

11-09-2000



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MRP  
10/11/00

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
  - Merger  Change of Name
  - Other \_\_\_\_\_
- Effective Date  
Month Day Year  
09 22 2000

Conveying Party

Mark if additional names of conveying parties attached

Name  Execution Date  
Month Day Year  
09 22 2000

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  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.)
- Corporation  Association
- Other
- Citizenship/State of Incorporation/Organization

FOR OFFICE USE ONLY

Public burden reporting for this collection of information is estimated to average approximately 30 minutes per Cover Sheet to be recorded, including time for reviewing the document and gathering the data needed to complete the Cover Sheet. Send comments regarding this burden estimate to the U.S. Patent and Trademark Office, Chief Information Officer, Washington, D.C. 20231 and to the Office of Information and Regulatory Affairs, Office of Management and Budget, Paperwork Reduction Project (0651-0027), Washington, D.C. 20503. See OMB Information Collection Budget Package 0651-0027, Patent and Trademark Assignment Practice. DO NOT SEND REQUESTS TO RECORD ASSIGNMENT DOCUMENTS TO THIS ADDRESS.

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

REEL: 002170 FRAME: 0568

**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)**

<input type="text" value="75792546"/>	<input type="text" value="75724331"/>	<input type="text" value="75724332"/>
<input type="text" value="78007338"/>	<input type="text" value="78008593"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>

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<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>

**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.

DEBRA J. VILLARREAL

*Debra J. Villarreal*

9-26-00

Name of Person Signing

Signature

Date Signed

As of September 22, 2000, for value received, the undersigned ("Debtor") pledges, assigns and grants to Comerica Bank-Texas, a Texas banking association, ("Bank"), whose address is P. O. Box 650282, Dallas, Texas 75265-0282, Attention: Steven Moiles, Mail Code 6546, a continuing security interest and lien (any pledge, assignment, security interest or other lien arising hereunder is sometimes referred to herein as a "security interest") in the Collateral (as defined below) to secure payment when due, whether by stated maturity, demand, acceleration or otherwise, of all existing and future indebtedness ("Indebtedness") to Banks of Debtor. Indebtedness includes without limit any and all obligations or liabilities of the Debtor to the Bank, whether absolute or contingent, direct or indirect, voluntary or involuntary, liquidated or unliquidated, joint or several, known or unknown, originally payable to the Bank or to a third party and subsequently acquired by the Bank including, without limitation, any late charges, loan fees or charges, and overdraft indebtedness, any and all obligations or liabilities for which the Debtor would otherwise be liable to the Bank were it not for the invalidity or unenforceability of them by reason of any bankruptcy, insolvency or other law, or for any other reason; any and all amendments, modifications, renewals and/or extensions of any of the above; all costs incurred by Bank in establishing, determining, continuing, or defending the validity or priority of any security interest, or in pursuing its rights and remedies under this Agreement or under any other agreement between Bank and Debtor or in connection with any proceeding involving Bank as a result of any financial accommodation to Debtor; and all other costs of collecting Indebtedness, including without limit attorneys' fees. Debtor agrees to pay Bank all such costs incurred by the Bank, immediately upon demand, and until paid all costs shall bear interest at the highest per annum rate applicable to any of the Indebtedness, but not in excess of the maximum rate permitted by law. Any reference in this Agreement to attorneys' fees shall be deemed a reference to reasonable fees, costs, and expenses of counsel and paralegals, whether inside or outside counsel is used, whether or not a suit or action is instituted, and to court costs if a suit or action is instituted, and whether attorneys' fees or court costs are incurred at the trial court level, on appeal, in a bankruptcy, administrative or probate proceeding or otherwise. Any capitalized terms used and not otherwise defined herein have the meanings given them in the Advance Formula Agreement dated of even date herewith among Debtor and Bank, as the same may be amended, modified or restated from time to time.

