

06-30-2000



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U.S. Department of Commerce
Patent and Trademark Office

TRADEMARK

JUN 5 2000

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RECORDATION FORM COVER SHEET TRADEMARKS ONLY

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

Submission Type

- New
- Resubmission (Non-Recordation)
Document ID #
- Correction of PTO Error
Reel # Frame #
- Corrective Document
Reel # Frame #

Conveyance Type

- Assignment
- License
- Security Agreement
- Nunc Pro Tunc Assignment
Effective Date
Month Day Year
- Merger
- Change of Name
- Other

Conveying Party

Mark if additional names of conveying parties attached

Name

Execution Date
Month Day Year

Formerly

- Individual
- General Partnership
- Limited Partnership
- Corporation
- Association
- Other

Citizenship/State of Incorporation/Organization

Receiving Party

Mark if additional names of receiving parties attached

Name

DBA/AKA/TA

Composed of

Address (line 1)

Address (line 2)

Address (line 3)
City State/Country Zip Code

- Individual
- General Partnership
- Limited Partnership
- Corporation
- Association
- Other

If document to be recorded is an assignment and the receiving party is not domiciled in the United States, an appointment of a domestic representative should be attached. (Designation must be a separate document from Assignment.)

Citizenship/State of Incorporation/Organization

06/29/2000 DNGUYEN 00000083 75529135

FOR OFFICE USE ONLY

01 FC:481 40.00 OP
02 FC:482 100.00 OP

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

TRADEMARK
REEL: 002094 FRAME: 0300

Domestic Representative Name and Address

Enter for the first Receiving Party only.

Name

Address (line 1)

Address (line 2)

Address (line 3)

Address (line 4)

Correspondent Name and Address

Area Code and Telephone Number

Name

Address (line 1)

Address (line 2)

Address (line 3)

Address (line 4)

Pages

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

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

Mark if additional numbers attached

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

Trademark Application Number(s)

Registration Number(s)

Number of Properties

Enter the total number of properties involved. #

Fee Amount

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

Method of Payment: Enclosed Deposit Account

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

Authorization to charge additional fees: Yes No

Statement and Signature

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

Randy P. Orlik
Name of Person Signing

Randy P. Orlik
Signature

June 2, 2000
Date Signed

MASTER PATENT AND TRADEMARK SECURITY AGREEMENT

THIS MASTER PATENT AND TRADEMARK SECURITY AGREEMENT (the "Security Agreement") is made and dated this 28th day of April, 2000 by and between CUBIC BALANCE GOLF TECHNOLOGY, INC., a California corporation ("Borrower"), and CALIFORNIA BANK & TRUST, a California banking corporation ("Lender").

RECITALS

A. Lender has extended credit to Borrower on the terms and subject to the conditions set forth in that certain Business Loan Agreement dated May 7, 1998, as amended from time to time ("Prior Credit Agreement").

B. The Prior Credit Agreement matured by its terms on April 7, 2000, and Borrower has requested that Bank extend the maturity date of the Prior Credit Agreement to December 31, 2000, and make further modifications thereto.

C. The extension of the maturity date of the Prior Credit Agreement is being accomplished by the execution by Borrower and Lender of that Business Loan Agreement dated as of April 28, 2000 ("Credit Agreement").

D. The Loan being made pursuant to the Credit Agreement is being further evidenced by the terms and provisions of that Promissory Note in the original principal amount of \$2,794,615.10 dated April 28, 2000, executed by Borrower to the order of Lender ("Note").

E. In order to induce Lender to execute the Credit Agreement, Borrower has agreed to execute this Security Agreement to secure all of Borrower's obligations to lender, including without limitation under the Note and Credit Agreement.

NOW, THEREFORE, in consideration of the above Recitals and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, Borrower hereby agrees as follows:

AGREEMENT

1. Grant of Security Interest. Borrower hereby pledges, assigns, mortgages and grants to the Lender, a security interest in the property described in Paragraph 2 below (collectively and severally, the "Collateral") to secure payment and performance of the obligations described in Paragraph 3 below (collectively and severally, the "Obligations").

