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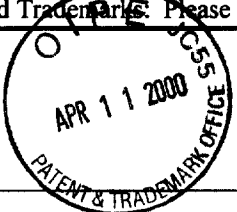
RECORDATION FORM COVER SHEET  
TRADEMARKS ONLY

MID 4.11.00

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

Submission Type

New  
 Resubmission Document ID #:



Conveyance Type

Assignment  Merger  
 Security Agreement  License  
 Change of Name  
 Other

Conveying Party:

Additional Names attached:  Yes  No

Name: Morton Custom Plastics, LLC

Execution Date:

Individual  General Partnership  Limited Partnership  Corporation  Association  Other: Limited Liability Corp.

Citizenship/State of Incorporation/Organization: Delaware

Receiving Party:

Additional Names attached:  Yes  No

Name: ProMasters, Inc.

Address: 1314 South Main Street, Kannapolis, NC 28082

Individual  General Partnership  Limited Partnership  Corporation  Association  Other:

Citizenship/State of Incorporation/Organization: North Carolina

Domestic Representative Name and Address:

Correspondent Name and Address: Andy Porter  
Crowell & Porter  
120 North Jackson Street  
Salisbury, NC 28144

Total Number of Pages, including conveyance document and pages attached: 12

Additional numbers attached?  Yes  No

Application number(s) or Registration number(s):

Trademark Application No.(s)

Registration No.(s)

2,037,370

Total fee (37 CFR § 3.41) \$40.00

Enclosed

Deposit account number:

Charge any underpayment  Credit any overpayment

9. Statement and signature: To the best of my knowledge and belief, the foregoing information is true and correct and any attached copy is a true copy of the original document.

Bryan S. Gullledge

March 27, 2000

Name of Person Signing

Signature

Date

FOR OFFICE USE ONLY

05/04/2000 JSHARAZZ 00000272 2037370

01 FC:481

40.00 UP

Mail document to be recorded with required cover sheet information to:  
Commissioner of Patents and Trademarks, Box Assignments, Washington, DC 20231

## ASSIGNMENT

THIS ASSIGNMENT, effective as of the 27 day of March, 2000 is made by Morton Custom Plastics, LLC, a Delaware limited liability company ("Assignor"), in favor of Pro Master, Inc. ("Assignee").

### WITNESSETH:

WHEREAS, Assignor wishes to assign to Assignee a trademark owned by or licensed to Assignor (the "Trademark").

WHEREAS, the Trademark is set forth on Exhibit A attached hereto and made a part hereof by this reference.

WHEREAS, the Trademark is registered with the United States Patent and Trademark Office.

WHEREAS, Assignor desires to sell, transfer and assign to Assignee all of Assignor's right, title and interest in and to the Trademark together with the goodwill of the business in connection with which the Trademark are used and which are symbolized by the Trademark, along with the right to sue and recover damages and profits for past infringements thereof.

WHEREAS, Assignee desires to acquire from Assignor the Trademark together with the goodwill of the business in connection with which the Trademark are used and which are symbolized by the Trademark, along with the right to sue and recover damages and profits for past infringements thereof.

NOW, THEREFORE, for good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, Assignor hereby sells, transfers and assigns to Assignee, its successors and assigns, Assignor's entire right, title and interest in and to the Trademark, together with all of the goodwill of the business in connection with which the Trademark is used and which are symbolized by the Trademark, along with the right to sue and recover damages and profits for past infringements thereof.

TO HAVE AND TO HOLD by Assignee, its successors and assigns, as fully and entirely as the same would have been held and enjoyed by Assignor had not this transfer and assignment been made.



**EXHIBIT A TO ASSIGNMENT  
BY AND BETWEEN  
MORTON CUSTOM PLASTICS, LLC ("ASSIGNOR")  
AND  
PRO MASTER, INC. ("ASSIGNEE")**

The Trademark assigned is as follows:

<u>Trademark</u>	<u>Registration No.</u>	<u>Date of Registration</u>
PRO MASTER INDUSTRIES	2,037,370	February 11, 1997

AMENDMENT TO LOAN AND SECURITY AGREEMENT

That certain Loan and Security Agreement dated as of March 27, 2000 between PRO MASTER, INC., as Debtor and Westminster Development Bank as Secured Party is hereby amended as follows:

Section 1.5 Collateral is hereby amended to include the following new Section 1.54:

1.54 All right title in interest of Debtor in and to those certain United states Letters Patent Nos:

- (a) 2,037,370 (Trademark)
- (b) RE 35,757; 5,385,379 (patents)

And Trademark: as above

EXECUTED as of the date shown above.

