary, secured, unsecured, direct, indirect, absolute, contingent, or of any other type, nature, or description, or by reason of any cause of action which the Bank may now or hereafter hold against the Borrower. "Liabilities" also includes, without limitation, all notes and other obligations of the Borrower now or hereafter assigned to or held by the Bank, each of every kind, nature, and description. "Liabilities" also includes, without limitation, all interest and other amounts which now or hereafter may be charged to the Borrower and/or which may be due from the Borrower to the Bank from time to time; all fees and charges in connection with any account now or hereafter maintained by the Borrower with the Bank or any service now or hereafter rendered by the Bank; and all costs and expenses incurred or paid by the Bank in respect of this and any other agreement between the Borrower and the Bank or instrument now or hereafter furnished by the Borrower to the Bank (including, without limitation, Costs of Collection, attorneys; reasonable fees, and all court and litigation costs and expenses). "Liabilities" also includes, without limitation, any and all obligations of the Borrower to act or to refrain from acting in accordance with the terms, provisions, and covenants of this Agreement and of any other agreement between the Borrower and the Bank or instrument now or hereafter furnished by the Borrower to the Bank. As used herein, the term "indirect" includes, without limitation, all obligations and liabilities which the Bank may incur or become liable for, on account of, or as a result of, any transactions between the Bank and the Borrower including, without limitation, any which may arise out of any Letter of Credit

or acceptance, or similar instrument issued or obligation now or hereafter incurred by the Bank for the account and/or benefit of the Borrower; any which now or hereafter may arise out of any action brought or threatened against the Bank by the Borrower, any guarantor or endorser of the Liabilities of the Borrower, or by any other person in connection with the Liabilities; and any obligation of the Borrower which now or hereafter may arise as endorser or guarantor of any third party, or as obligor to any third party which obligation has been endorsed, participated, or assigned to the Bank. The term "indirect" also refers to any direct or contingent liability of the Borrower now or hereafter to make payment towards any obligation held by the Bank (including, without limitation, on account of any industrial revenue bond) to the extent so held by the Bank. The Bank's books and records shall be prima facie evidence of the Liabilities.

"Loan Account": is defined in Section 1-5(a).

"Receivables Collateral": refers to that portion of the Collateral which consists of the Borrower's Accounts, Accounts Receivable, Contract Rights, General Intangibles, Chattel Paper, Instruments, Documents of Title, documents, Securities, letters of credit, and bankers' acceptances, and any rights to payment now held or in which the Borrower has an interest, or thereafter acquired, or in which the Borrower obtains an interest.

"Related Entity": refers to any corporation, trust, partnership, joint venture, or other enterprise which: is a parent, brother-sister, subsidiary, or affiliate, of the Borrower; could have such enterprise's tax returns or financial statements consolidated with the Borrower's; or could be a member of the same controlled group of corporations (within the meaning of Section 1563 of the Internal Revenue Code of 1986) of which the Borrower is a member.

"Revolving Credit": is defined in Section 1-1(a).

"Securities": has the meaning given that term in the UCC.

"UCC": refers to the Uniform Commercial Code as presently in effect in Massachusetts (Mass. Gen. Laws, Ch. 106).

ARTICLE 4 - GENERAL REPRESENTATIONS, WARRANTIES AND COVENANTS.

To induce the Bank to establish the loan arrangement contemplated herein and to make loans under the Revolving Credit (each of which loans is in the Bank's discretion and shall be deemed to have been made in reliance thereupon) the Borrower, in addition to all other representations, warranties, and covenants made by the Borrower herein or in any other agreement, instrument, or paper, makes those representations, warranties, and covenants included in Article 4 through and including Article 7, hereof.

4-1. Payment and Performance of Liabilities. The Borrower shall pay each Liability when demanded (or when due if not payable on demand) and shall promptly, punctually, and faithfully perform each Liability.

4-2. Due Organization and Corporate Authorization. (a) The Borrower presently is and shall hereafter remain in good standing as a corporation in that State indicated in the Preamble of this Agreement and is and shall hereafter remain duly qualified and in good standing in every other State in which, by reason of the nature or location of the Borrower's assets or operation of the Borrower's business, such qualification may be necessary. The execution and delivery of this Agreement and of any other documents, instruments, and agreements executed in connection herewith constitute representations by the individual signing of this Agreement and said instruments and by the Borrower that such execution and delivery have received all such corporate authorization as may be necessary to permit such execution and delivery to, and that they do, bind the Borrower.

(b) Each Related Entity is listed on EXHIBIT 4-2, annexed hereto. The Borrower shall provide the Bank with prior written notice of any entity's becoming or ceasing to be a Related Entity.

4-3. No Conflicting Agreements. There is no provision in the Articles of Organization - Certificate of Incorporation or By-Laws of the Borrower, or in any document by which the Borrower may be bound which prohibits the execution, and delivery of this Agreement or of any other instrument, agreement, or paper which relates to the Borrower's relationship with the Bank or which prohibits or adversely affects the Borrower's carrying out of the terms thereof.

4-4. Trade Names. (a) EXHIBIT 4-4, annexed hereto, constitutes a listing of

(i) all trade names and trade styles under which the Borrower presently conducts or ever conducted its business;

(ii) all legal names and legal statuses (such as a corporation or partnership) under which the Borrower ever conducted its business;

(iii) all entities and/or persons with whom the Borrower ever consolidated or merged, or from whom the Borrower ever acquired in a single transaction or in a series of related transactions substantially all of such entity's or person's assets.

(b) Except upon not less than twenty-one (21) days prior written notice given the Bank, the Borrower will not undertake or commit to undertake any action such that the results of that action, if undertaken prior to the date of this Agreement, would have been reflected on EXHIBIT 4-4.

4-5. Location of Collateral. The Collateral, and the books, records, and papers of Borrower pertaining thereto, are kept and maintained solely at, and have never been kept or maintained at any location other than, the chief executive offices of Borrower stated in the Preamble of this Agreement, and at those locations which are listed on EXHIBIT 4-5, annexed hereto, which EXHIBIT includes all service bureaus with which any such records are maintained. Except to accomplish sales of Inventory in the ordinary course of business, the Borrower shall not remove any Collateral from said chief executive offices or those locations listed on EXHIBIT 4-5.

4-6. Title to Assets. The Borrower is, and shall hereafter remain, the owner of the Collateral free and clear of all liens, encumbrances, attachments, security interests, purchase money security interests, mortgages, and charges with the exceptions of (a) the security interest created herein, and (b) the security interests and other encumbrances (if any) listed on EXHIBIT 4-6, annexed hereto, and does not presently, and shall not hereafter, have possession of any property on consignment to the Borrower. The Borrower shall timely pay all of the Borrower's indebtedness which is secured by any security interest, mortgage, lien, or other encumbrance which is superior to that granted to the Bank herein. The Borrower shall not convey, sell, assign, mortgage, pledge, or transfer in any manner whatsoever, any legal or beneficial interest of the Borrower in the Collateral other than for the sale of Inventory in the ordinary course of the Borrower's business.

4-7. Indebtedness. The Borrower does not and shall not hereafter have any indebtedness with the exception of (a) any indebtedness to the Bank; (b) the indebtedness (if any) listed on EXHIBIT 4-7, annexed hereto; and (c) ordinary trade indebtedness incurred in the normal course of the Borrower's business.

4-8. Insurance Policies. EXHIBIT 4-8, annexed hereto, is a schedule of all insurance policies owned by the Borrower or under which the Borrower is the named insured.

4-9. Licenses. EXHIBIT 4-9, annexed hereto, consists of copies of all presently effective license, distributor, franchise, and similar agreements issued to, or which the Borrower is a party

4-10. Statutory Compliance. The Borrower is in compliance with, and shall hereafter comply with and use its assets in compliance with, all statutes, regulations, ordinances, directives, and orders of every federal, state, municipal, and other governmental authority which has or claims jurisdiction over the Borrower, any of the Borrower's assets, or any person in any capacity for which the Borrower would be responsible for the conduct of such person.

4-11. Bank Accounts. To permit the Bank to monitor the financial condition of the Borrower, the Borrower shall transfer and maintain with the Bank all of the Borrower's primary depository accounts.

4-12. Maintain Properties. The Borrower shall

- (a) keep the Collateral in good order and repair;
- (b) not waste or destroy or suffer the waste or destruction of the Collateral or any part thereof; and
- (c) not use any of the Collateral in violation of any policy of insurance thereon.