2. Collateral. The Collateral shall consist of the following:

A. Patents.

(i) All now existing or hereafter created or acquired, patents, letters patents, inventions, patent applications and rights and works protectable by patent, and, except to the extent prohibited by the terms hereof, all agreements in respect of patents owned by third

parties, including, without limitation, the patents specifically described on Schedule 1 attached hereto, as the same may be amended or replaced from time to time with the consent of the Lender;

(ii) All now existing and hereafter arising registrations and applications for registration relating to any of the foregoing, all renewals and extensions thereof throughout the world in perpetuity, and all rights to make such applications and to renew and extend the same;

(iii) All now existing and hereafter arising rights and licenses to make, have made, use and/or sell the inventions disclosed and claimed by any of the foregoing;

(iv) All now existing and hereafter arising right (but not the obligation) to register claims under any state, federal or foreign patent law or regulations;

(v) All now existing and hereafter arising rights, claims and interests under licensing or other contracts pertaining to any of the foregoing;

(vi) All now existing and hereafter arising documents, instruments and agreements which reveal the name and address of sources of supply, distribution methods and all terms of purchase, rental, license or use and delivery for all materials, products and components used in connection with any of the foregoing.

(vii) All now existing and hereafter arising specifications as to and quality control manuals used in connection with the operations utilizing any of the foregoing;

(viii) All now existing and hereafter arising goodwill associated with any of the foregoing;

(ix) All now existing and hereafter arising right (but not the obligation) to sue or bring opposition or cancellation proceedings in the name of the Borrower or the Lender for past, present and future infringements of any of the foregoing; and

(x) All products and proceeds of the foregoing Collateral. For purposes of this Security Agreement, the term "proceeds" includes whatever is receivable or received when Collateral or proceeds is sold, collected, exchanged or otherwise disposed of, whether such disposition is voluntary or involuntary, and includes, without limitation, all rights to payment, including return premiums, with respect to any insurance relating thereto.

B. Trademarks.

(i) All now existing or hereafter created or acquired trademarks or service marks, trademark applications and rights and works protectable by trademark, and, except to the extent prohibited by the terms hereof, all agreements in respect of trademarks owned by third parties, including, without limitation, the trademarks specifically described on Schedule 2 attached hereto, as the same may be amended or replaced from time to time with the consent of the Lender;

(ii) All now existing and hereafter arising registrations and applications for registration relating to any of the foregoing, all renewals and extensions thereof throughout the world in perpetuity, and all rights to make such applications and to renew and extend the same;

(iii) All now existing and hereafter arising right (but not the obligation) to register claims under any state, federal or foreign trademark law or regulations;

(iv) All now existing and hereafter arising rights, claims and interests under licensing or other contracts pertaining to any of the foregoing;

(v) All now existing and hereafter arising documents, instruments and agreements which reveal the name and address of sources of supply, distribution methods and all terms of purchase, rental, license or use and delivery for all materials, products and components used in connection with any of the foregoing.

(vi) All now existing and hereafter arising goodwill associated with any of the foregoing;

(vii) All now existing and hereafter arising right (but not the obligation) to sue or bring opposition or cancellation proceedings in the name of the Borrower or the Lender for past, present and future infringements of any of the foregoing; and

(viii) All products and proceeds of the foregoing Collateral. For purposes of this Security Agreement, the term "proceeds" includes whatever is receivable or received when Collateral or proceeds is sold, collected, exchanged or otherwise disposed of, whether such disposition is voluntary or involuntary, and includes, without limitation, all rights to payment, including return premiums, with respect to any insurance relating thereto.

3. Obligations. The obligations secured by this Security Agreement shall consist of all obligations, indebtedness and liabilities of Borrower to Lender, including, without limitation under the Credit Agreement and Note (whether principal, interest, fees or otherwise now existing or hereafter arising, and whether voluntary or involuntary, whether or not jointly owed with others, whether direct or indirect, absolute or contingent, contractual or tortious, liquidated or unliquidated, arising by operation of law or otherwise, whether or not from time to time decreased or extinguished and later increased, created or incurred and whether or not extended, modified, rearranged, restructured or replaced, including, without limitation, modifications to interest rates or other payment terms of such debts, obligations and liabilities).