ATTEST/WITNESS(ES):

[Signature]

PRO MASTER, INC.

By: [Signature]  
Print Name: BRYAN S. GULLEDGE  
Title: President

By: [Signature]  
Print Name: ALEXANDER J. KELLER  
Title: Vice President  
(corporate seal)

WESTMINSTER DEVELOPMENT BANK

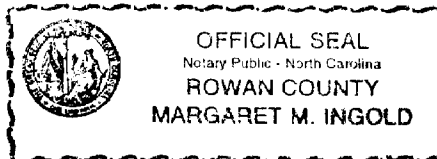
[Signature]

By: [Signature]  
Print Name: Jennifer L. Walls  
Print Title: Vice President

STATE OF NORTH CAROLINA  
COUNTY OF ROWAN

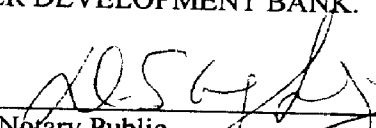
In Salisbury in said County of the 5<sup>th</sup> day of March, 2000, before me personally appeared BRYAN S. GULLEDGE, President and ALEXANDER J. KELLER, Vice President of PRO MASTER, INC. to me known and known by me to be the parties executing the foregoing instrument on behalf of said corporation and they acknowledged said instrument by their executed to be their free act and deed and the free act and deed of said PRO MASTER, INC.

[Signature]  
Notary Public  
My Commission expires: 6/18/2003  
(Seal)



STATE OF RHODE ISLAND  
COUNTY OF PROVIDENCE

In PROVIDENCE in said County of the 7 day of April, 2000, before me personally appeared JENNIFER L. WALLS, Vice President of WESTMINSTER DEVELOPMENT BANK, to me known and known by me to be the party executing the foregoing instrument on behalf of WESTMINSTER DEVELOPMENT BANK and she acknowledged said instrument by her executed to be her free act and deed and the free act and deed of said WESTMINSTER DEVELOPMENT BANK.

  
\_\_\_\_\_  
Notary Public

My Commission expires: 7/10/01

(Seal)

# WESTMINSTER DEVELOPMENT BANK

## LOAN AND SECURITY AGREEMENT

<b>DEBTOR: PRO MASTER, INC.</b>	<b>SECURED PARTY:</b>
	<b>WESTMINSTER DEVELOPMENT BANK</b>
SBA Loan # GP 359 761 40 07 Char	
Address: 1314 South Main Street	Address:
Kannapolis, NC 28081	40 Westminster Street
	Providence, Rhode Island 02903

THIS LOAN AND SECURITY AGREEMENT ("Agreement") is made March 27, 2000, between the above named ("Debtor") and Westminster Development Bank ("Secured Party") as identified in the Authorization issued by the U.S. Small Business Administration ("SBA") to Secured Party, dated February 23, 2000 ("Authorization")

SBA has authorized a guaranty of a loan from Secured Party to Borrower for the amount and under the terms stated in the said Authorization (the "Loan").

In consideration of the promises in this Agreement, and for other good and valuable consideration, Debtor and Secured Party agree that, subject to the terms and conditions of the Authorization and SBA's Participating Lenders rules as defined in the Guarantee Agreement between Secured Party and SBA, Secured Party agrees to make the Loan if the Debtor:

- a. Provides Secured Party with all certifications, documents or other information Secured Party is required by the Authorization to obtain from Debtor or any third party;
- b. Executes a note and any other documents required by Secured Party ; and
- c. Does everything necessary for Secured Party to comply with the terms and conditions of the Authorization.

For value received, the receipt and sufficiency of which is hereby acknowledged, Debtor hereby grants to Secured Party, a Rhode Island loan and investment bank with its principal place of business in Providence, Rhode Island, the security interests set forth below on the terms and conditions set forth herein.

For purposes of this Agreement, any party which controls, is controlled by or under common control with another party shall be deemed an "affiliate" of such other party. The term "control" means the possession, directly or indirectly, of the power to cause the direction of the management and policies of a party, whether through the ownership of voting securities, by contract or otherwise.

### 1. DEFINITIONS

When used herein, the terms set forth below shall be defined as follows:

1.1 "Date of Agreement" is: March 27, 2000.

1.2 "Equipment" means all machinery and equipment and furniture and fixtures of Debtor (**excluding** automotive equipment), now owned or hereafter acquired by Debtor, and used or acquired for use in the business of Debtor, together with all accessions thereto and all substitutions and replacements thereof and parts therefor, all cash or non-cash proceeds; and including, without limitation, all Equipment listed on any schedule attached hereto.