4-13. Pay Taxes. (a) The Borrower has, and hereafter shall: pay, as they become due and payable, all taxes and unemployment contributions and other charges of any kind or nature levied, assessed or claimed against the Borrower or the Collateral by any person or entity whose claim could result in a lien upon the assets of the Borrower or by any governmental authority, including, without limitation, liens arising in connection with hazardous material, as described in Section 4-16, hereof; properly exercise any trust responsibilities imposed upon the Borrower by reason of withholding from employees' pay; and timely make all contributions and other payments as may be required pursuant to any Employee Benefit Plan now or hereafter established by the Borrower; and timely file all tax and other returns and other reports with each governmental authority to whom the Borrower is obligated so to file. At its option, the Bank may, but shall not be obligated to, pay any taxes, unemployment contributions, and any and all other charges levied or assessed upon the Borrower or the Collateral by any person or entity or governmental authority, and make any contributions or other payments on account of the Borrower's employee benefit plan as the Bank, in the Bank's discretion, may deem necessary or desirable, to protect, maintain, preserve, collect, or realize upon any or all of the Collateral or the value thereof or any right or remedy pertaining thereto.

4-14. Regulation U. The Borrower is not engaged in the business of extending credit for the purpose of purchasing or carrying any margin stock (within the meaning of Regulation U of the Board of Governors of the Federal Reserve System of the United States). No part of the proceeds of any borrowing hereunder will be used at any time to purchase or carry any such margin stock or to extend credit to others for the purpose of purchasing or carrying any such margin stock.

4-15. ERISA. (a) The Borrower shall not

(i) violate or fail to be in full compliance with the Borrower's Employee Benefit Plan. As used herein, the term "Employee Benefit Plan" has the same meaning given it in Section 3(3) of the Employee Retirement Insurance Security Act of 1974, P.L. 93-406 (September 2, 1974) (hereinafter referred to as "ERISA") with the exception of any requirement of any relationship to interstate commerce imposed thereon;

(ii) fail timely to file all reports and filings required by ERISA to be filed by the Borrower;

(iii) engage in any "prohibited transactions" or "reportable events" (respectively as described in ERISA);

(iv) engage in, or commit, any act such that a tax or penalty could be imposed upon the Borrower on account thereof pursuant to ERISA;

(v) accumulate any material funding deficiency within the meaning of ERISA;
or

(vi) terminate any Employee Benefit Plan such that a lien could be asserted against any assets of the Borrower on account thereof pursuant to ERISA.

4-16. Hazardous Materials. The Borrower has never: occupied or operated a site or vessel on which any hazardous material or oil was stored or transported without compliance with all statutes, regulations, ordinances, directives, and orders of every federal, state, municipal and other governmental authority which has or claims jurisdiction relative thereto, (site, vessel, and hazardous material respectively being defined in Mass. Gen. Laws Ch.21E); disposed of, transported, or arranged for the transport of any hazardous material or oil without compliance with all such statutes, regulations, ordinances, directives, and orders; been legally responsible for any release or threat of release of any hazardous material or oil; received notification of any potential or known release or threat of release of any hazardous material or oil from any site or vessel occupied or operated by the Borrower and/or of the incurrence of any expense or loss in connection with the assessment, containment, or removal of any release or threat of release of any hazardous material or oil from any such site or vessel.

(b) The Borrower shall: not dispose of any hazardous material or oil on any site or vessel occupied or operated by the Borrower; not store on any site or vessel occupied or operated by the Borrower, or transport or arrange for the transport of any hazardous material or oil except if such storage or transport is in the ordinary course of the Borrower's business and is in compliance with all such statutes, regulations, ordinances, directives and orders; provide the Bank with written notice: upon the intended storage or transport of any hazardous material or oil by the Borrower; upon the Borrower's obtaining knowledge or notice of any potential or known release or threat of release of any hazardous material or oil at or from any site or vessel occupied or operated by the Borrower; and/or upon the Borrower's obtaining knowledge of any incurrence of any expense or loss by any governmental authority in connection with the assessment, containment, or removal of any hazardous material or oil for which expense or loss the Borrower may be liable.

4-17. Litigation. There is not presently pending or threatened by or against the Borrower, nor shall there be pending or threatened in the future, any suit, action, proceeding, or investigation which, if determined adversely to the Borrower, would have a material adverse effect upon the

Borrower's financial condition or ability to conduct its business as such business is presently conducted.

4-18. Dividends or Investments. The Borrower shall not, without the Bank's prior written consent,

- (a) pay any dividend, other than a common stock dividend of the Borrower's own capital stock;
- (b) own, redeem, retire, purchase, or acquire any of the Borrower's capital stock;
- (c) invest in or purchase any stock or securities or rights to purchase any such stock or securities, of any corporation or other entity;
- (d) merge or consolidate or be merged or consolidated with or into any other corporation or other entity;
- (e) consolidate any of the Borrower's operations with those of any other corporation or other entity;
- (f) organize or create any Related Entity;
- (g) subordinate any debts or obligations owed to the Borrower by any third party to any other debts owed by such third party to any other party.

4-19. Corporate Loans. The Borrower shall not make any loans or advances to any individual, firm, corporation, or other entity including, without limitation, any Related Entity, officer, employee, director, shareholder, or salesperson of the Borrower with the exceptions of

- (a) advance payments made to the Borrower's suppliers in the ordinary course;
and
- (b) advances to the Borrower's officers, employees, and salespersons with respect to reasonable expenses to be incurred by such officers, employees, and salespersons for the benefit of the Borrower, which expenses are properly reimbursable by the Borrower.

4-20. Government Contracts. All Government Contracts to which the Borrower is a party are listed on EXHIBIT 4-20, annexed hereto. In the event that the Borrower is, or hereafter becomes, party to any Government Contract, the Borrower shall execute all such instruments, documents, and papers as may be requested by the Bank to comply with any applicable statute dealing with the payment of the proceeds therefrom to the Bank.

4-21. Patents. All patents, patents pending, patents assigned to the Borrower and trademarks and tradenames owned by or assigned to the Borrower are listed on EXHIBIT 4-21, annexed hereto. The Borrower shall provide the Bank with prompt written notice of each application for patent, patent pending, and patent assigned to the Borrower hereafter, and each trademark and tradename owned by or assigned to the Borrower hereafter, and upon request of the Bank shall execute and deliver to the Bank, all such instruments, documents and papers as may be requested by the Bank to perfect the Bank's security interest in any application for patent, patent pending, patent, trademark, or tradename.

4-22. Protection of Assets. The Borrower agrees that the Bank may, at the Bank's discretion from time to time, discharge any tax, lien, or encumbrance on any of the Collateral, or take any other action that the Bank may deem appropriate to repair, insure, maintain, or preserve any of the Collateral. The Borrower shall pay to the Bank, on demand, or the Bank, in its sole discretion, may charge to Borrower, all amounts paid or incurred by the Bank pursuant to this section. The obligation of the Borrower to pay such amounts shall be included in the Liabilities of the Borrower to the Bank.

4-23. Line of Business. The Borrower shall not engage in any business other than the business in which it is currently engaged or a business reasonably allied thereto.

4-24. Payments to Related Entities. The Borrower shall not make any payment, nor give any value to any Related Entity except for goods and services actually purchased by the Borrower from, or sold by the Borrower to, such Related Entity for a price which shall (a) be competitive and shall be fully deductible as an "ordinary and necessary business expense" and/or fully depreciable under the Internal Revenue Code of 1986 and Treasury Regulations promulgated thereunder and (b) not differ from that which would have been charged in an arms length transaction.

4-25. Insurance. The Borrower shall have and maintain at all times insurance covering such risks, in such amounts, containing such terms, in such form, for such periods, and written by such companies as may be satisfactory to the Bank and having an A.M. Best rating of not less than "A." All such insurance shall provide for a minimum of twenty (20) days' written notice of modification or cancellation to the Bank and all such insurance which covers the Collateral shall include both endorsement in favor of the Bank as the Bank may specify and naming the Bank as loss payee. Each such endorsement shall provide that the insurance, to the extent of the Bank's interest therein, shall not be impaired or invalidated, in whole or in part, by reason of any act or neglect of the Borrower or by the failure of the Borrower to comply with any warranty or condition of the policy. In the event of the failure by the Borrower to provide and maintain insurance as herein provided, the Bank may, at its option, provide such insurance. The Borrower shall furnish to the Bank certificates or other evidence satisfactory to the Bank regarding compliance by the Borrower with the foregoing insurance provisions. Originals of all such policies shall be delivered to and held by the Bank. The Borrower shall advise the Bank of each claim made by the Borrower under any policy of insurance which covers the Collateral and will permit the Bank, at the Bank's

option in each instance, to the exclusion of the Borrower, to conduct the adjustment of each such claim. The Borrower hereby appoints the Bank as the Borrower's attorney in fact to obtain, adjust, settle, and cancel any insurance described in this section and to endorse in favor of the Bank any and all drafts and other instruments with respect to such insurance. The within appointment, being coupled with an interest, is irrevocable until this Agreement is terminated by a written instrument executed by a duly authorized officer of the Bank. The Bank shall not be liable on account of any exercise pursuant to said power except for any exercise in actual willful misconduct, gross negligence, or bad faith. The Bank may apply any proceeds of such insurance against the Liabilities, whether or not such have matured, in such order of application as the Bank may determine.