1. **Collateral** shall mean all of the following property Debtor now or later owns or has an interest in, wherever located (excluding the property described on Exhibit 1 attached hereto and made a part hereof):

- (a) Any and all copyright rights, copyright applications, copyright registrations and like protections in each work or authorship and derivative work thereof, whether published or unpublished and whether or not the same also constitutes a trade secret, now or hereafter existing, created, acquired or held, including without limitation those set forth on Exhibit A attached hereto (collectively, the "Copyrights");
- (b) Any and all trade secrets, and any and all intellectual property rights in computer software and computer software products nor or hereafter existing, created, acquired or held;
- (c) Any and all design rights which may be available to Debtor now or hereafter existing, created, acquired or held;
- (d) All patents, patent applications and like protections including, without limitation, improvements, divisions, continuations, renewals, reissues, extensions and continuations-in-part of the same, including without limitation the patents and patent applications set forth on Exhibit B attached hereto (collectively, the "Patents");
- (e) Any trademark or servicemark rights, whether registered or not, applications to register and registrations of the same and like protections, and the entire goodwill of the business of Debtor connected with and symbolized by such trademarks, including without limitation those set forth on Exhibit C attached hereto (collectively, the "Trademarks");
- (f) Any and all claims for damages by way of past, present and future infringement of any of the rights included above, with the right, but not the obligation, to sue for and collect such damages for said use or infringement of the intellectual property rights identified above;
- (g) All licenses or other rights to use any of the Copyrights, Patents or Trademarks, and all license fees and royalties arising from such use to the extent permitted by such license or rights;
- (h) All amendments, extensions, renewals and extensions of any of the Copyrights, Trademarks or Patents;
- (i) All proceeds and products of the foregoing, including without limitation all payments under insurance or any indemnity or warranty payable in respect of any of the foregoing;
- (j) specific items listed below and/or on attached Exhibit D, if any, is/are also included in Collateral:

- (k) all goods, instruments, documents, policies and certificates of insurance, deposits, money, investment property or other property (except real property which is not a fixture) which are now or later in possession or control of Bank, or as to which Bank now or later controls possession by documents or otherwise, and
- (l) all additions, attachments, accessions, parts, replacements, substitutions, renewals, interest, dividends, distributions, rights of any kind (including but not limited to stock splits, stock rights, voting and preferential rights), products, and proceeds of or pertaining to the above including, without limit, cash or other property which were proceeds and are recovered by a bankruptcy trustee or otherwise as a preferential transfer by Debtor.

2. **Warranties, Covenants and Agreements.** Debtor represents, warrants, covenants and agrees as follows:

- 2.1 Debtor shall furnish to Bank, in form and at intervals as Bank may reasonably request, any information Bank may reasonably request and allow Bank to examine, inspect, and copy any of Debtor's books and records and allow Bank to visit and inspect any of Debtor's plants or facilities that manufacture, install or store products (or that have done so during the prior 6 month period) that are sold utilizing any of the Collateral and to inspect the products and quality control records relating thereto; provided that so long as no Default has occurred and is continuing, Bank shall not make more than one such inspection per six months. Debtor shall, at the request of Bank, mark its records and the Collateral to clearly indicate the security interest of Bank under this Agreement.
- 2.2 At the time any Collateral becomes, or is represented to be, subject to a security interest in favor of Bank, Debtor shall be deemed to have warranted that (a) except to the extent that the Collateral includes material duly licensed from third parties, Debtor is the lawful owner of the Collateral and has the right and authority to subject it to a security interest granted to Bank; (b) except for Permitted Liens none of the Collateral is subject to any security interest other than that in favor of Bank and there are no financing statements on file, other than those with respect to the Permitted Liens and those in favor of Bank; and (c) Debtor acquired its rights in the Collateral in the ordinary course of its business.
- 2.3 Debtor will keep the Collateral free at all times from all claims, liens, security interests and encumbrances other than the Permitted Liens and those in favor of Bank. Debtor will not, without the prior written consent of Majority Bank, sell, transfer or lease, or permit to be sold, transferred or leased, any or all of the Collateral, except for non-exclusive licenses granted by Debtor in the ordinary course of business. Bank or its representatives may at all reasonable times inspect the Collateral and may enter upon all premises where the Collateral is kept or might be located, provided that, so long as no Default has occurred and is continuing, Bank shall not conduct more than one inspection per six (6) months.
- 2.4 Debtor will do all acts and will execute or cause to be executed all writings reasonably requested by Bank to establish, maintain and continue a perfected and first security interest of Bank in the Collateral subject to Permitted Liens. Debtor agrees that Bank has no obligation to acquire or perfect any lien on or security interest in any asset(s), whether realty or personalty, to secure payment of the Indebtedness, and Debtor is not relying upon assets in which the Bank may have a lien or security interest for payment of the Indebtedness.
- 2.5 Debtor will pay within the time that they can be paid without interest or penalty all taxes, assessments and similar charges which at any time are or may become a lien, charge, or encumbrance upon any Collateral, except to the extent contested in good faith and bonded in a manner