4. Representations and Warranties. In addition to any representations and warranties of Borrower set forth in the Credit Agreement and any other agreement, which are incorporated herein by this reference, Borrower hereby represents and warrants that:

(a) Authority. Borrower has authority, and has completed all proceedings and obtained all approvals and consents necessary, to execute, deliver and perform this Security Agreement and the transactions contemplated hereby;

(b) No Default or Lien. Such execution, delivery and performance will not contravene, or constitute a default under or result in a lien upon any property of Borrower pursuant to any applicable law or regulation or any contract, agreement, judgment, order, decree, or other instrument binding upon or affecting Borrower;

(c) Enforceability. This Security Agreement constitutes a legal, valid and binding obligation of Borrower, enforceable in accordance with its terms (except as enforceability may be affected by bankruptcy, insolvency or other similar laws affecting the enforcement of creditor's rights), and this Security Agreement grants to the Lender a valid and enforceable lien on the Collateral, and upon the filing of all appropriate financing statements, the security interest of the Lender in the Collateral shall constitute a security interest prior to all liens.

(d) No Litigation. There is no action, suit or proceeding pending or, to the best knowledge of Borrower after reasonable investigation, threatened against Borrower which is reasonably likely to adversely affect its property or financial condition or the Collateral in any material respect;

(e) Ownership of Collateral. Borrower is the sole owner of and has good and marketable title to the Collateral (or, in the case of after-acquired Collateral, at the time the Debtor acquires rights in the Collateral, will be the sole owner thereof);

(f) Priority. No person has (or, in the case of after-acquired Collateral, at the time Borrower acquires rights therein, will have) any right, title, claim or interest (by way of security interest or other lien or charge) in, against or to the Collateral;

(g) Accuracy of Information. All information heretofore, herein or hereafter supplied to the Lender by or on behalf of Borrower with respect to the Collateral is true and correct in all material respects; and

(h) Schedule 1. Schedule 1 attached hereto sets forth an accurate and complete list of all patents owned by the Borrower which are registered (or pending for registration) with the United States Patent and Trademark Office.

(i) Schedule 2. Schedule 2, attached hereto sets forth an accurate and complete list of all trademarks and service marks owned by Borrower which are registered (or pending for registration) with the United States Patent and Trademark Office.

5. Covenants and Agreements of Borrower. In addition to all covenants and agreements of Borrower set forth in the Agreement, and any other agreement with the Lender which are incorporated herein by this reference, Borrower hereby agrees:

(a) Preservation of Collateral. To do all acts that are reasonably necessary to maintain, preserve and protect the Collateral;

(b) Use of Collateral. Not to use or permit any Collateral to be used unlawfully or in violation of any provision of this Security Agreement, any other agreement with

the Lender or the applicable statute, regulation or ordinance or any policy of insurance covering the Collateral.

(c) Defense of Litigation. To appear in and defend any action or proceeding which may affect its title to or the Lender's interest in the Collateral;

(d) Updated Schedule 1. Agrees, on a quarterly basis, to provide to the Lender an updated Schedule 1 identifying any additional patents (or patents for which registrations are pending) of which the Debtor becomes the owner;

(e) Updated Schedule 2. Agrees, on a quarterly basis, to provide to the Lender an updated Schedule 2 identifying any additional trademarks and service marks (or trademarks and service marks for which registration are pending) of which Borrower becomes the owner;

(f) Further Assurances. To procure, execute and deliver from time to time any endorsements, notifications, registrations, assignments, financing statements, and other writings deemed necessary or appropriate by the Lender to perfect, maintain and protect its security interest in the Collateral hereunder and the priority thereof, and to take such other actions as the Lender may reasonably request to protect the value of the Collateral and of the Lender's security interest in the Collateral, including, without limitation, provision of assurances from third parties regarding the Lender's access to, right to foreclose on or sell, the Collateral and right to realize the practical benefits of such foreclosure or sale; and

(g) Payment of Lender's Costs and Expenses. To reimburse the Lender upon demand for any costs and expenses, including, without limitation, attorneys' fees, which the Lender may incur while exercising any right, power or remedy provided by this Security Agreement or by law, all of which costs and expenses are included in the Obligations secured hereby.

6. Authorized Action by the Lender. Borrower hereby agrees that from time to time, without presentment, notice or demand, and without affecting or impairing in any way the rights of the Lender with respect to the Collateral the obligations of the Borrower hereunder or the Obligations, the Lender may, but shall not be obligated to and shall incur no liability to Borrower or any third party for failure to take any act which Borrower is obligated by this Security Agreement to do and to exercise such rights and powers as Borrower might exercise with respect to the Collateral, and Borrower hereby irrevocably appoints the Lender as its attorney-in-fact to exercise such rights and powers.

7. Default. A default ("Event of Default") under this Security Agreement shall be deemed to exist upon the occurrence of a default or on account of any of the Obligations, or the occurrence of an Event of Default under the Credit Agreement or Note.