4-26. Perfection of Security Interest. The Borrower shall execute and deliver to the Bank such instruments, documents, and papers, and shall do all such things from time to time hereafter as the Bank may request to carry into effect the provisions and intent of this Agreement; to protect and perfect the Bank's security interest in the Collateral; and to comply with all applicable statutes and laws, and facilitate the collection of the Receivables Collateral. Contemporaneous with the execution of this Agreement, the Borrower shall execute all such instruments as may be required by the Bank with respect to the perfection of the security interests granted herein, including without limitation, financing statements in such form and to be filed in accordance with the provisions of the Uniform Commercial Code in such State or States as the Bank may determine, and applications for notations of the Bank as lien holder, mortgagee, or the like, on such certificates or similar instruments as may have been issued with respect to the Borrower's ownership of one or more items of the Collateral. A carbon, photographic, or other reproduction of this Agreement or of any financing statement or other instrument executed pursuant to this Section shall be sufficient for filing to perfect the security interests granted herein.

4-27. Adequacy of Disclosure. (a) All financial statements furnished to the Bank by the Borrower have been prepared in accordance with generally accepted accounting principles consistently applied and fairly present the condition of the Borrower at the date(s) thereof. There has been no change in the financial condition of the Borrower since the date(s) of such financial statements, other than changes in the ordinary course of business, which changes have not been materially adverse, either singularly or in the aggregate.

(b) The Borrower does not have any contingent liabilities pursuant to the execution of guaranties or otherwise not noted in the Borrower's financial statements furnished the Bank prior to the execution of the within Agreement and will not hereafter incur any such contingent liabilities.

(c) No document, instrument, agreement, or paper given the Bank by or on behalf of the Borrower or any guarantor of the Liabilities in connection with the Bank's execution of the within Agreement contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements therein not misleading. There is no fact which has a

material adverse effect on the financial condition of the Borrower or any such guarantor which has not been disclosed in writing to the Bank.

4-28. Year 2000 Compliance. Borrower agrees that, on or before December 31, 1999, Borrower will take any and all actions necessary to enable all products, systems and services material to the Borrower's operations to properly and accurately perform date-sensitive functions for all dates before and after January 1, 2000.

4-29. Other Covenants. The Borrower shall not indirectly do or cause to be done any act which, if done directly by the Borrower, would breach any covenant contained in this Agreement.

ARTICLE 5 - USE AND COLLECTION OF COLLATERAL

5-1. Use of Collateral. (a) The Bank hereby authorizes and permits the Borrower to hold, process, sell, use or otherwise dispose of Inventory for fair consideration, and consume Inventory in the manufacture of finished goods, all in the conduct of the Borrower's business in the ordinary course but excluding, however: sales or other dispositions to creditors; sales or other dispositions in bulk; and any use of any of the Inventory in breach of any provision of this Agreement or subsequent to the Bank's making of demand.

(b) No sale of Inventory shall be on consignment, approval, or under any other circumstances such that such Inventory may be returned to the Borrower without the consent of the Bank.

5-2. Returned Inventory. If any Inventory

(a) is returned by any Account Debtor to the Borrower (whether or not such return has been agreed to by the Borrower) and is not in turn returned by the Borrower to such Account Debtor; or

(b) is repossessed by the Borrower; or

(c) is downgraded in quality or has its marketability otherwise affected; or

(d) is detained from, or refused entry into, or required to be removed from the United States by the appropriate governmental authorities;

the Borrower will hold such Inventory for such disposition as the Bank may direct. If within five (5) business days after the Bank receives from the Borrower the written report described in Section 7-5, below, the Bank does not issue specific instructions to the Borrower concerning such Inventory, the Borrower may dispose thereof in such manner as the Borrower may reasonably deem to accord with sound business practice (subject to any

requirements of applicable law and subject to the Bank's security interest in any Collateral that may arise from the resale or other disposition thereof by the Borrower), provided, however, in the event any such returned, repossessed, detained, or refused Collateral consists of perishable items, the Borrower may dispose of such perishables in accordance with the provisions of this Section without awaiting instructions from the Bank in respect thereto.

5-3. Tangible Collateral. (a) All Inventory now owned or hereafter acquired by the Borrower is and will be of good and merchantable quality and free from defects. No tangible personal property of the Borrower is or will be stored or processed with a bailee or other third party without the prior written consent of the Bank. Upon such consent, at the Borrower's expense, the Borrower shall

(i) cause each warehouse or other bailee with which any of the Borrower's Inventory is stored to issue and deliver to the Bank, should the Bank so require, warehouse receipts or other documents in the Bank's name and in form acceptable to the Bank, evidencing the storage of such Inventory and the interest of the Bank; and

(ii) notify all agents, processors or bailees which may obtain possession or control of any of the Collateral, of the security interest of the Bank therein and instruct such persons to hold such Collateral for the account, and subject to the instructions, of the Bank.

(b) At the request of the Bank, the Borrower shall, at the Borrower's expense, establish one or more field warehouses at such locations and with such procedures as may be specified by the Bank

5-4. Adjustments and Allowances. The Borrower may grant such allowances or other adjustments to the Borrower's Account Debtors (exclusive of extending the time for payment of any Account or Account Receivable, which shall not be done without first obtaining the Bank's written consent in each instance) as the Borrower may reasonably deem to accord with sound business practice, provided, however (a) the Borrower shall furnish the Bank with those reports described in Section 7-5, below, with respect to any such adjustments or allowances and (b) the authority granted the Borrower pursuant to this Section may be limited or terminated by the Bank at any time in the Bank's discretion.

5-5. Validity of Accounts. (a) The amount of each Account shown on the books, records, and invoices of the Borrower represented as owing by each Account Debtor is and will be the correct amount actually owing by such Account Debtor and shall have been fully earned by performance by the Borrower;

(b) The Borrower has no knowledge of any impairment of the validity or collectibility of any of the Accounts and shall notify the Bank of any such fact immediately after Borrower becomes aware of any such impairment; and

(c) The Borrower shall not post any bond to secure the Borrower's performance under any agreement to which the Borrower is a party nor cause any surety, guarantor, or other third party obligee to become liable to perform any obligation of the Borrower (other than to the Bank) in the event of the Borrower's failure so to perform.

5-6. Proceeds and Collection of Accounts Held in Trust. (a) The Bank hereby authorizes and permits the Borrower to receive from the Borrower's Account Debtors all amounts due as proceeds of the Collateral at the Borrower's own cost, risk, expense, and liability, subject always, however, to the provisions of this Agreement.

(b) The Borrower agrees that upon notification to the Borrower from the Bank (whether or not an Event of Default has occurred or the Bank has made demand hereunder)

(i) all Receivables Collateral and all proceeds and collections of the Collateral shall be held in trust by the Borrower for the Bank and shall not be commingled with any of the Borrower's other funds or deposited in any bank account of the Borrower.

(ii) whether or not any Liabilities are then outstanding, the Borrower, at all times, shall deliver to the Bank as and when received by the Borrower and in the same form as so received, all checks, drafts, letters of credit issued for the benefit of the Borrower, and other items which represent the Collateral and any proceeds and collections of the Collateral, each of which checks, drafts, letters of credit, and other items shall be endorsed to the Bank or as the Bank may otherwise specify from time to time and which shall be accompanied by remittance reports in form satisfactory to the Bank. In addition, the Borrower shall cause any wire or other electronic transfer of funds which constitutes Collateral or proceeds thereof to be directed to the Bank. The Bank may apply the proceeds thereof to the Liabilities in such manner as the Bank may determine, in its discretion.

(iii) at the Bank's request, in the Bank's discretion, and whether or not any Liabilities are then outstanding, the Borrower shall cause all checks, drafts, letters of credit, and other items which represent the Receivables Collateral and any proceeds and collections of the Collateral to be delivered by the Borrower's Account Debtors directly to a lock box, blocked account, or similar recipient over which the Bank has sole access and control. The Bank may apply the proceeds and collections so delivered to the Liabilities in such manner as the Bank may determine, in its discretion.

5-7. Notification to Account Debtors. The Bank shall have the right at any time (whether or not an Event of Default has occurred or the Bank has made demand hereunder), to

notify any of the Borrower's Account Debtors, either in the name of the Bank or the Borrower, to make payment directly to the Bank, and advise any person of the Bank's security interest in and to the Collateral, and to collect all amounts due on account of the Collateral. The Borrower agrees that the Bank may from time to time verify the validity, amount, and any other matters relating to the Accounts directly with account debtors or with the Borrower's independent accountants, collection agents or computer billing services (each of which is hereby authorized and directed fully to cooperate with the Bank and to provide the Bank with any information and materials requested by the Bank regarding the Borrower, all at the Borrower's expense). The Bank shall also have the right to verify the balances outstanding on any or all of the Borrower's Accounts, by such means and methods in the name of the Borrower, the Bank, or such other name as the Bank may choose, and to instruct the Borrower's independent accountants so to verify. The Borrower agrees that at the Bank's request, the Borrower shall provide written notifications to any or all of the Borrower's Account Debtors regarding the Bank's security interest in the Receivables Collateral and shall request that such Account Debtors forward payment thereof to the Bank.