satisfactory to Bank. If Debtor fails to pay any of these taxes, assessments, or other charges in the time provided above, Bank has the option (but not the obligation) to do so, and Debtor agrees to repay all amounts so expended by Bank promptly (and in any event, within 30 days after any invoice or other statement or notice), together with interest at the highest lawful default rate which could be charged by Bank on any indebtedness.

- 2.6 Debtor will keep the Collateral in good condition and will protect it from loss, damage, or deterioration from any cause. Debtor has and will maintain at all times (a) with respect to the Collateral, insurance under an "all risk" policy against fire and other risks customarily insured against, and (b) public liability insurance and other insurance as may be required by law or reasonably required by Bank, all of which insurance shall be in amount, form and content, and written by companies as may be satisfactory to Bank, containing a lender's loss payable endorsement acceptable to Bank. Debtor will deliver to Bank immediately upon demand evidence satisfactory to Bank that the required insurance has been procured. If Debtor fails to maintain satisfactory insurance, Bank has the option (but not the obligation) to do so and Debtor agrees to repay all amounts so expended by Bank promptly (and in any event, within 30 days after any invoice or other statement or notice), together with interest at the highest lawful default rate which could be charged by Bank on any indebtedness.
- 2.7 Debtor at all times shall be in compliance in all material respects with all applicable laws, including without limit any laws, ordinances, directives, orders, statutes, or regulations an object of which is to regulate or improve health, safety, or the environment ("Environmental Laws").
- 2.8 If Bank, acting in its sole discretion, redelivers Collateral to Debtor or Debtor's designee for the purpose of (a) the ultimate sale or exchange thereof; or (b) presentation, collection, renewal, or registration of transfer thereof; or (c) loading, unloading, storing, shipping, transshipping, manufacturing, processing or otherwise dealing with it preliminary to sale or exchange; such redelivery shall be in trust for the benefit of Bank and shall not constitute a release of Bank's security interest in it or in the proceeds or products of it unless Bank specifically so agrees in writing. If Debtor requests any such redelivery, Debtor will deliver with such request a duly executed financing statement in form and substance satisfactory to Bank. Any proceeds of Collateral coming into Debtor's possession as a result of any such redelivery shall be held in trust for Bank and immediately delivered to Bank for application on the indebtedness. Bank may (in its sole discretion) deliver any or all of the Collateral to Debtor, and such delivery by Bank shall discharge Bank from all liability or responsibility for such Collateral. After the occurrence and during the continuation of a Default, Bank, at its option, may require delivery of any Collateral to Bank at any time with such endorsements or assignments of the Collateral as Bank may request.
- 2.9 Bank may without notice (a) after the occurrence and during the continuation of a Default, cause any or all of the Collateral to be transferred to its name or to the name of its nominees; (b) after the occurrence and during the continuation of a Default, receive or collect by legal proceedings or otherwise all dividends, interest, principal payments and other sums and all other distributions at any time payable or receivable on account of the Collateral, and hold the same as Collateral, or apply the same to the Indebtedness, the manner and distribution of the application to be in the sole discretion of Bank; and (c) at any time, enter into any extension, subordination, reorganization, deposit, merger or consolidation agreement or any other agreement relating to or affecting the Collateral, and deposit or surrender control of the Collateral, and accept other property in exchange for the Collateral and hold or apply the property or money so received pursuant to this Agreement.
- 2.10 Each Bank may assign any of the Indebtedness and deliver any or all of the Collateral to its assignee, who then shall have with respect to Collateral so delivered all the rights and powers of Bank under this Agreement, and after that Bank shall be fully discharged from all liability and responsibility with respect to Collateral so delivered, provided that any such assignee shall be subject to the confidentiality provisions set forth in Section 5.15 hereof.
- 2.11 Intentionally omitted.
- 2.12 Debtor shall defend, indemnify and hold harmless Bank, its employees, agents, shareholders, affiliates, officers, and directors from and against any and all claims, damages, fines, expenses, liabilities or causes of action of whatever kind growing out of or resulting from or in any other way associated with any of the Collateral, the Loan Documents (including enforcement thereof) or the transactions and events at any time associated therewith or contemplated therein, including without limit consultant fees, legal expenses, and attorneys' fees, suffered by any of them as a direct or indirect result of any actual or asserted violation of any law, including, without limit, Environmental Laws, or of any remediation relating to any property required by any law, including without limit Environmental Laws, **INCLUDING ANY CLAIMS, DAMAGES, FINES, EXPENSES, LIABILITIES OR CAUSES OF ACTION OF WHATEVER KIND RESULTING FROM BANK'S OWN NEGLIGENCE**, except and to the extent (but only to the extent) caused by Bank's gross negligence or wilful misconduct.