8. Remedies. Upon the occurrence and during the continuance of any such Event of Default, the Lender may, and without notice to or demand on Borrower and in addition to all rights and remedies available to the Lender under any other agreement, do any one or more of the following:

(a) General Enforcement. Foreclose or otherwise enforce the Lender's security interest in any manner permitted by law, or provided for in this Security Agreement; and

(b) Sale, Etc. Sell, license or otherwise dispose of any Collateral at one or more public or private sales at the Lender's place of business or any other place or places including, without limitation, any broker's board or securities exchange, whether or not such Collateral is present at the place of sale, for cash or credit or future delivery, on such terms and in such manner as the Lender may determine.

9. No Present Assignment. Neither this Security Agreement, nor any other document, instrument or agreement creates or is intended to create a present assignment of the Collateral. Subject to the rights of the Lender under this Security Agreement, it is the intention of the parties hereto that the Borrower continue to own the Collateral and that upon the indefeasible payment and performance in full of the Obligations, the rights of the Lender under this Security Agreement in and to the Collateral shall be released and terminated.

10. Collection of Collateral Payments. Following the occurrence and during the continuance of an Event of Default, Borrower shall, at its sole cost and expense, take all necessary action to cause payment to be made to Lender, when due and payable, of all sums due or to become due with respect to any Collateral, including without limitation license, royalty and fee payments due to Borrower ("Collateral Payments" or a "Collateral Payment").

11. Cumulative Rights. The rights, powers and remedies of the Lender under this Security Agreement shall be in addition to all rights, powers and remedies given to the Lender by virtue of any statute or rule of law, the Credit Agreement, Note or any other agreement, all of which rights, powers and remedies shall be cumulative and may be exercised successively or concurrently without impairing the Lender's security interest in the Collateral.

12. Waive. Any waiver, forbearance or failure or delay by the Lender or any other secured party in exercising any right, power or remedy shall not preclude the further exercise thereof, and every right, power or remedy of the Lender shall continue in full force and effect until such right, power or remedy is specifically waived in a writing executed by the Lender. Borrower waives any right to require the Lender to proceed against any person or to exhaust any Collateral or to pursue any remedy in the Lender's power.

13. Setoff. Borrower agrees that the Lender may exercise its rights of setoff with respect to the Obligations in the same manner as if the Obligations were unsecured.

14. Binding Upon Successors. All rights of the Lender under this Security Agreement shall inure to the benefit of their respective successors and assigns, and all obligations of Borrower shall bind its heirs, executors, administrators, successors and assigns.

15. Entire Agreement Severability. This Security Agreement together with the security agreements executed in connection herewith and the Agreement, collectively, contain the entire security agreement between the Lender and Borrower. If any of the provisions of this Security Agreement shall be held invalid or unenforceable, this Security Agreement shall be construed as if not containing those provisions and the rights and obligations of the parties hereto shall be construed and enforced accordingly. Nothing contained in this Security Agreement is

intended, nor shall be construed, to amend, modify, supersede, or affect in any way the fixed and floating charges and any other interest arising under the Agreement.

16. Choice of Law. This Security Agreement shall be construed in accordance with and governed by the laws of the State of California, and, where applicable and except as otherwise defined herein, terms used herein shall have the meanings given them in the Uniform Commercial Code of such state.

17. Amendment. This Security Agreement may not be amended or modified except by a writing signed by each of the parties hereto.


18. Addresses for Notices. All demands, notices and other communications to Debtor or the Lender provided for hereunder shall be in writing or by telephone, promptly confirmed in writing, Mailed, delivered or sent by telefacsimile, addressed or sent to it to the address or telefacsimile number, as the case may be, of Borrower or the Lender set forth beneath such party's signature below, or to such other address as shall be designated by a party in a written notice to the other party. All such demands, notices and other communications shall, when mailed or sent by telefacsimile, be effective when deposited in the mails, delivered or so sent, as the case may be, addressed as aforesaid.

EXECUTED AS OF THE DATE FIRST ABOVE WRITTEN.