ARTICLE 6 - BANK AS BORROWER'S ATTORNEY-IN-FACT

6-1. Appointment as Attorney-In-Fact. The Borrower hereby irrevocably constitutes and appoints the Bank as the Borrower's true and lawful attorney, with full power of substitution, to convert the Collateral into cash at the sole risk, cost, and expense of the Borrower, but for the sole benefit of the Bank. The rights and powers granted the Bank by the within appointment include but are not limited to the right and power to:

(a) prosecute, defend, compromise, or release any action relating to the Collateral:

(b) sign change of address forms to change the address to which the Borrower's mail is to be sent as the Bank shall designate; receive and open the Borrower's mail; remove any Collateral therefrom and turn over such mail (other than such proceeds) either to the Borrower, or to any trustee in bankruptcy, receiver, assignee for the benefit of creditors of the Borrower, or other legal representative of the Borrower whom the Bank determines to be the appropriate person to whom to so turn over such mail;

(c) endorse the name of the Borrower in favor of the Bank upon any and all checks, drafts, notes, acceptances, or other items or instruments; sign and endorse the name of the Borrower on, and receive as secured party, any of the Collateral, and invoices, schedules of Collateral, freight or express receipts, or bills of lading, storage receipts, warehouse receipts, or other documents of title of a same or different nature relating to the Collateral:

(d) sign the name of the Borrower on any notice to the Borrower's Account Debtors or verification of the Receivables Collateral; sign the Borrower's name on any

proof of claim in Bankruptcy against Account Debtors, and on notices of lien, claims of mechanics liens, or assignments or releases of mechanics liens securing the Accounts;

(e) take all such action as may be necessary to obtain the payment of any letter of credit of which the Borrower is a beneficiary;

(f) repair, manufacture, assemble, complete, package, deliver, alter or supply goods, if any, necessary to fulfill in whole or in part the purchase order of any customer of the Borrower;

(g) use, license or transfer any or all General Intangibles of the Borrower; and

(h) and sign and file or record any financing or other statements in order to perfect or protect the Bank's security interest in the Collateral.

6-2. Full Power to Act. In connection with all powers of attorney included in this Agreement, the Borrower hereby grants unto the Bank full power to do any and all things necessary or appropriate in connection with the exercise of such powers as fully and effectually as the Borrower might or could do, hereby ratifying all that said attorney shall do or cause to be done by virtue of this Agreement.

6-3. No Obligation to Act. The Bank shall not be obligated to do any of the acts or to exercise any of the powers authorized herein, but if the Bank elects to do any such act or to exercise any of such powers, it shall not be accountable for more than it actually receives as a result of such exercise of power, and shall not be responsible to the Borrower except for the Bank's actual willful misconduct, gross negligence or bad faith.

6-4. Survival of Appointment. All of the powers of attorney set forth in this Agreement shall not be affected by any disability or incapacity suffered by the Borrower and shall survive same. All powers conferred upon the Bank by this Agreement, being coupled with an interest, shall be irrevocable until this Agreement is terminated by a written instrument executed by a duly authorized officer of the Bank.

ARTICLE 7 - FINANCIAL AND OTHER REPORTING REQUIREMENTS

7-1. Maintain Records. The Borrower shall at all times

(a) keep proper books of account, in which full, true, and accurate entries shall be made of all of the Borrower's transactions, all in accordance with generally accepted accounting or auditing principles (as applicable) applied consistently with prior periods to fairly reflect the financial condition of the Borrower at the close of, and its results of operations for, the periods in question;

(b) keep accurate current records of the Collateral including, without limitation, accurate current stock, cost, and sales records of its Inventory, accurately and sufficiently itemizing and describing the kinds, types, and quantities of Inventory and the cost and selling prices thereof.

7-2. Access to Records. (a) The Borrower shall accord the Bank and the Bank's representatives with access from time to time as the Bank and such representatives may require to all properties owned by or over which the Borrower has control. Prior to demand or an Event of Default, the Bank shall provide notice to the Borrower of the Bank's intent to exercise such right of access. The Bank, and the Bank's representatives, shall have the right, and the Borrower will permit the Bank and such representatives from time to time as the Bank and such representatives may request, to examine, inspect, copy, and make extracts from any and all of the collateral, and any and all of the Borrower's books, records, electronically stored data, papers, and files. The Borrower shall make available to the Bank any copying facilities which the Borrower has. The Bank shall endeavor to conduct any such examination of the Borrower in a manner that will minimize any interruption to the Borrower's business.

(b) The Borrower hereby authorizes the Bank and the Bank's representatives to inspect, copy, duplicate, review, cause to be reduced to hard copy, run off, draw off, and otherwise to use any and all computer or electronically stored information or data which relates to the Borrower, which information or data is in the possession of the Borrower or any service bureau, contractor, or other person, and directs any such service bureau, contractor or other person fully to cooperate with the Bank and the Bank's representatives with respect thereto.

(c) The Borrower authorizes the Bank to verify at any time the Collateral or any portion thereof, including verification with Account Debtors, and/or with the Borrower's computer billing companies, collection agencies, and accountants and to sign the name of the Borrower on any notice to the Borrower's Account Debtors or verification of the Collateral.

7-3. Schedule of Collateral. At such reasonable intervals as the Bank may indicate from time to time by written notice given the Borrower, the Borrower shall provide the Bank with a schedule (in such form as the Bank may specify from time to time) of all Collateral which has come into existence since the date of the schedule then most recently provided to the Bank.

7-4. Immediate Notice to Bank. The Borrower shall provide the Bank with written notice immediately upon the occurrence of any of the following events:

- (a) any change in the Borrower's officers, directors, or key employees;
- (b) any material change in the business, operations, or financial affairs of the Borrower;

(c) the occurrence, or failure of occurrence, of an event, which occurrence or failure is, or with the passage of time or giving of notice (or both) would constitute an Event of Default (as described herein); and

(d) any litigation which would have a material adverse effect on the financial condition of the Borrower.

7-5. Financial Status. On or before the date of this Agreement, the Borrower shall furnish to the Bank evidence satisfactory to the Bank that the following financial conditions have been satisfied:

(a) Subordination of a certain promissory note made by the Borrower to the Seller in the original principal amount of \$100,000.00 to the Revolving Credit and the Term Note;

(b) Contribution by the Borrower of a minimum of \$200,000.00 in shareholder equity toward the purchase of assets from the Seller;

(c) Delivery to the Bank of written evidence that Cellular One is committed to furnish to the Borrower start-up funds in the minimum amount of \$135,000.00 to facilitate Borrower's entry into the upstate New York market; and

(d) The Borrower's completed Year 2000 Questionnaire, in the standard form used by the Bank.

7-6. [Intentionally deleted.]

7-7. Quarterly Reports. Quarterly, within forty-five (45) days following the end of each of the Borrower's fiscal quarters, the Borrower shall provide the Bank with:

(a) a statement of the financial condition of the Borrower, and the results of the operations of the Borrower for, the year to date, with comparative information for the same period of the previous year, which statement shall include, at a minimum, a balance sheet and income statement, and detailed inventory listing, which financial statement shall have been compiled by the Borrower's independent certified public accountants (which accountants shall be subject to the Bank's approval); and

(b) a statement of the commissions earned by the Borrower (both paid and unpaid) and a listing of the Borrower's Inventory for the preceding quarter.

7-8. Annual Reports. (a) Annually, within ninety (90) days following the end of the Borrower's fiscal year, the Borrower shall furnish the Bank with an original signed counterpart of

the Borrower's annual financial statement, which statement shall have been reviewed by the Borrower's independent certified public accountants (which accountants shall be subject to the Bank's approval). Such financial statement shall be accompanied by such accountants' Certificate indicating that to the best knowledge of such accountants, no event has occurred or failed to occur which is or which, solely with the passage of time or the giving of notice (or both) would be an Event of Default.

(b) Annually, within ninety (90) days following the end of the each of the Borrower's fiscal years, the Borrower shall furnish the Bank with a true and complete copy (with all schedules attached) of the Borrower's federal income tax return for the immediately preceding year.

(c) Annually, within ninety (90) days following the end of each calendar year, the Borrower shall cause each guarantor of the Liabilities who is a natural person to furnish the Bank with an original signed counterpart of each such guarantor's updated financial statement, which statement shall have been prepared on the Bank's standard form of personal financial statement.

7-9. Officers' Certificates. The Borrower shall cause the Borrower's President and Treasurer respectively to provide such person's certificate with those monthly, quarterly, and annual statements to be furnished pursuant to this Agreement, which certificate shall indicate that

(a) the subject statement was prepared in accordance with generally accepted accounting or auditing standards (as applicable) consistently applied, and (with the exception of the Certificate which accompanies such annual statement), subject to usual year-end adjustment, fairly presents the financial condition of the Borrower at the close of, and the results of the Borrower's operations for, the period in question: and

(b) no event has occurred or failed to occur which is, or which, solely with the passage of time or the giving of notice (or both), would be, an Event of Default.