- 2.13 Debtor is now the sole owner of the Collateral, except for non-exclusive licenses granted by Debtor to its customers in the ordinary course of business and to the extent Collateral includes material duly licensed from third parties.
- 2.14 Performance of this Security Agreement does not conflict with or result in a breach of any agreement to which Debtor is party or by which Debtor is bound, except to the extent that certain intellectual property agreements prohibit the assignment of the rights thereunder to a third party without the licensor's or other party's consent and this Security Agreement constitutes an assignment.
- 2.15 To Debtor's knowledge, each of the Patents is valid and enforceable, and no part of the Collateral has been judged invalid or unenforceable, in whole or in part, and no claim has been made that any part of the Collateral violates the rights of any third party.
- 2.16 Debtor shall deliver to Bank within thirty (30) days of the last day of each fiscal quarter, a report signed by Debtor, in form reasonably acceptable to Bank, listing any applications or registrations that Debtor has made or filed in respect of any patents, copyrights or trademarks and the status of any outstanding applications or registrations. Debtor shall promptly advise Bank of any material change in the composition of the Collateral, including but not limited to any subsequent ownership right of the Debtor in or to any Trademark, Patent or Copyright not specified in this Security Agreement.
- 2.17 Debtor shall use commercially reasonable efforts to (i) protect, defend and maintain the validity and enforceability of the Trademarks, Patents and Copyrights, (ii) to detect infringements of the Trademarks, Patents and Copyrights and promptly advise Bank in writing of material infringements detected and (iii) not allow any Trademarks, Patents or Copyrights to be abandoned, forfeited or dedicated to the public without the written consent of Bank, which shall not be unreasonably withheld or delayed, unless Debtor determines that reasonable business practices suggest that abandonment is appropriate.
- 2.18 Debtor shall use commercially reasonable efforts to register or cause to be registered (to the extent not already registered) with the United States Patent and Trademark Office or the United States Copyright Office, as applicable, those intellectual property rights listed on Exhibits A, B and C hereto under the heading "Intellectual Property Rights to be Registered" within sixty (60) days of the date of this Security Agreement. Debtor shall register or cause to be registered with the United States Patent and Trademark Office or the United States Copyright Office, as applicable, those additional material intellectual property rights developed or acquired by Debtor from time to time in connection with any product prior to the sale or licensing of such product to any third party (including without limitation material revisions or additions to the intellectual property rights listed on such Exhibits A, B and C). Debtor shall, from time to time, execute and file such other instruments, and take such further actions as Bank may reasonably request from time to time to perfect or continue the perfection of Bank's interest in the Collateral.
- 2.19 This Security Agreement creates, and in the case of after-acquired Collateral, this Security Agreement will create at the time Debtor first has rights in such after-acquired Collateral, in favor of Bank a valid and perfected first priority security interest in the Collateral in the United States securing the payment and performance of the Indebtedness upon making the filings referred to below.
- 2.20 Except for, and upon, the filing with the United States Patent and Trademark office with respect to the Patents and Trademarks and the Register of Copyrights with respect to the Copyrights necessary to perfect the security interests created hereunder, and except as has been already made or obtained, no authorization, approval or other action by, and no notice to or filing with, any U.S. governmental authority or U.S. regulatory body is required either (a) for the grant by Debtor of the security interest granted hereby or for the execution, delivery or performance of this Security Agreement by Debtor in the U.S. or (b) for the perfection in the United States or the exercise by Bank of its rights and remedies hereunder;
- 2.21 All information heretofore, herein or hereafter supplied to Bank by Debtor with respect to the Collateral was or will be accurate and complete in all material respects at the time of delivery;
- 2.22 Debtor shall not enter into any agreement that would materially impair or conflict with Debtor's obligations hereunder without Bank's prior written consent. Except for any agreement creating a Permitted Lien, Debtor shall not permit the inclusion in any material contract to which