CALIFORNIA BANK & TRUST, a California banking corporation

By: 
Name: Robert K. Chaulk
Title: Vice President

CUBIC BALANCE GOLF TECHNOLOGY, INC., a California corporation

By: 
Name: Lawrence Y. Igarashi
Title: President
Address: 30231 Tomas Road
Rancho Santa Margarita, CA 92688
Telecopy: (949) 858-5587

Schedule "1"

LIST OF PENDING PATENT APPLICATIONS AND ISSUED PATENTS

PATENTS: None

**LIST OF PENDING TRADEMARK APPLICATIONS
AND TRADEMARK REGISTRATIONS**

- CUB1.123 Case No. 1372
Trademark SUPER MEGASIZE
Serial No. 75/529,135 Filed: 07/31/98
ALLOWED TO LAPSE AS OF JULY 12, 1999
Applicant: Cubic Balance Golf Technology, Inc.
- BEA2.030 Case No. 811
U.S. Trademark MEGAHIT
Serial No. 74/318,195 Filed: 09/28/92
Registration No. 1,857,778 Issued: 10/11/94
Registrant: Lawrence Y. Igarashi
Assigned to: Cubic Balance Golf Technology, Inc.
- CUB1.109 Case No. 1289
Trademark TIZIR
Serial No. 75/291,374 Filed: 05/13/97
Registration No. 2,161,946 Issued: 06/02/98
Registrant: Cubic Balance Golf Technology, Inc.
- CUB1.110 Case No. 1290
Trademark BEAUWOOD
Serial No. 75/293,754 Filed: 05/19/97
Registration No. 2,160,560 Issued: 05/26/98
Registrant: Cubic Balance Golf Technology, Inc.
- CUB1.114 Case No. 1295
Trademark MEGA SPEEDHIT
Serial No. 75/347,338 Filed: 08/26/97
Application pending - Suspended
Applicant: Cubic Balance Golf Technology, Inc.

MASTER PATENT AND TRADEMARK SECURITY AGREEMENT

THIS MASTER PATENT AND TRADEMARK SECURITY AGREEMENT (the "Security Agreement") is made and dated this 28th day of April, 2000 by and between CUBIC BALANCE GOLF TECHNOLOGY, INC., a California corporation ("Borrower"), and CALIFORNIA BANK & TRUST, a California banking corporation ("Lender").

RECITALS

A. Lender has extended credit to Borrower on the terms and subject to the conditions set forth in that certain Business Loan Agreement dated May 7, 1998, as amended from time to time ("Prior Credit Agreement").

B. The Prior Credit Agreement matured by its terms on April 7, 2000, and Borrower has requested that Bank extend the maturity date of the Prior Credit Agreement to December 31, 2000, and make further modifications thereto.

C. The extension of the maturity date of the Prior Credit Agreement is being accomplished by the execution by Borrower and Lender of that Business Loan Agreement dated as of April 28, 2000 ("Credit Agreement").

D. The Loan being made pursuant to the Credit Agreement is being further evidenced by the terms and provisions of that Promissory Note in the original principal amount of \$2,794,615.10 dated April 28, 2000, executed by Borrower to the order of Lender ("Note").

E. In order to induce Lender to execute the Credit Agreement, Borrower has agreed to execute this Security Agreement to secure all of Borrower's obligations to lender, including without limitation under the Note and Credit Agreement.

NOW, THEREFORE, in consideration of the above Recitals and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, Borrower hereby agrees as follows:

AGREEMENT

1. Grant of Security Interest. Borrower hereby pledges, assigns, mortgages and grants to the Lender, a security interest in the property described in Paragraph 2 below (collectively and severally, the "Collateral") to secure payment and performance of the obligations described in Paragraph 3 below (collectively and severally, the "Obligations").

2. Collateral. The Collateral shall consist of the following:

A. Patents.

(i) All now existing or hereafter created or acquired, patents, letters patents, inventions, patent applications and rights and works protectable by patent, and, except to the extent prohibited by the terms hereof, all agreements in respect of patents owned by third

parties, including, without limitation, the patents specifically described on Schedule 1 attached hereto, as the same may be amended or replaced from time to time with the consent of the Lender;

(ii) All now existing and hereafter arising registrations and applications for registration relating to any of the foregoing, all renewals and extensions thereof throughout the world in perpetuity, and all rights to make such applications and to renew and extend the same;

(iii) All now existing and hereafter arising rights and licenses to make, have made, use and/or sell the inventions disclosed and claimed by any of the foregoing;

(iv) All now existing and hereafter arising right (but not the obligation) to register claims under any state, federal or foreign patent law or regulations;

(v) All now existing and hereafter arising rights, claims and interests under licensing or other contracts pertaining to any of the foregoing;

(vi) All now existing and hereafter arising documents, instruments and agreements which reveal the name and address of sources of supply, distribution methods and all terms of purchase, rental, license or use and delivery for all materials, products and components used in connection with any of the foregoing.