1.3 "Inventory" means all goods, merchandise and other personal property now owned or hereafter acquired by Debtor which are held for sale or lease, or are furnished or to be furnished under any contract of service or are raw materials, work-in-process, supplies or materials used or consumed in Debtor's business, and all products thereof, and all substitutions, replacements, additions or accessions therefore and thereto; all cash or non-cash proceeds of all of the foregoing, including insurance proceeds, and including , without limitation, all inventory listed on any schedule attached hereto.

1.4 "Receivables" means all accounts, contract rights, instruments, documents, chattel paper, general intangibles (including, without limitation, chooses in action, tax refunds, and insurance proceeds); any other obligations or indebtedness owed to Debtor from whatever source arising; all rights of Debtor to receive any payments in money or kind; all guarantees of Receivables and security therefor; all cash or non-cash proceeds of all of the foregoing; all of the right, title and interest of Debtor in and with respect to the goods, services or other property which gave rise to or which secure any of the Receivables and insurance policies and proceeds relating thereto, and all of the rights of Debtor as an unpaid seller of goods or services, including, without limitation, the rights of stoppage in transit, replevin, reclamation and resale; and all of the foregoing, whether now existing or hereafter created or acquired.

1.5 "Collateral" means:

1.5.1 Receivables; Inventory and Equipment

1.5.2 All ledger sheets, files, records, documents and instruments (including, without limitation, computer programs, tapes and related electronic data processing software) evidencing an interest in or relating to the Collateral; and

1.5.3 All instruments, documents, securities, cash, property and the proceeds of any of the foregoing, owned by Debtor or in which Debtor has an interest, which now or hereafter are at any time in possession or control of Secured Party or in transit by mail or carrier to or from Secured Party or in the

possession of any third party acting on behalf of Secured Party, without regard to whether Secured Party received the same in pledge, for safekeeping, as agent for collection or transmission or otherwise or whether Secured Party had conditionally released the same.

1.6 "Event of Default" means each and every event specified in Section 5 of this Agreement.

1.7 "Obligations" means all indebtedness, obligations and liabilities of Debtor to Secured Party of every kind and description, direct or indirect, secured or unsecured, joint or several, absolute or contingent, due or to become due, whether for payment or performance, now existing or hereafter arising, regardless of how the same arise or by what instrument, agreement or book account they may be evidenced, or whether evidenced by any instrument, agreement or book account including, without limitation, all loans (including any loan by renewal or extension), all indebtedness, all undertakings to take or refrain from taking any action, all indebtedness, liabilities or obligations owing from Debtor to others which Secured Party may have obtained by purchase, negotiation, discount, assignment or otherwise, and all interest, taxes, fees, charges, expenses and attorney's fees chargeable to borrower or incurred by Secured Party under this Agreement, or any other document or instrument delivered in connection herewith, and further including, without limitation, all obligations of Debtor to Secured Party pursuant to: **SBA Promissory Note in the principal amount of \$1,400,000.00 of execution date hereof and Authorization (SBA Guaranteed Loan) among SBA and Secured Party ("SBA Agreement")**.

Notwithstanding the foregoing, Secured Party waives any rights to Collateral or any other property of Debtor with Secured Party as security for any indebtedness of an individual Debtor to Secured Party to which the Truth-in-Lending Act and Regulation Z promulgated thereunder apply.

To the extent not defined in this Section 1, unless the context otherwise requires, all other terms contained in this Agreement shall have the meanings attributed to them by Article 9 of the Uniform Commercial Code in force in the State of Rhode Island, as of the Date of Agreement, to the extent the same are used or defined therein.

## 2. REPRESENTATIONS, WARRANTIES AND COVENANTS OF DEBTOR.

Debtor represents and warrants and such representations and warranties shall be continuing representations and warranties as long as any Obligations shall remain outstanding, as follows:

2.1. Ownership; No Encumbrances. Except for the security interests granted Secured Party, the Debtor is and will be the owner of all Collateral free and clear from all charges, liens, security interests, adverse claims and encumbrances of any and every nature.

2.2. Organization. If a corporation, Debtor has been duly incorporated and organized and is existing as a corporation in good standing under the laws of its jurisdiction or incorporation and is duly qualified and in good standing as a foreign corporation in those jurisdictions where the conduct of its business or the ownership of its properties requires qualification.