7-10. Additional Financial Information. (a) In addition to the foregoing, the Borrower promptly shall provide the Bank with such other and additional information concerning the Borrower, the Collateral, the operation of the Borrower's business, and the Borrower's financial condition, including financial reports and statements, as the Bank may from time to time request from the Borrower.

(b) All financial information provided the Bank by the Borrower shall be prepared in accordance with generally accepted accounting or auditing principles (as applicable) applied consistently in the preparation thereof and with prior periods, to fairly reflect the financial condition, of the Borrower at the close of, and its results of operations for, the periods in question.

7-11. Destruction of Financial Reports. Without the need of any inquiry of, notice to, or further permission from, the Borrower, and without any liability or responsibility on the Bank's part

of any kind whatsoever, the Bank is hereby expressly authorized, at the Bank's sole option and discretion, to destroy any and all invoices, bills of lading or other shipping evidence, trial balances, statements, ledgers, schedules, reports, designations with respect to the Collateral, and mail addressed to the Borrower, which shall have been received by the Bank at least 120 days prior to the date of such destruction.

7-12. Appraisals and Audits. Upon the Bank's request from time to time, the Borrower shall obtain, or shall permit the Bank to obtain (in all events, at the Borrower's expense) appraisals and audits of the Collateral in form and substance and by appraisers and auditors satisfactory to the Bank.

7-13. Reduction of Balance. Commencing with the calendar year 2000, within each calendar year, the Borrower shall pay the Revolving Credit down to a balance of zero dollars (\$0.00) for a minimum of thirty (30) consecutive days.

7-14. Financial Covenants. (a) Definitions. As used in this Section, the following terms are defined as follows:

"Capital Assets" means assets that in accordance with GAAP are required or permitted to be depreciated or amortized on a balance sheet.

"Capital Leases" means capital leases, conditional sales contracts and other title retention agreements relating to the purchase or acquisition of Capital Assets.

"Capital Expenditures" ("CAPEX") means, for any period, the aggregate amount of all expenditures for the acquisition, construction, improvement, replacement or purchase of Capital Assets and Intangible Assets, including, but not limited to, expenditures under Capital Leases.

"Earnings Before Interest, Taxes, Depreciation and Amortization" ("EBITDA") means, for the applicable period, income from continuing operations before the payment of interest and taxes plus depreciation and amortization determined in accordance with GAAP.

"GAAP" means generally accepted accounting principles in the United States of America, as from time to time in effect, and consistently followed, without giving effect to any subsequent changes other than changes consented to in writing by the Bank.

"Intangible Assets" means assets that, in accordance with GAAP, are properly classifiable as intangible assets, including, but not limited to, goodwill, franchises, licenses, patents, trademarks, trade names and copyrights, and "soft assets" such as assets due from officers, stockholders, affiliates and related parties.

"Total Assets" means total assets of the Borrower determined in accordance with GAAP.

"Total Liabilities" means total indebtedness of the Borrower determined in accordance with GAAP.

(b) Minimum Capital Base. Commencing with the Borrower's fiscal quarter ending December 31, 1999, the Borrower shall not permit the Borrower's Minimum Capital Base (that is, stockholders' equity investment in the Borrower), as reasonably determined by the Bank, to fall below \$200,000.00. This covenant shall be measured quarterly, as of the end of each of the Borrower's fiscal quarters.

(c) Minimum Cash Flow. The Borrower shall not permit the Borrower's Cash Flow Ratio (as hereinafter defined), at any time during the applicable period, to be less than 1.20 to 1.00. The term "Cash Flow Ratio" means, during the applicable period, the ratio of (A) the excess (if any) of (i) EBITDA, less (ii) the aggregate of (x) the Borrower's unfinanced Capital Expenditures, plus (y) dividends paid or declared by the Borrower, plus (z) cash taxes paid by the Borrower; to (B) Total Debt Service; that is:

$$\frac{\text{EBITDA} - (\text{Unfinanced CAPEX} + \text{Dividends} + \text{Taxes})}{\text{Total Debt Service}}$$

The term "Total Debt Service" means the aggregate of all principal repaid on the Borrower's long-term debt, plus interest payments made by the Borrower on account of indebtedness owed by the Borrower. With respect to the Borrower's fiscal quarter ending June 30, 2000, this covenant shall be measured on a trailing three quarter basis; thereafter, commencing with the Borrower's fiscal quarter ending September 30, 2000, this covenant shall be measured quarterly, as of the end of each of the Borrower's fiscal quarters, on a trailing four quarter basis.

7-15. Executive Salaries. The Borrower shall not pay a salary to any guarantor of the Liabilities other than Toni Anne DiCaprio ("Ms. DiCaprio"), to the extent permitted in this paragraph. Commencing with the end of the Borrower's fiscal year 1999, the Borrower may pay Ms. DiCaprio an annual salary not exceeding \$80,000.00. For each subsequent fiscal year of the Borrower, the Borrower may increase Ms. DiCaprio's annual salary by a maximum of \$10,000.00 per year.

ARTICLE 8 - DEFAULT

Nothing contained in this Article, or elsewhere in this Agreement, shall affect the demand nature of such of the Liabilities as are, by their terms, demand obligations, including, without limitation, loans and advances under the Revolving Credit. The occurrence of an Event of Default shall not be a prerequisite for the Bank's making demand or requiring payment of such Liabilities.

Upon the occurrence of any one or more of the following events (herein, "Events of Default"), any and all Liabilities of the Borrower to the Bank shall become immediately due and payable, at the option of the Bank and without notice or demand. The occurrence of any such Event of Default shall also constitute, without notice or demand, a default under all other agreements between the Bank and the Borrower and instruments and papers given the Bank by the Borrower, whether such agreements, instruments, or papers now exist or hereafter arise.

8-1. Failure to Pay Revolving Credit. The failure by the Borrower to pay upon demand any amount due under the Revolving Credit.

8-2. Failure to Make Other Payments. The failure by the Borrower to pay upon demand (or when due, if not payable on demand) any other Liabilities.

8-3. Failure to Perform Liability. The failure by the Borrower to promptly, punctually and faithfully perform, discharge, or comply with any Liability.

8-4. Misrepresentation. The determination by the Bank that any representation or warranty heretofore, now, or hereafter made by the Borrower to the Bank, in any document, instrument, agreement, or paper was not true or accurate when given, in any material respect.

8-5. Acceleration of Other Debt. The occurrence of any event such that any indebtedness of the Borrower to any creditor, other than the Bank, could be accelerated, notwithstanding that such acceleration has not taken place.

8-6. Default Under Other Agreements. The occurrence of any event of default under any agreement between the Bank and the Borrower or instrument or paper given the Bank by the Borrower, whether such agreement, instrument, or paper now exists or hereafter arises (notwithstanding that the Bank may not have exercised its rights upon default under any such other agreement, instrument or paper).

8-7. Business Failure. Any act by, against, or relating to the Borrower, or its property or assets, which act constitutes the application for, consent to, or sufferance of the appointment of a receiver, trustee, or other person, pursuant to court action or otherwise, over all, or any part of the Borrower's property; the granting of any trust mortgage or execution of an assignment for the benefit of the creditors of the Borrower, or the occurrence of any other voluntary or involuntary

liquidation or extension of debt agreement for the Borrower; the failure by the Borrower to generally pay the debts of the Borrower as they mature; adjudication of bankruptcy or insolvency relative to the Borrower; the entry of an order for relief or similar order with respect to the Borrower in any proceeding pursuant to The Bankruptcy Code of 1978 as amended, Title 11 United States Code (commonly referred to as the Bankruptcy Code) or any other federal bankruptcy law; the filing of any complaint, application, or petition by or against the Borrower initiating any matter in which the Borrower is or may be granted any relief from the debts of the Borrower pursuant to the Bankruptcy Code or any other insolvency statute or procedure; the calling or sufferance of a meeting of creditors of the Borrower; the meeting by the Borrower with a formal or informal creditors' committee; the offering by or entering into by the Borrower of any composition, extension, or any other arrangement seeking relief from or extension of the debts of the Borrower, or the initiation of any other judicial or nonjudicial proceeding or agreement by, against, or including the Borrower which seeks or intends to accomplish a reorganization or arrangement with creditors.

8-8. Judgment. The entry of any judgment against the Borrower, which judgment is not satisfied or appealed from (with execution or similar process stayed) within thirty (30) days of its entry.

8-9. Restraint of Business. The entry of any court order which enjoins, restrains or in any way prevents the Borrower from conducting all of any part of its business affairs in the ordinary course.

8-10. Trustee Process. The service of any process upon the Bank seeking to attach by means of trustee process any funds of the Borrower on deposit with the Bank.