it becomes a party of any provisions that could or might in any way prevent the creation of a security interest in Debtor's rights and interests in any property included within the definition of the Collateral acquired under such contracts, except that certain contracts may contain anti-assignment provisions that could in effect prohibit the creation of a security interest in such contracts if Debtor is required, in its commercially reasonable judgment to accept such provisions; and

2.23 Upon any executive officer of Debtor obtaining knowledge thereof, Debtor will promptly notify Bank in writing of any event that materially adversely affects the value of any of the Collateral, the ability of Debtor to dispose of any material portion of the Collateral or the rights and remedies of Bank in relation thereto, including the levy of any legal process against the material portion of the Collateral.

### 3. Collection of Proceeds.

3.1 Debtor agrees to use commercially reasonable efforts to collect and enforce payment of all Collateral until Bank shall direct Debtor to the contrary. After the occurrence and during the continuation of a Default, immediately upon notice to Debtor by Bank and at all times after that, Debtor agrees to fully and promptly cooperate and assist Bank in the collection and enforcement of all Collateral and to hold in trust for Bank all payments received in connection with Collateral and from the sale, lease or other disposition of any Collateral, all rights by way of suretyship or guaranty and all rights in the nature of a lien or security interest which Debtor now or later has regarding Collateral. Immediately upon and after such notice, Debtor agrees to (a) endorse to Bank and immediately deliver to Bank all payments received on Collateral or from the sale, lease or other disposition of any Collateral or arising from any other rights or interests of Debtor in the Collateral, in the form received by Debtor without commingling with any other funds, and (b) immediately deliver to Bank all property in Debtor's possession or later coming into Debtor's possession through enforcement of Debtor's rights or interests in the Collateral. Debtor irrevocably authorizes Bank or any Bank employee or agent to endorse the name of Debtor upon any checks or other items which are received in payment for any Collateral, and to do any and all things necessary in order to reduce these items to money. Bank shall have no duty as to the collection or protection of Collateral or the proceeds of it, or as to the preservation of any related rights, beyond the use of reasonable care in the custody and preservation of Collateral in the possession of Bank. Debtor agrees to take all steps necessary to preserve rights against prior parties with respect to the Collateral. Nothing in this Section 3.1 shall be deemed a consent by Bank to any sale, lease or other disposition of any Collateral.