2.3. Tradename/Location. Debtor utilizes no trade names, in the conduct of its business, except as set forth in Section 9 of this Agreement; has not changed its name, been the surviving entity in a merger acquired any business; or (if Receivables are included as Collateral), changed the location of its chief place of business or chief executive office or the location of its records with respect to Receivables or the location of any returns of Inventory; or (if Inventory is included as Collateral), the location of any of the Inventory; or (if Equipment is included as Collateral), the location of the Equipment, except as set forth in Section 9 hereof.

2.4. No Default. Debtor is not in default with respect to any agreement to which it is a party or by which it is bound. The execution and performance of this Agreement and any other document or instrument to be delivered hereunder or as a supplement hereto will not violate any law or the terms of the incorporation documents or bylaws of Debtor nor will it violate or result in a default or in the creation or imposition of any lien or encumbrance upon any of the Collateral (immediately, with the passage of time, or with the giving of notice and the passage of time) under any other contract, agreement or instrument to which Debtor is bound; nor will it result in the acceleration of any obligation under any mortgage, lien, lease, franchise, license, permit, agreement, instrument, order, arbitration award, judgment or decree, or in the termination of any license, franchise, lease or permit, to which Debtor is a party, or by which it is bound; and it will not violate or conflict with any other restriction of any kind or character to which Debtor is subject.

2.5. Authority. This Agreement and any document or instrument delivered in connection herewith and the transactions contemplated hereby or thereby have been duly authorized and/or executed and delivered, as appropriate; and this Agreement and such other documents and instruments constitute valid and legally binding obligations of Debtor and are enforceable against Debtor in accordance with their respective terms. Debtor has the power and authority to own the Collateral, to enter into and perform this Agreement, and any other document or instrument delivered in connection herewith and to incur the Obligations.

2.6. No Financing Statements. During the term of this Agreement, there will be no financing statement or similar filing on file in any public office covering any part of the Collateral, and Debtor will not execute one, except the financing statements filed or to be filed in favor of Secured Party or those filed by third parties who have properly subordinated their interests in favor of Secured Party or as set forth in Section 9 of this Agreement.

2.7. Accuracy of Information. All information furnished to Secured Party concerning Debtor, the Collateral and the Obligations, or otherwise for the purpose of obtaining or maintaining credit, is or will be at the time the same is furnished, accurate and complete in all material respects.

2.8. Addresses. The address of Debtor designated at the beginning of this Agreement is Debtor's Chief Executive Office. Debtor agrees not to change such address without advance written notice to Secured Party.

## 3. GRANT OF SECURITY INTEREST

**To secure the payment and performance of the Obligations, Debtor hereby pledges, assigns, and transfers to Secured Party, and grants to Secured Party a continuing security interest in and to all of the Collateral.**

## 4. GENERAL COVENANTS. Debtor covenants and agrees as follows:

4.1. Operation of the Collateral. Debtor agrees to use the Collateral solely in the conduct of its own business, in a careful and proper manner, and in conformity with all applicable permits or licenses. Debtor shall comply in all respects with all applicable statutes, laws, ordinances, and regulations. Debtor shall not use the Collateral in any unlawful manner or for any unlawful purposes, or in any manner or for any purpose that would expose the Collateral to unusual risk, or to penalty, forfeiture or capture, or that would render inoperative any insurance covering or issued in connection with the Collateral.

4.2. Condition. Debtor shall maintain, service and repair the Collateral, if Equipment and/or Inventory, so as to keep it in good operating condition. Debtor shall replace within a reasonable time all parts that may be worn out, lost, destroyed or otherwise rendered unfit for use, with appropriate replacement parts. Debtor shall obtain and maintain in good standing at all times all applicable permits, licenses, registrations and certificates respecting the Collateral. Debtor shall not affix any of the Collateral to any real property without the prior written consent of Secured Party. Debtor agrees that the Collateral is and shall at all times remain personal property notwithstanding that it may now or hereafter be affixed to realty.



All books, records, and documents relating to any of the Receivables (including computer records) are and will be genuine and in all respects what they purport to be; and the amount of each Receivable shown on the books and records of Debtor is and will be the correct amount actually owing or to be owing at maturity of such Receivables.

Until Secured Party directs otherwise, upon an Event of Default, Debtor shall collect the Receivables, subject to the direction and control of Secured Party at all times. Any proceeds of Receivables collected by Debtor shall not be commingled with other funds of Debtor and shall, upon the request of Secured Party, be immediately delivered to Secured Party in the form received, except for necessary endorsement to permit collection; Secured Party may, in its sole discretion, allow Debtor to use such funds to such extent and for such periods, if any, as Secured Party elects.