8-11. Change in Ownership. Any change in the identity, authority, or responsibilities of any person having management or policy authority with respect to the Borrower and/or any direct or indirect conveyance, sale, assignment, pledge, transfer, or change in the ownership of the capital stock or other legal or beneficial interest in the Borrower from that existing at the execution of this Agreement, without the prior written consent of the Bank to such change.

8-12. Casualty Loss. The occurrence of any loss, theft, damage, destruction, sale (other than sales in the ordinary course of business) or encumbrance to or of any of the Collateral (provided, however, that a loss, theft, damage or destruction to or of any of the Collateral shall not constitute an event of Default of the aggregate value of such Collateral is less than \$25,000.00).

8-13. Termination of Existence. The death, termination of existence, dissolution, winding up, or liquidation of this Borrower.

8-14. Material Changes. The occurrence of any material adverse change in the financial conditions of the Borrower or in any of the representations made by the Borrower to the Bank.

8-15. Default by Guarantor. The occurrence of any of the foregoing Events of Default with respect to any guarantor, endorser, or surety to the Bank of the Liabilities, or the occurrence of any of the foregoing Events of Default with respect to any parent (if the Borrower is a corporation), subsidiary, or affiliate of the Borrower, as if such guarantor, endorser, surety, parent, subsidiary, or affiliate were the "Borrower" described therein.

8-16. Termination of Guaranty. The termination of any guaranty by any guarantor of the Liabilities.

ARTICLE 9 - RIGHTS AND REMEDIES UPON DEFAULT/DEMAND

In addition to all of the rights, remedies, powers, privileges, and discretions which the Bank is provided prior to the occurrence of an Event of Default, the Bank shall have the following rights and remedies upon the occurrence of any Event of Default or the making of demand by the Bank hereunder and at any time thereafter.

9-1. Rights of Enforcement. The Bank shall have all of the rights and remedies of a secured party upon default under the UCC, in addition to which the Bank shall have all of the following rights and remedies:

- (a) To collect the Receivables Collateral with or without the taking of possession of any of the Collateral; and/or
- (b) To take possession of all or any portion of the Collateral; and/or
- (c) To sell, lease, or otherwise dispose of any or all of the Collateral, in its then condition or following such preparation or processing as the Bank deems advisable and with or without the taking of possession of any of the Collateral.
- (d) To apply the Receivables Collateral or the proceeds of the Collateral towards (but necessarily in complete satisfaction of) the Liabilities.

9-2. Sale of Collateral. Any sale or other disposition of the Collateral may be at public or private sale upon such terms and in such manner as the Bank deems advisable, having due regard to compliance with any statute or regulation which might affect, limit, or apply to the Bank's disposition of the Collateral. The Bank may conduct any such sale or other disposition of the Collateral upon the Borrower's premises. Unless the Collateral is perishable or threatens to decline speedily in value, or is of a type customarily sold on a recognized market (in which event the Bank shall provide the Borrower with such notice as may be practicable under the circumstances), the Bank shall give the Borrower at least the greater of the minimum notice required by law or seven

(7) days prior written notice of the date, time, and place of any proposed public sale, and of the date after which any private sale or other disposition of the Collateral may be made. The Bank may purchase the Collateral, or any portion of it at any sale held under this Article.

9-3. Occupation of Business Location. In connection with the Bank's exercise of the Bank's rights under this Article, the Bank may enter upon, occupy, and use any premises owned or occupied by the Borrower, and may exclude the Borrower from such premises or portion thereof as may have been so entered upon, occupied, or used by the Bank. The Bank shall not be required to remove any of the Collateral from any such premises upon the Bank's taking possession thereof, and may render any Collateral unusable to the Borrower. In no event shall the Bank be liable to the Borrower for use or occupancy by the Bank of any premises pursuant to this Article, nor for any charge (such as wages for the Borrower's employees and utilities) incurred in connection with the Bank's exercise of the Bank's Rights and Remedies.

9-4. Grant of Nonexclusive License. Upon demand or the occurrence of an Event of Default, the Borrower hereby grants to the Bank a nonexclusive irrevocable license to use, apply, and affix any trademark, tradename, logo, or the like in which the Borrower now or hereafter has rights, such license being with respect to the Bank's exercise of the rights hereunder including, without limitation, in connection with any completion of the manufacture of Inventory or sale or other disposition of Inventory.

9-5. Assembly of Collateral. The Bank may require the Borrower to assemble the Collateral and make it available to the Bank at the Borrower's sole risk and expense at a place or places which are reasonably convenient to both the Bank and Borrower.

9-6. Rights and Remedies. The rights, remedies, powers, privileges, and discretions of the Bank hereunder (herein, the "Bank's Rights and Remedies") shall be cumulative and not exclusive of any rights or remedies which it would otherwise have. No delay or omission by the Bank in exercising or enforcing any of the Bank's Rights and Remedies shall operate as, or constitute, a waiver thereof. No waiver by the Bank of any Event of Default or of any default under any other agreement shall operate as a waiver of any other default hereunder or under any other agreement. No single or partial exercise of any of the Bank's Rights or Remedies, and no agreement or transaction of whatever nature entered into between the Bank and the Borrower, at any time, either express or implied, shall preclude the other or further exercise of the Bank's Rights and Remedies. No waiver by the Bank of any of the Bank's rights and remedies on any one occasion shall be deemed a waiver on any subsequent occasion, nor shall it be deemed a continuing waiver. All of the Bank's Rights and Remedies and all of the Bank's rights, remedies, powers, privileges, and discretions under any other agreement or transaction are cumulative, and not alternative or exclusive, and may be exercised by the Bank at such time or times and in such order of preference as the Bank in its sole discretion may determine. The Bank's rights and remedies may be exercised without resort or regard to any other source of satisfaction of the Liabilities.

ARTICLE 10 - GENERAL

10-1. Set off. Any and all deposits or other sums at any time due to the Borrower from, or credited to the Borrower by the Bank or any of its affiliated banks or institutions, or any entity which is participating with the Bank with respect to the Liabilities, and any cash, securities, instruments, or other property of the Borrower in the possession of the Bank, or any of its affiliates, and any such participant, whether for safekeeping, or otherwise, or in transit to or from the Bank or any of its affiliates or any such participant, or in the possession of any third party acting on the Bank's behalf (regardless of the reason the Bank had received same or whether the Bank has conditionally released the same) shall at all times constitute security for any and all Liabilities, and may be applied or set off by the Bank against such Liabilities at any time, whether of not the Liabilities are then due or whether or not other collateral is available to the Bank.

10-2. Waivers. The Borrower makes the following waivers knowingly, voluntarily, and intentionally, and understands that the Bank, in the establishment and maintenance of the Bank's relationship with the Borrower, is relying thereon.

(a) The Borrower WAIVES notice of non-payment, demand, presentment, protest and all forms of demand and notice, both with respect to the Liabilities and the Collateral.

(b) The Borrower, if entitled to it, WAIVES the right to notice and/or hearing prior to the Bank's exercising of the Bank's rights upon default.

(c) THE BORROWER, AND THE BANK RESPECTIVELY TO THE EXTENT ENTITLED THERETO, WAIVE ANY PRESENT OR FUTURE RIGHT OF THE BORROWER, THE BANK, OR OF ANY GUARANTOR OR ENDORSER OF THE BORROWER OR OF ANY OTHER PERSON LIABLE TO THE BANK ON ACCOUNT OF OR IN RESPECT TO THE LIABILITIES, TO A TRIAL BY JURY IN ANY CASE OR CONTROVERSY IN WHICH THE BANK IS OR BECOMES A PARTY (WHETHER SUCH CASE OR CONTROVERSY IS INITIATED BY OR AGAINST THE BANK OR IN WHICH THE BANK IS JOINED AS A PARTY LITIGANT), WHICH CASE OR CONTROVERSY ARISES OUT OF, OR IS IN RESPECT TO, ANY RELATIONSHIP AMONGST OR BETWEEN THE BORROWER, ANY SUCH PERSON, AND THE BANK.

10-3. Protection of Collateral. The Bank shall have no duty as to the collection or protection of the Collateral beyond the safe custody of such of the Collateral as may come into the possession of the Bank and shall have no duty as to the preservation of rights against prior parties or any other rights pertaining thereto.

10-4. Notices. All notices and other correspondence to the Borrower by the Bank in connection with this Agreement shall be deemed effective upon mailing to the Borrower's address found at the beginning of this Agreement, which address may be changed on seven (7) days written

notice given the Bank by the Borrower. All notices and other correspondence to the Bank by the Borrower in connection with this Agreement shall be deemed effective upon receipt by the Bank at the Bank's principal office, or elsewhere as the Bank may specify from time to time, and shall be sent by certified mail, return receipt requested.

10-5. Successors and Assigns. This Agreement shall be binding upon the Borrower and the Borrower's heirs, executors, administrators, representatives, successors, and assigns and shall inure to the benefit of the Bank and the Bank's successors and assigns. In the event that the Bank assigns or transfers its rights under this Agreement, the assignee shall thereupon succeed to and become vested with all rights, powers, privileges, and duties of the Bank hereunder and the Bank shall thereupon be discharged and relieved from its duties and obligations hereunder.