(vii) All now existing and hereafter arising specifications as to and quality control manuals used in connection with the operations utilizing any of the foregoing;

(viii) All now existing and hereafter arising goodwill associated with any of the foregoing;

(ix) All now existing and hereafter arising right (but not the obligation) to sue or bring opposition or cancellation proceedings in the name of the Borrower or the Lender for past, present and future infringements of any of the foregoing; and

(x) All products and proceeds of the foregoing Collateral. For purposes of this Security Agreement, the term "proceeds" includes whatever is receivable or received when Collateral or proceeds is sold, collected, exchanged or otherwise disposed of, whether such disposition is voluntary or involuntary, and includes, without limitation, all rights to payment, including return premiums, with respect to any insurance relating thereto.

B. Trademarks.

(i) All now existing or hereafter created or acquired trademarks or service marks, trademark applications and rights and works protectable by trademark, and, except to the extent prohibited by the terms hereof, all agreements in respect of trademarks owned by third parties, including, without limitation, the trademarks specifically described on Schedule 2 attached hereto, as the same may be amended or replaced from time to time with the consent of the Lender;

(ii) All now existing and hereafter arising registrations and applications for registration relating to any of the foregoing, all renewals and extensions thereof throughout the world in perpetuity, and all rights to make such applications and to renew and extend the same;

(iii) All now existing and hereafter arising right (but not the obligation) to register claims under any state, federal or foreign trademark law or regulations,

(iv) All now existing and hereafter arising rights, claims and interests under licensing or other contracts pertaining to any of the foregoing;

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3. Obligations. The obligations secured by this Security Agreement shall consist of all obligations, indebtedness and liabilities of Borrower to Lender, including, without limitation under the Credit Agreement and Note (whether principal, interest, fees or otherwise now existing or hereafter arising, and whether voluntary or involuntary, whether or not jointly owed with others, whether direct or indirect, absolute or contingent, contractual or tortious, liquidated or unliquidated, arising by operation of law or otherwise, whether or not from time to time decreased or extinguished and later increased, created or incurred and whether or not extended, modified, rearranged, restructured or replaced, including, without limitation, modifications to interest rates or other payment terms of such debts, obligations and liabilities).

4. Representations and Warranties. In addition to any representations and warranties of Borrower set forth in the Credit Agreement and any other agreement, which are incorporated herein by this reference, Borrower hereby represents and warrants that:

(a) Authority. Borrower has authority, and has completed all proceedings and obtained all approvals and consents necessary, to execute, deliver and perform this Security Agreement and the transactions contemplated hereby;

(b) No Default or Lien. Such execution, delivery and performance will not contravene, or constitute a default under or result in a lien upon any property of Borrower pursuant to any applicable law or regulation or any contract, agreement, judgment, order, decree, or other instrument binding upon or affecting Borrower;

(c) Enforceability. This Security Agreement constitutes a legal, valid and binding obligation of Borrower, enforceable in accordance with its terms (except as enforceability may be affected by bankruptcy, insolvency or other similar laws affecting the enforcement of creditor's rights), and this Security Agreement grants to the Lender a valid and enforceable lien on the Collateral, and upon the filing of all appropriate financing statements, the security interest of the Lender in the Collateral shall constitute a security interest prior to all liens.

(d) No Litigation. There is no action, suit or proceeding pending or, to the best knowledge of Borrower after reasonable investigation, threatened against Borrower which is reasonably likely to adversely affect its property or financial condition or the Collateral in any material respect;

(e) Ownership of Collateral. Borrower is the sole owner of and has good and marketable title to the Collateral (or, in the case of after-acquired Collateral, at the time the Debtor acquires rights in the Collateral, will be the sole owner thereof);

(f) Priority. No person has (or, in the case of after-acquired Collateral, at the time Borrower acquires rights therein, will have) any right, title, claim or interest (by way of security interest or other lien or charge) in, against or to the Collateral;

(g) Accuracy of Information. All information heretofore, herein or hereafter supplied to the Lender by or on behalf of Borrower with respect to the Collateral is true and correct in all material respects; and

(h) Schedule 1. Schedule 1 attached hereto sets forth an accurate and complete list of all patents owned by the Borrower which are registered (or pending for registration) with the United States Patent and Trademark Office.