4.3. Assessments. Debtor shall promptly pay when due all taxes, assessments, licenses, fees, registration fees, and governmental charges levied or assessed against Debtor or with respect to the Collateral or any part thereof.

4.4. Location. Except as otherwise provided in this Agreement, Debtor shall not remove the Collateral from Debtor's Address Listed, above, without Secured Party's prior written consent; except that if the Collateral is of a type that is normally moved from site to site or constitutes Mobile Goods, as such term is defined in the Uniform Commercial Code, it may temporarily be removed from such location provided that it will be based at such location and stored there when not in use.

4.5. No Transfer. Debtor shall not, without the prior written consent of Secured Party, sell, assign, transfer, lease, charter, encumber, hypothecate or dispose of the Collateral, or any part thereof, or interest therein, or offer to do any of the foregoing.

4.6. Notices and Reports. Debtor shall promptly notify Secured Party in writing of any change in the name, identity or the structure of Debtor, any charge, lien, security interest, claim or encumbrance asserted against the Collateral, any litigation involving the Collateral, any theft, loss, injury or similar incident involving the Collateral, and any other material matter adversely affecting Debtor or the Collateral. Debtor shall furnish such other reports, information and data regarding Debtor's financial condition and operations, the Collateral and such other matters as Secured Party may request from time to time. If requested by either the SBA Agreement or Secured Party, Debtor will, within 90 days of the close of each of its fiscal years, deliver to Secured Party Debtor's balance sheet and statement of income certified to by a recognized firm of certified public accountants or by Debtor's Chief Financial Officer, as being prepared in accordance with generally accepted accounting principles consistently applied, and Debtor, upon request, will deliver to Secured Party, within 90 days of the close of each fiscal quarter, copies of Debtor's quarterly balance sheet and statement of income for the quarter just ended certified by Debtor's Chief Financial Officer.

4.7. Landlord's Waivers. Debtor shall furnish to Secured Party, if requested, a landlord's and/or mortgagee's waiver of all liens with respect to any Collateral covered by this Agreement that is or may be located upon leased or mortgaged premises, such waivers to include permission to remove the Collateral from the premises and to be in such form and upon such terms as are acceptable to Secured Party.

4.8. Additional Assurance. Debtor shall do, make, execute and deliver all such additional and further acts, things, deeds, assurances and instruments as Secured Party may require in order to vest in and assure the Secured Party its rights hereunder or in any of the Collateral, including without limitation, execution and delivery of financing statements which Secured Party deems appropriate to perfect and continue the security interests hereby granted. Debtor hereby irrevocably appoints Secured Party and each of its employees as its true and lawful attorney with full power and authority for Debtor and in the Debtor's name to sign and file financing statements covering the Collateral and any and all documents necessary to protect and record Secured Party's interest in the Collateral under any applicable Certificate of Title statute. Secured Party may file or record this Agreement, or a photographic copy hereof, as a financing statement.

4.9. Protection of Collateral. Secured Party, at its option and without prior notice to Debtor, after an Event of Default, but without any obligation whatsoever to do so, may: (a) discharge taxes, claims, charges, liens, security interests, assessments or other encumbrances of any and every nature whatsoever at any time levied, placed upon or asserted against the Collateral; (b) place and pay for insurance on the Collateral, including insurance that only protects Secured Party's interest; (c) pay for the repair, improvement, testing, maintenance and preservation of the Collateral; (d) pay any filing, recording, registration, licensing or certification fees or other fees and charges related to the Collateral; or (e) take any other action to preserve and protect the Collateral and Secured Party's rights and remedies under this Agreement as Secured Party may deem necessary or appropriate.

Debtor further agrees to reimburse Secured Party promptly upon demand for any payment made or any expense incurred by the Secured Party pursuant to this authorization. These payments and expenditures, together with interest thereon from the date incurred until paid by Debtor at the maximum contract rate allowed under applicable laws, which Debtor agrees to pay, shall constitute additional Obligations and shall be secured by and entitled to the benefits of this Agreement.

4.10. Inspection. Debtor shall at all reasonable times allow Secured Party, by or through any of its officers, agents, attorneys or accountants, to examine the Collateral, wherever located, and to examine and make extracts from Debtor's books and records.