### 4. Defaults, Enforcement and Application of Proceeds.

4.1 Upon the occurrence of a Default, Debtor shall be in default under this Agreement.

4.2 Upon the occurrence and during the continuation of a Default, Bank may at its discretion and without prior notice to Debtor declare any or all of the Indebtedness to be immediately due and payable, and shall have and may exercise any right or remedy available to them including, without limitation, any one or more of the following rights and remedies:

- (a) Exercise all the rights and remedies upon default, in foreclosure and otherwise, available to secured parties under the provisions of the Uniform Commercial Code and other applicable law;
- (b) Institute legal proceedings to foreclose upon the lien and security interest granted by this Agreement, to recover judgment for all amounts then due and owing as Indebtedness, and to collect the same out of any Collateral or the proceeds of any sale of it;
- (c) Institute legal proceedings for the sale, under the judgment or decree of any court of competent jurisdiction, of any or all Collateral; and/or
- (d) Personally or by agents, attorneys, or appointment of a receiver, enter upon any premises where Collateral may then be located, and take possession of all or any of it and/or render it unusable; and without being responsible for loss or damage to such Collateral, hold, operate, sell, lease, or dispose of all or any Collateral at one or more public or private sales, leaseings or other dispositions, at places and times and on terms and conditions as Bank may deem fit, without any previous demand or advertisement; and except as provided in this Agreement, all notice of sale, lease or other disposition, and advertisement, and other notice or demand, any right or equity of redemption, and any obligation of a prospective purchaser or lessee to inquire as to the power and authority of Bank to sell, lease, or otherwise dispose of the Collateral or as to the application by Bank of the proceeds of sale or otherwise, which would otherwise be required by, or available to Debtor under, applicable law are expressly waived by Debtor to the fullest extent permitted.
- (e) Use and enjoy a nonexclusive, royalty-free license to use the Copyrights, Patents and Trademarks.

At any sale pursuant to this Section 4.2, whether under the power of sale, by virtue of judicial proceedings or otherwise, it shall not be necessary for Bank or a public officer under order of a court to have present physical or constructive possession of Collateral to be sold. The recitals contained in any conveyances and receipts made and given by Bank or the public officer to any purchaser at any sale made pursuant to this Agreement shall, to the extent permitted by applicable law, conclusively establish the truth and accuracy of the matters stated (including, without limit, as to the amounts of the principal of and interest on the Indebtedness, the accrual and nonpayment of it and advertisement and conduct of the sale); and all prerequisites to the sale shall be presumed to have been satisfied and performed. Upon any sale of any Collateral, the receipt of the officer making the sale under judicial proceedings or of Bank shall be sufficient discharge to the purchaser for the purchase money, and the purchaser shall not be obligated to see to the application of the money. Any sale of any Collateral under this Agreement shall be a perpetual bar against Debtor with respect to that Collateral.

4.3 After the occurrence and during the continuation of a Default, Debtor shall at the request of Bank, notify the account debtors or obligors of Bank's security interest in the Collateral and direct payment of it to Bank. Bank may, itself, upon the occurrence of a Default so notify and direct any account debtor or obligor.

4.4 The proceeds of any sale or other disposition of Collateral authorized by this Agreement shall be applied by Bank in such order as the Bank, in its discretion, deems appropriate including, without limitation, the following order: first upon all expenses authorized by the Uniform Commercial Code and all reasonable attorneys' fees and legal expenses incurred by Bank; the balance of the proceeds of the sale or other disposition shall be applied in the payment of the Indebtedness, first to interest, then to principal, then to remaining Indebtedness and the surplus, if any, shall be paid over to Debtor or to such other person(s) as may be entitled to it under applicable law. Debtor shall remain liable for any deficiency, which it shall pay to Bank immediately upon demand.

4.5 Nothing in this Agreement is intended, nor shall it be construed, to preclude Bank from pursuing any other remedy provided by law or in equity for the collection of the Indebtedness or for the recovery of any other sum to which Bank may be entitled for the breach of this Agreement by Debtor. Nothing in this Agreement shall reduce or release in any way any rights or security interests of Bank contained in any existing agreement between Debtor, or any Guarantor and Bank.