(i) Schedule 2. Schedule 2, attached hereto sets forth an accurate and complete list of all trademarks and service marks owned by Borrower which are registered (or pending for registration) with the United States Patent and Trademark Office.

5. Covenants and Agreements of Borrower. In addition to all covenants and agreements of Borrower set forth in the Agreement, and any other agreement with the Lender which are incorporated herein by this reference, Borrower hereby agrees:

(a) Preservation of Collateral. To do all acts that are reasonably necessary to maintain, preserve and protect the Collateral;

(b) Use of Collateral. Not to use or permit any Collateral to be used unlawfully or in violation of any provision of this Security Agreement, any other agreement with

the Lender or the applicable statute, regulation or ordinance or any policy of insurance covering the Collateral.

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(d) Updated Schedule 1. Agrees, on a quarterly basis, to provide to the Lender an updated Schedule 1 identifying any additional patents (or patents for which registrations are pending) of which the Debtor becomes the owner;

(e) Updated Schedule 2. Agrees, on a quarterly basis, to provide to the Lender an updated Schedule 2 identifying any additional trademarks and service marks (or trademarks and service marks for which registration are pending) of which Borrower becomes the owner;

(f) Further Assurances. To procure, execute and deliver from time to time any endorsements, notifications, registrations, assignments, financing statements, and other writings deemed necessary or appropriate by the Lender to perfect, maintain and protect its security interest in the Collateral hereunder and the priority thereof, and to take such other actions as the Lender may reasonably request to protect the value of the Collateral and of the Lender's security interest in the Collateral, including, without limitation, provision of assurances from third parties regarding the Lender's access to, right to foreclose on or sell, the Collateral and right to realize the practical benefits of such foreclosure or sale; and

(g) Payment of Lender's Costs and Expenses. To reimburse the Lender upon demand for any costs and expenses, including, without limitation, attorneys' fees, which the Lender may incur while exercising any right, power or remedy provided by this Security Agreement or by law, all of which costs and expenses are included in the Obligations secured hereby.

6. Authorized Action by the Lender. Borrower hereby agrees that from time to time, without presentment, notice or demand, and without affecting or impairing in any way the rights of the Lender with respect to the Collateral the obligations of the Borrower hereunder or the Obligations, the Lender may, but shall not be obligated to and shall incur no liability to Borrower or any third party for failure to take any act which Borrower is obligated by this Security Agreement to do and to exercise such rights and powers as Borrower might exercise with respect to the Collateral, and Borrower hereby irrevocably appoints the Lender as its attorney-in-fact to exercise such rights and powers.

7. Default. A default ("Event of Default") under this Security Agreement shall be deemed to exist upon the occurrence of a default or on account of any of the Obligations, or the occurrence of an Event of Default under the Credit Agreement or Note.

8. Remedies. Upon the occurrence and during the continuance of any such Event of Default, the Lender may, and without notice to or demand on Borrower and in addition to all rights and remedies available to the Lender under any other agreement, do any one or more of the following:

(a) General Enforcement. Foreclose or otherwise enforce the Lender's security interest in any manner permitted by law, or provided for in this Security Agreement; and

(b) Sale, Etc. Sell, license or otherwise dispose of any Collateral at one or more public or private sales at the Lender's place of business or any other place or places including, without limitation, any broker's board or securities exchange, whether or not such Collateral is present at the place of sale, for cash or credit or future delivery, on such terms and in such manner as the Lender may determine.

9. No Present Assignment. Neither this Security Agreement, nor any other document, instrument or agreement creates or is intended to create a present assignment of the Collateral. Subject to the rights of the Lender under this Security Agreement, it is the intention of the parties hereto that the Borrower continue to own the Collateral and that upon the indefeasible payment and performance in full of the Obligations, the rights of the Lender under this Security Agreement in and to the Collateral shall be released and terminated.

10. Collection of Collateral Payments. Following the occurrence and during the continuance of an Event of Default, Borrower shall, at its sole cost and expense, take all necessary action to cause payment to be made to Lender, when due and payable, of all sums due or to become due with respect to any Collateral, including without limitation license, royalty and fee payments due to Borrower ("Collateral Payments" or a "Collateral Payment").