4.11. Insurance. Debtor shall have and maintain insurance at all times with respect to all tangible Collateral insuring against risks of fire, theft and other risks (so-called "All Risk") as Secured Party may require, containing such terms, in such form and amounts and written by such companies as may be satisfactory to Secured Party, all of such insurance to contain a loss payable clause in favor of Secured Party, as their interests may appear. All policies of insurance shall provide for 30 days' written minimum cancellation notice to Secured Party and, at the request of Secured Party, shall be delivered to and held by it. Such insurance shall be primary to Secured Party and non-contributory with any other insurance carried by Secured Party. The insurance shall not be invalidated as against Secured Party for any violation of any term of the policy or Debtor's application therefor. Upon an Event of Default, Secured Party is hereby authorized to act as attorney for Debtor in obtaining, adjusting, settling and canceling such insurance and endorsing any drafts or instruments. Secured Party shall be authorized to apply the proceeds from any insurance to the Obligations secured hereby whether or not such Obligations are then due and payable.

## 5. EVENTS OF DEFAULT.

The occurrence of any of the following shall, at the option of Secured Party and without any notice other than as provided herein, constitute an Event of Default under this Agreement:

5.1. Debtor fails to pay any sums due under any of the Obligations as and when due;

5.2. Debtor fails to perform any other covenant related to the Obligations or contained herein and such failure continues for twenty (20) days after written notice by Secured Party to Debtor, or Debtor failure to abide by any of Debtor's Obligations or terms of the Authorization that pertain to the Debtor;

5.3. Debtor shall be in default in the payment of any other obligation now or hereafter owed by Debtor to Secured Party under any other agreement or instrument;

5.4. Debtor files a petition in bankruptcy, or for reorganization, or for an arrangement pursuant to the U.S. Bankruptcy Code, or any similar federal or state or foreign law, or is adjudicated bankrupt or insolvent, or makes an assignment for the benefit of creditors, or admits in writing its inability to pay its debts generally as they become due, or is dissolved, or suspends payment of any of its obligations, or takes any action in furtherance of any of the foregoing;

5.5. A petition or answer proposing the adjudication of Debtor as a bankrupt, or its reorganization under the U.S. Bankruptcy Code, or any similar federal or state or foreign law is filed in any court and (i) Debtor shall consent to such filing, or (ii) such petition or answer is not discharged or denied within sixty (60) days after such filing;

5.6. A receiver, trustee or liquidator (or other similar official) is appointed for or takes possession or charge of Debtor, substantially all of its assets, or any Collateral;

5.7. Debtor's interest in any Collateral is levied upon or attached in any proceeding, and such process is not vacated or discharged within thirty (30) days thereafter;

5.8. Debtor attempts to sell, transfer, mortgage, pledge, or otherwise encumber, sublet or part with possession of any Collateral without Secured Party's prior written consent;

## 6. REMEDIES.

Upon the occurrence of an Event of Default, Secured Party, at its option, shall be entitled to exercise any one or more of the following remedies (all of which are cumulative):

6.1. Declare Obligations Due. Secured Party, at its option, may declare the Obligations or any part thereof immediately due and payable, without demand, notice of intention to accelerate, notice of acceleration, notice of nonpayment, presentment, protest, notice of dishonor, or any other notice whatsoever, all of which are hereby waived by Debtor and any maker, endorser, guarantor, surety or other party liable in any capacity for any of the Obligations.

6.2. Other Remedies. Secured Party shall have all of the rights and remedies provided for in this Agreement and in any other agreements executed by Debtor, the rights and remedies in the Uniform Commercial Code and any and all of the rights and remedies at law and equity, all of which shall be deemed cumulative. Without limiting the foregoing, Debtor agrees that Secured Party shall have the right to: (a) require Debtor to assemble the Collateral and make it available to Secured Party at a place designated by Secured Party; (b) take possession of the Collateral, with or without process of law, and in this connection, enter any premises where the Collateral is located to remove same, to render it unusable, or to dispose of same on such premises; (c) sell, lease or otherwise dispose of the Collateral, by public or private proceedings, for cash or credit, without assumption of credit risk; and/or (d) whether before or after default, collect and receipt for, compound, compromise, and settle, and give releases, discharges and acquittances with respect to any and all amounts owed by any person or entity with respect to the Collateral. Unless the Collateral is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market, Secured Party will send Debtor reasonable notice of the time and place of any public sale or of the time after which any private sale or other disposition will be made. Any requirement of reasonable notice to Debtor shall be met if such notice is mailed, postage prepaid, to Debtor at the address of Debtor designated at the beginning of this Agreement, at least 10 days before the day of any public sale or at least 10 days before the time after which any private sale or other disposition will be made.