10-6. Severability. Any determination that any provision of this Agreement or any application thereof is invalid, illegal, or unenforceable in any respect in any instance shall not affect the validity, legality, or enforceability of such provision in any other instance, or the validity, legality, or enforceability of any other provision of this Agreement.

10-7. Amendments; Course of Dealing. This Agreement and all other documents, instruments and agreements executed in connection herewith incorporate all discussions and negotiations between the Borrower and the Bank, either express or implied, concerning the matters included herein and in such other instruments, any custom, usage, or course of dealings to the contrary notwithstanding. No such discussions, negotiations, custom, usage, or course of dealings shall limit, modify, or otherwise affect the provisions hereof. No modification, amendment, or waiver of any provision of this Agreement or of any provision of any other agreement between the Borrower and the Bank is effective unless executed in writing by the party to be charges with such modification, amendment and waiver, and if such party be the Bank, then by a duly authorized officer thereof. No failure by the Bank to give notice to the Borrower of the Borrower's having failed to observe and comply with any warranty or covenant included herein shall constitute a waiver of such warranty or covenant or the amendment of the within Agreement. No change made by the Bank in the manner by which Availability is determined (any of which changes may be made by the Bank in its discretion) shall obligate the Bank to continue to determine Availability in that manner.

10-8. Application of Proceeds. The proceeds of any collection, sale, or disposition of the Collateral, or of any other payments received hereunder, shall be applied toward the Liabilities in such order and manner as the Bank determines in its sole discretion, any statute, custom, or usage to the contrary notwithstanding. The Borrower shall remain liable to the Bank for any deficiency remaining following such application.

10-9. Bank's Costs and Expenses. The Borrower shall pay on demand all Costs of Collection and all expenses of the Bank in connection with the preparation, execution, and delivery of this Agreement and of any other documents and agreements between the Borrower and the Bank.

whether now existing or hereafter arising, and all other expenses which may be incurred by the Bank in preparing or amending this Agreement and all other agreements, instruments, and documents related thereto, or otherwise incurred with respect to the Liabilities. The Borrower specifically authorizes the Bank to pay all such fees and expenses and at the Bank's discretion, without notice, to add such fees and expenses to the Loan Account or to charge the same to any account of the Borrower with the Bank.

10-10. Liabilities Payable on Demand. All Liabilities (other than those having either (or both) a specific maturity or rate of interest) shall be repayable on demand with interest at the highest rate charged the Borrower by the Bank.

10-11. Copies. This Agreement and all documents which relate thereto, which have been or may be hereinafter furnished the Bank may be reproduced by the Bank by any photographic, photostatic, microfilm, micro-card, miniature photographic, xerographic, or similar process, and the Bank may destroy any document so reproduced. Any such reproduction shall be admissible in evidence as the original itself in any judicial or administrative proceeding (whether or not the original is in existence and whether or not such reproduction was made in the regular course of business).

10-12. Massachusetts Law. This Agreement and all rights and obligations hereunder, including matters of construction, validity, and performance, shall be governed by the laws of The Commonwealth of Massachusetts. The Borrower submits itself to the jurisdiction of the Courts of said Commonwealth for all purposes with respect to this Agreement and the Borrower's relationship with the Bank.

10-13. Indemnification. The Borrower shall indemnify, defend, and hold the Bank harmless of and from any claim brought or threatened against the Bank by the Borrower, any guarantor or endorser of the Liabilities, or any other person (as well as from attorneys' reasonable fees and expenses in connection therewith) on account of the Bank's relationship with the Borrower or any other guarantor or endorser of the Liabilities (each of which may be defended, compromised, settled, or pursued by the Bank with counsel of the Bank's selection, but at the expense of the Borrower). The within indemnification shall survive payment of the Liabilities and/or any termination, release, or discharge executed by the Bank in favor of the Borrower.

10-14. Specific Performance. The failure by the Borrower to perform all and singular the Borrower's obligations hereunder including, without limitation, those included in Sections 5-6, 5-7, 6-1, and 9-5, above, will result in irreparable harm to the Bank for which the Bank will have no adequate remedy at law. Consequently, such obligations are specifically enforceable by the Bank.

10-15. Titles. Underlined titles to sections have been included for convenience and are not part of the within Agreement.

10-16. Intent. It is intended that

- (a) this Agreement take effect as a sealed instrument;
- (b) the security interests created by this Agreement attach to all of the Borrower's assets described in Article 2, now owned or hereafter acquired and that the scope of the coverage thereof be broadly construed in favor of the Bank;
- (c) the security interests created by this Agreement secure all Liabilities of the Borrower to the Bank, whether now existing or hereafter arising;
- (d) all costs and expenses incurred by the Bank in connection with the Bank's relationship(s) with the Borrower shall be borne by the Borrower;
- (e) the Bank's consent to any action of the Borrower which is prohibited unless such consent is given may be given or refused by the Bank in its sole and absolute discretion; and
- (f) the Bank's determination to make any loan, advance, or to otherwise provide any financial accommodation to the Borrower hereunder is in the Bank's sole and absolute discretion and shall not be affected by any course of dealings which may occur between the Borrower and the Bank.

10-17. Receipt of Agreement. The Borrower acknowledges receipt of a completed copy of this Agreement.

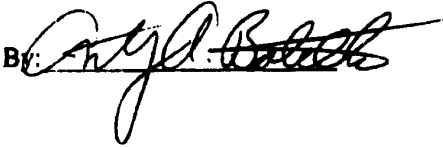
ARTICLE 11 - TERM.

11-1. Term. Unless sooner demanded by the Bank, the Revolving Credit shall remain in full force and effect until May 1, 2001, and may be renewed for successive one (1) year periods thereafter upon the mutual written agreement of the Bank and the Borrower.

11-2. Effective Termination. Upon the termination of the Revolving Credit, the Borrower shall pay the Bank all of the then principal balance of the Revolving Credit, and all accrued and unpaid interest thereon. Following such payment, all provisions of this Agreement, other than those contained in Article 1, above, shall remain in full force and effect until all of the Borrower's Liabilities to the Bank shall have been paid in full. The release by the Bank of the security interests granted the Bank by the Borrower hereunder may be upon such conditions and indemnifications as the Bank may require.


BANK:

USTRUST

By: 

BORROWER:

Airwaves Wireless, Inc.

By: 
Name: Tom A. DiCarlo
Title: President

EXHIBITS

The following Exhibits to this Loan and Security Agreement are respectively described in the section indicated. Those Exhibits in which no information has been inserted shall be deemed to read "None".

EXHIBIT 4-2: Related Entity	§4-2(b)
EXHIBIT 4-4: Trade Names; legal status; etc.	§4-4
EXHIBIT 4-5: Locations	§4-5
EXHIBIT 4-6: Security Interests	§4-6
EXHIBIT 4-7: Indebtedness	§4-7
EXHIBIT 4-8: Insurance Policies	§4-8
EXHIBIT 4-9: Licenses, Distributor Franchise Agreement	§4-9
EXHIBIT 4-20: Government Contracts	§4-20
EXHIBIT 4-21: Patents, Trademarks	§4-21

loan&security agr(docs)k1w

**EXHIBITS TO
LOAN AND SECURITY AGREEMENT**

EXHIBIT 4-2: Related Entities

None

EXHIBIT 4-4: Trade Names; legal status, etc.

1. Airwaves Wireless Inc.
2. Mobile Lifestyle

EXHIBIT 4-5: Locations

Massachusetts:

Plymouth County: 300 Washington 170 180 Corporate Park, Pembroke

New York:

Schenectady County: Capital Plaza 1925 Curry Road, Rotterdam
9 Main Street, Scotia

Albany County: Colome Center Mall, 131 Colome Center, Store #FC 414, Albany
Latham Center Mall, 800 New Loudon Road, Space #600, Latham

Saratoga County: Clifton Center Mall, Clifton Park

Warren County: Appleton Center, Queensbury Road, Glen Falls (Kiosk)

Cayuga County: Elm Street Mall, 2000 Park Street Road, Auburn (Kiosk)

Onondaga County: Green Street Mall, 4081 Route 31, Clay

Jefferson County: Saratoga Center Mall, 21182 Loon West, Watertown (Kiosk)

Erie County: Lockport Center, 5737 South Transit Road, Lockport (Kiosk)
McKinley Mall, #508 McKinley Mall, Blauvelt
130 Niagara Falls Boulevard, Tonawanda
604 Summit Park Mall, 6929 Williams Road, Niagara Falls

Plymouth 1960 Transit Road Store, Wintamsville

Car Stereo Stores.