11. Cumulative Rights. The rights, powers and remedies of the Lender under this Security Agreement shall be in addition to all rights, powers and remedies given to the Lender by virtue of any statute or rule of law, the Credit Agreement, Note or any other agreement, all of which rights, powers and remedies shall be cumulative and may be exercised successively or concurrently without impairing the Lender's security interest in the Collateral.

12. Waive. Any waiver, forbearance or failure or delay by the Lender or any other secured party in exercising any right, power or remedy shall not preclude the further exercise thereof, and every right, power or remedy of the Lender shall continue in full force and effect until such right, power or remedy is specifically waived in a writing executed by the Lender. Borrower waives any right to require the Lender to proceed against any person or to exhaust any Collateral or to pursue any remedy in the Lender's power.

13. Setoff. Borrower agrees that the Lender may exercise its rights of setoff with respect to the Obligations in the same manner as if the Obligations were unsecured.

14. Binding Upon Successors. All rights of the Lender under this Security Agreement shall inure to the benefit of their respective successors and assigns, and all obligations of Borrower shall bind its heirs, executors, administrators, successors and assigns.

15. Entire Agreement Severability. This Security Agreement together with the security agreements executed in connection herewith and the Agreement, collectively, contain the entire security agreement between the Lender and Borrower. If any of the provisions of this Security Agreement shall be held invalid or unenforceable, this Security Agreement shall be construed as if not containing those provisions and the rights and obligations of the parties hereto shall be construed and enforced accordingly. Nothing contained in this Security Agreement is

intended, nor shall be construed, to amend, modify, supersede, or affect in any way the fixed and floating charges and any other interest arising under the Agreement.

16. Choice of Law. This Security Agreement shall be construed in accordance with and governed by the laws of the State of California, and, where applicable and except as otherwise defined herein, terms used herein shall have the meanings given them in the Uniform Commercial Code of such state.

17. Amendment. This Security Agreement may not be amended or modified except by a writing signed by each of the parties hereto.

18. Addresses for Notices. All demands, notices and other communications to Debtor or the Lender provided for hereunder shall be in writing or by telephone, promptly confirmed in writing, Mailed, delivered or sent by telefacsimile, addressed or sent to it to the address or telefacsimile number, as the case may be, of Borrower or the Lender set forth beneath such party's signature below, or to such other address as shall be designated by a party in a written notice to the other party. All such demands, notices and other communications shall, when mailed or sent by telefacsimile, be effective when deposited in the mails, delivered or so sent, as the case may be, addressed as aforesaid.

EXECUTED AS OF THE DATE FIRST ABOVE WRITTEN.

CALIFORNIA BANK & TRUST, a California banking corporation

By: 

Name: Robert K. Chaulk

Title: Vice President

CUBIC BALANCE GOLF TECHNOLOGY, INC., a California corporation

By: 

Name: Lawrence Y. Igarashi

Title: President

Address: 30231 Tomas Road

Rancho Santa Margarita, CA 92688

Telecopy: (949) 558-5587

Schedule "1"

LIST OF PENDING PATENT APPLICATIONS AND ISSUED PATENTS

PATENTS: None

**LIST OF PENDING TRADEMARK APPLICATIONS
AND TRADEMARK REGISTRATIONS**

- CUB1.123 Case No. 1372
Trademark SUPER MEGASIZE
Serial No. 75/529,135 Filed: 07/31/98
ALLOWED TO LAPSE AS OF JULY 12, 1999
Applicant: Cubic Balance Golf Technology, Inc.
- BEA2.030 Case No. 811
U.S. Trademark MEGAHIT
Serial No. 74/318,195 Filed: 09/28/92
Registration No. 1,857,778 Issued: 10/11/94
Registrant: Lawrence Y. Igarashi
Assigned to: Cubic Balance Golf Technology, Inc.
- CUB1.109 Case No. 1289
Trademark TIZIR
Serial No. 75/291,374 Filed: 05/13/97
Registration No. 2,161,946 Issued: 06/02/98
Registrant: Cubic Balance Golf Technology, Inc.
- CUB1.110 Case No. 1290
Trademark BEAUWOOD
Serial No. 75/293,754 Filed: 05/19/97
Registration No. 2,160,560 Issued: 05/26/98
Registrant: Cubic Balance Golf Technology, Inc.
- CUB1.114 Case No. 1295
Trademark MEGA SPEEDHIT
Serial No. 75/347,338 Filed: 08/26/97
Application pending - Suspended
Applicant: Cubic Balance Golf Technology, Inc.