6.3. Expenses. Debtor shall be liable for and agrees to pay the reasonable expenses incurred by Secured Party in enforcing its rights and remedies, in retaking, holding, testing, repairing, improving, selling, leasing or disposing of the Collateral, or like expenses, including, without limitation, attorneys' fees and legal expenses incurred by Secured Party. These expenses, together with interest thereon from the date incurred until paid by Debtor at the maximum contract rate allowed under applicable laws, which Debtor agrees to pay, shall constitute additional Obligations and shall be secured by and entitled to the benefits of this Agreement. All reasonable efforts will be made to avoid duplicate costs and expenses.

6.4. Proceeds; Surplus; Deficiencies. Proceeds received by Secured Party from disposition of the Collateral shall be applied toward Secured Party's expenses and other Obligations in the order or manner provided herein. Debtor shall be entitled to any surplus if one results after lawful application of all proceeds. Debtor shall remain liable for any deficiency.

6.5. Remedies Cumulative. In addition to the remedies set forth in the SBA Agreement or any other document evidencing the Obligations, the rights and remedies of Secured Party are cumulative and the exercise of any one or more of the rights or remedies shall not be deemed an election of rights or remedies or a waiver of any other right or remedy. Secured Party may remedy any default without waiving the default remedied and may waive any default without waiving any other prior or subsequent default.

## 7. OTHER AGREEMENTS.

7.1. Savings Clause. Notwithstanding any provision to the contrary herein, or in any of the documents evidencing the Obligations or otherwise relating thereto, no such provision shall require the payment or permit the collection of interest in excess of the maximum permitted by applicable usury laws. If any such excessive interest is so provided for, then in such event: (a) the provisions of this paragraph shall govern and control; (b) neither the Debtor nor his heirs, legal representatives, successors or assigns or any other party liable for the payment thereof shall be obligated to pay the amount of such interest to the extent that it is in excess of the maximum amount permitted by law; (c) any such excess interest that may have been collected shall be, at the option of the holder of the instrument evidencing the Obligations, either applied as a credit against the unpaid principal amount thereof or refunded to the maker thereof; and (d) the effective rate of interest shall be automatically reduced to the maximum lawful rate under applicable usury laws as now or hereafter construed by the courts having jurisdiction.

7.2. Joint and Several Responsibility. If this Security Agreement is executed by more than one Debtor, the obligations of all such Debtors shall be joint and several.

7.3. Waivers. Debtor and any maker, endorser, guarantor, surety or other party liable in any capacity respecting the Obligations hereby waive demand, notice of intention to accelerate, notice of acceleration, notice of nonpayment, presentment, protest, notice of dishonor and to the extent permitted by law, any other similar notice whatsoever.

7.4. Severability. Any provision hereof found to be invalid by the courts having jurisdiction shall be invalid only with respect to such provision (and then only to the extent necessary to avoid such invalidity). The offending provision shall be modified to the maximum extent possible to confer upon Secured Party the benefits intended thereby. Such provision as modified and the remaining provisions hereof shall be construed and enforced to the same effect as if such offending provision or portion thereof had not been contained herein, to the maximum extent possible.

7.5. Notices. Any notice or demand given by Secured Party to Debtor in connection with this Agreement, the Collateral or the Obligations, shall be deemed given and effective upon deposit in the United States mail, postage prepaid, addressed to Debtor at the address of Debtor designated at the beginning of this Agreement. Actual notice to Debtor shall always be effective no matter how given or received.

7.6. Amendments. Neither this Agreement nor any of its provisions may be changed, amended, modified, waived or discharged orally, but only by an instrument in writing signed by the party against whom enforcement of the change, amendment, modification, waiver or discharge is sought.

7.7. Binding Effect. The provisions of this Agreement shall be binding upon the heirs, personal representatives, successors and assigns of Debtor and the rights, powers and remedies of Secured Party hereunder shall inure to the benefit of the successors and assigns of Secured Party.

7.8. Secured Party Not a Fiduciary. The relationship between Debtor and Secured Party is solely of debtor and creditor, and Secured Party has no fiduciary or other special relationship with Debtor, and no term or provision of any of the Loan documents evidencing the Obligations shall be construed so as to deem the relationship between the parties to be other than that of debtor and creditor.