Dewitt Store, 3485 Erie Boulevard East, Syracuse, New York 13214

Fairmount Store, 3328 West Campbell Street, Syracuse, New York 13219

EXHIBIT 4-6: Security Interests

New England Stereo, Inc. (subordinate to the First Trust security interests)

EXHIBIT 4-7: Indebtedness

Promissory Note to New England Stereo, Inc. in the principal amount of \$100,000

Promissory Note to New England Stereo, Inc. in the principal amount of \$60,000 (the "Inventory Note" referred to in the Asset Purchase Agreement)

EXHIBIT 4-8: Insurance Policies

See Attached Schedule A

EXHIBIT 4-9: Licenses, Distributor Franchise Agreement

Cellular One Agency Agreement

Mobile Lifestyles License Agreement

EXHIBIT 4-20: Government Contracts

None

EXHIBIT 4-21: Patents, Trademarks

None

ACORD INSURANCE BINDER

THIS IS A TEMPORARY INSURANCE CONTRACT, SUBJECT TO THE CONDITIONS SHOWN ON THE REVERSE SIDE OF THIS FORM

INSURED Concord Insurance Group, Inc. P.O. Box 159 Belmont, MA 02478 P: 617-484-3090 F: 617-484-7078 CODE: _____ SUB CODE: _____ POLICY NO. A188498001 Attn: Wireless Tel. 300 Oak Street 170 180 Corporate Park Pembroke MA 02359		COMPANY CONVEYERS INC CO MEMBER'S ATTENTION DATE: 11/30/1999 TIME: 8 AM EXPIRATION DATE: 12/30/1999 <input checked="" type="checkbox"/> THIS BINDER IS SUBJECT TO SPECIAL CONDITIONS IN THE ATTACHED MEMORANDUM FOR COVERSING POLICY NO. 0018780000 DESCRIPTION OF OPERATIONS, OCCASIONS AND PROPERTY (including location) NON-CONVANT:	
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COVERAGES		COVERAGE	DEDUCTIBLE	LIMIT	AMOUNT
PROPERTY TYPE OF INSURANCE CAUSES OF LOSS <input type="checkbox"/> BARKL <input type="checkbox"/> BROAD <input checked="" type="checkbox"/> SPEC	RETRO DATE FOR CLAIMS MADE: _____ RETRO DATE FOR LOSS INCURRED: _____ ALL VEHICLES <input type="checkbox"/> - STATED VEHICLES	500	100	EACH OCCURRENCE FIRE DAMAGE (any and every) BLD EXP (any and every) PERSONAL & AUTO PLURY GENERAL AGREEMENT PRODUCTS - COMPANYS COMBINED SINGLE LIMIT SOLELY BARRY (per contract) SOLELY BARRY (per contract) PROPERTY DAMAGE MEDICAL PAYMENTS PERSONAL INJURY PRO UNINSURED MOTORIST	100
GENERAL LIABILITY <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCUR	RETRO DATE FOR CLAIMS MADE: _____ RETRO DATE FOR LOSS INCURRED: _____	EACH OCCURRENCE PRODUCTS - COMPANYS COMBINED SINGLE LIMIT SOLELY BARRY (per contract) SOLELY BARRY (per contract) PROPERTY DAMAGE MEDICAL PAYMENTS PERSONAL INJURY PRO UNINSURED MOTORIST	100	100	
PERSONAL LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> NEEDED AUTOS <input checked="" type="checkbox"/> NON-OWNED AUTOS	RETRO DATE FOR CLAIMS MADE: _____ RETRO DATE FOR LOSS INCURRED: _____	EACH OCCURRENCE PRODUCTS - COMPANYS COMBINED SINGLE LIMIT SOLELY BARRY (per contract) SOLELY BARRY (per contract) PROPERTY DAMAGE MEDICAL PAYMENTS PERSONAL INJURY PRO UNINSURED MOTORIST	100	100	
AUTO PHYSICAL DAMAGE DEDUCTIBLE: _____ ALL VEHICLES <input type="checkbox"/> - STATED VEHICLES	RETRO DATE FOR CLAIMS MADE: _____ RETRO DATE FOR LOSS INCURRED: _____	EACH OCCURRENCE PRODUCTS - COMPANYS COMBINED SINGLE LIMIT SOLELY BARRY (per contract) SOLELY BARRY (per contract) PROPERTY DAMAGE MEDICAL PAYMENTS PERSONAL INJURY PRO UNINSURED MOTORIST	100	100	
CARNAME LIABILITY <input type="checkbox"/> ANY AUTO	RETRO DATE FOR CLAIMS MADE: _____ RETRO DATE FOR LOSS INCURRED: _____	EACH OCCURRENCE PRODUCTS - COMPANYS COMBINED SINGLE LIMIT SOLELY BARRY (per contract) SOLELY BARRY (per contract) PROPERTY DAMAGE MEDICAL PAYMENTS PERSONAL INJURY PRO UNINSURED MOTORIST	100	100	
CROSS LIABILITY <input checked="" type="checkbox"/> UMBRELLA FORM <input type="checkbox"/> OTHER THAN UMBRELLA FORM	RETRO DATE FOR CLAIMS MADE: _____ RETRO DATE FOR LOSS INCURRED: _____	EACH OCCURRENCE PRODUCTS - COMPANYS COMBINED SINGLE LIMIT SOLELY BARRY (per contract) SOLELY BARRY (per contract) PROPERTY DAMAGE MEDICAL PAYMENTS PERSONAL INJURY PRO UNINSURED MOTORIST	100	100	
WORKERS COMPENSATION AND EMPLOYER'S LIABILITY	RETRO DATE FOR CLAIMS MADE: _____ RETRO DATE FOR LOSS INCURRED: _____	EACH OCCURRENCE PRODUCTS - COMPANYS COMBINED SINGLE LIMIT SOLELY BARRY (per contract) SOLELY BARRY (per contract) PROPERTY DAMAGE MEDICAL PAYMENTS PERSONAL INJURY PRO UNINSURED MOTORIST	100	100	

NAME & ADDRESS

US TRUST
 845 WASHINGTON STREET
 BRAINTREE MA 02136

NOTE: BIRTH DATE INFORMATION ON REVERSE SIDE

ACORD 73-3 (198) TRADEMARK REEL: 002000 FRAME: 0176

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SCHEDULE A - Page 2

PROPERTY VALUES PER LOCATION

LOCATION	PERVA	BUILDING	EQUIPMENT
CLIFTON COUNTRY MALL	\$ 5,000	NONE	\$ 5,000
COLONIE CENTER MALL	\$ 5,000	NONE	\$ 5,000
LATHAM CIRCLE MALL	\$ 5,000	NONE	\$ 5,000
AVIATION MALL	\$ 5,000	NONE	\$ 5,000
CAPITAL MALL	\$ 5,000	NONE	\$ 5,000
9 MOHAWK AVE, SCOTTA	\$ 5,000	NONE	\$ 5,000
PREMIER PLACE	\$ 5,000	NONE	\$ 5,000
1592 NIAGRA FALLS BLVD	\$ 5,000	NONE	\$ 5,000
LOCKPORT MALL	\$ 5,000	NONE	\$ 5,000
MCKINLEY MALL	\$ 5,000	NONE	\$ 5,000
604 SUMMIT PARK MA	\$ 5,000	NONE	\$ 5,000
FINGER LAKES MALL	\$ 5,000	NONE	\$ 5,000
SALMON RUN MALL	\$ 5,000	NONE	\$ 5,000
GREAT NORTHERN MALL	\$ 5,000	NONE	\$ 5,000
12 VOLT STORES			
3328 W. GENESEE ST	\$ 40,000	NONE	\$ 30,000
3406 FRIE RD	\$ 40,000	NONE	\$ 30,000

ALL PROPERTY INSURED UNDER A BUSINESSOWNERS FORM INCLUDING 100% REPLACEMENT COST COVERAGE FOR ALL PERSONAL PROPERTY AND EQUIPMENT

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TOTAL

TRADEMARK
REEL: 002000 FRAME: 0177

CHRISTOPHER R. VACCARO
ATTORNEY AT LAW
ELEVEN BEACON STREET, SUITE 800
BOSTON, MASSACHUSETTS 02108

TELEPHONE (617) 722-0020

FACSIMILE (617) 720-3603

DIRECT DIAL FOR LAUREL H. SIEGEL (617) 722-0882

December 1, 1999

VIA CERTIFIED MAIL.
RETURN RECEIPT REQUESTED

Commissioner of Patents & Trademarks
Box Assignments
Washington, DC 20231

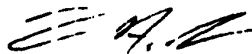
Re: Mobile Lifestyles (Trademark Registration No. 2,265,006)

Dear Sir or Madam:

Enclosed for recording is a Trademark Recordation Form Cover Sheet, documenting the security interest of USTrust in the above-reference trademark, along with a copy of the Loan and Security Agreement evidencing this security interest. Also enclosed is a check in the amount of \$45.00 representing the recording fees for this document.

Please call me at (617) 722-0882 with any questions. Thank you for your assistance.

Yours very truly,



Laurel H. Siegel

Enclosures

cc: Mr. Anthony A. Botelho

RECORDED: 12/06/1999

TRADEMARK
REEL: 002000 FRAME: 0178