7.9. Governing Law. This Security Agreement shall be governed by the substantive law of the State of Rhode Island and applicable Federal law. Debtor consents to the non-exclusive jurisdiction of any court of general jurisdiction sitting in Providence County, Rhode Island, in any and all actions and proceedings between the parties hereto arising under or growing out of this Security Agreement or any of the Obligations and irrevocably agrees to service of process by any means authorized under Rhode Island law

## 8. ASSIGNMENT BY BANK

Secured Party may, from time to time, without notice to the undersigned, sell, assign, transfer or otherwise dispose of all or any part of the Obligations and/or the Collateral therefor. In such event, each and every immediate and successive purchaser, assignee, transferee or holder of all or any part of the Obligations and/or the Collateral shall have the right to enforce this Agreement, by legal action or otherwise, for its own benefit as fully as if such purchaser, assignee, transferee or holder were herein by name specifically given such rights; Secured Party shall have an unimpaired right to enforce this Agreement for its benefit to that portion of the Obligations of Debtor as Secured Party has not sold, assigned, transferred or otherwise disposed of.

## 9. ADDITIONAL INFORMATION

Information, if any, required to be set forth herein by paragraphs as applicable shall be inserted in the following spaces:

2.3 (Borrower's trade names, prior names, predecessors of mergers, businesses acquired and/or other locations.)

2.3 (Location of Inventory or records with respect thereto other than Debtor's Address; Address of other places(s) of business of Borrower where records (including computer records) with respect to Receivables or returns of Inventory are kept other than Borrower's Address.)

2.6 (other financing statements)

## 10. SBA ENFORCEMENT

*The Loan secured by this lien was made under a United States Small Business Administration (SBA) nationwide program which uses tax dollars to assist small business owners. If the United States is seeking to enforce this document, then under SBA regulations:*

- a) *When SBA is the holder of the Note, this documents and all documents evidencing or securing this Loan will be construed in accordance with federal law.*
- b) *Lender or SBA may use local or state procedures for purposes such as filing papers, recording documents, giving notice, foreclosing liens, and other purposes. By using these procedures, SBA does not waive any federal immunity from local or state control, penalty, tax or liability. No Borrower or Guarantor may claim or assert against SBA any local or state law to deny any obligation of Borrower, or defeat any claim of SBA with respect to this Loan.*

*Any clause in this document requiring arbitration is not enforceable when SBA is the holder of the Note secured by this instrument.*

## 11. ADDITIONAL PROVISIONS APPLICABLE TO DEBTOR (IF ANY)

This Agreement shall secure any moneys due or to become due under Policy(ies) No. 200819449 and under any contracts, supplemental or additional thereto issued by Westcoast Life on the life of Bryan S. Gulledge surplus or additions to the Policy(ies) now or hereafter made or apportioned thereto, together with any and all claims, options, privileges, rights, title and interest in and under the Policy(ies) subject, however, to all the terms and conditions of the Policy(ies).

**(Signatures and Notary Acknowledgements appear on the following page.)**

EXECUTED as of the date shown above.

Attest/Witness

*[Handwritten signature]*

PRO MASTER, INC.

By: *Bryan S. Gullede*  
Print Name: BRYAN S. GULLEDGE  
Print Title: President

By: *Alexander J. Keller*  
Print Name: ALEXANDER J. KELLER  
Print Title: Vice President


[Corporate Seal]

WESTMINSTER DEVELOPMENT BANK

By: *J. Walls*  
Print Name: Jennifer L. Walls  
Title: Vice President

STATE OF NORTH CAROLINA  
COUNTY OF Rowan

In NC. in said County on the 27th day of March 2000, before me personally appeared BRYAN S. GULLEDGE, PRESIDENT and ALEXANDER J. KELLER, Vice President of PRO MASTER, INC. to me known and known by me to be the party executing the foregoing instrument on behalf of said corporation and he/she/they acknowledged said instrument by him/her/they executed to be his/her/their free act and deed and the free act and deed of said PRO MASTER, INC..

 OFFICIAL SEAL  
Notary Public - North Carolina  
ROWAN COUNTY  
MARGARET M. INGOLD  
Notary Public:  
My Commission Expires: June 18, 2003  
*Margaret M. Ingold*  
[Official Seal]

STATE OF RHODE ISLAND  
COUNTY OF PROVIDENCE

In Providence in said County on the 7 day of April 2000 before me personally appeared JENNIFER L. WALLS, Vice President of WESTMINSTER DEVELOPMENT BANK, to me known and known by me to be the party executing the foregoing instrument on behalf of WESTMINSTER DEVELOPMENT BANK and he/she/they acknowledged said instrument by him/her/they executed to be his/her/their free act and deed and the free act and deed of said WESTMINSTER DEVELOPMENT BANK.

*M. S. G. G.*  
Notary Public:  
My Commission Expires: 7/10/01  
[Official Seal]