4.6 No waiver of default or consent to any act by Debtor shall be effective unless in writing and signed by an authorized officer of Bank. No waiver of any default or forbearance on the part of Bank in enforcing any of its rights under this Agreement shall operate as a waiver of any other default or of the same default on a future occasion or of any rights.

4.7 Debtor irrevocably appoints Bank or any agent of Bank (which appointment is coupled with an interest) the true and lawful attorney of Debtor (with full power of substitution) in the name, place and stead of, and at the expense of, Debtor:

- (a) after the occurrence and during the continuation of a Default, to demand, receive, sue for, and give receipts or acquittances for any moneys due or to become due on any Collateral and to endorse any item representing any payment on or proceeds of the Collateral;
- (b) to execute and file in the name of and on behalf of Debtor all financing statements or other filings deemed necessary or desirable by Bank to evidence, perfect, or continue the security interests granted in this Agreement, and Debtor further authorizes and requests that the Register of Copyrights and the Commissioner of Patents and Trademarks record this Security Agreement; and
- (c) to do and perform any act on behalf of Debtor permitted or required under this Agreement.

(d) to modify, after prior notice to Debtor, this Security Agreement without first obtaining Debtor's approval of or signature to such modification by amending Exhibit A, Exhibit B and Exhibit C hereof, as appropriate, to include reference to any right, title or interest in any Copyrights, Patents or Trademarks acquired by Debtor after the execution hereof or to delete any reference to any material right, title or interest in any Copyrights, Patents or Trademarks in which Debtor no longer has or claims any right, title or interest.

4.8 Upon the occurrence and during the continuation of a Default, Debtor also agrees, upon request of Bank, to assemble the Collateral and make it available to Bank at any place designated by Bank which is reasonably convenient to Bank and Debtor.

5. Miscellaneous.

5.1 Until Bank is advised in writing by Debtor to the contrary, all notices, requests and demands required under this Agreement or by law shall be given to, or made upon, Debtor at the first address indicated in Section 5.15 below.

5.2 Debtor will give Bank not less than 45 days prior written notice of all contemplated changes in Debtor's name, chief executive office location, principal place of business location, and/or location of any Collateral.

5.3 Bank assumes no duty of performance or other responsibility under any contracts contained within the Collateral.

5.4 Bank has the right to sell, assign, transfer, negotiate or grant participations or any interest in, any or all of the Indebtedness and any related obligations, including without limit this Agreement; provided that each assignee or participant shall be subject to the confidentiality provisions set forth in Section 5.15. In connection with the above, but without limiting its ability to make other disclosures to the full extent allowable, Bank may, subject to Section 5.15, disclose all documents and information which Bank now or later has relating to Debtor, the Indebtedness or this Agreement, however obtained. Debtor further agrees that Bank may provide information relating to this Agreement or relating to Debtor or the Indebtedness to the Bank's parent, affiliates, subsidiaries, and service providers.

5.5 In addition to Banks' other rights, any indebtedness owing from Bank to Debtor can be set off and applied by Bank on any Indebtedness at any time(s) either before or after maturity or demand without notice to anyone. Any such action shall not constitute acceptance of Collateral in discharge of any portion of the Indebtedness.

5.6 Debtor waives any right to require Bank to: (a) proceed against any person or property; (b) give notice of the terms, time and place of any public or private sale of personal property security held from Debtor or any other person, or otherwise comply with the provisions of Section 9.504 of the Uniform Commercial Code; or (c) pursue any other remedy in Bank's power. Debtor waives notice of acceptance of this Agreement and presentment, demand, protest, notice of protest, dishonor, notice of dishonor, notice of default, notice of intent to accelerate or demand payment or notice of acceleration of any Indebtedness, any and all other notices to which the undersigned might otherwise be entitled, and diligence in collecting any Indebtedness.

5.7 Intentionally omitted.

5.8 In the event that applicable law shall obligate Bank to give prior notice to Debtor of any action to be taken under this Agreement, Debtor agrees that a written notice given to Debtor at least ten days before the date of the act shall be reasonable notice of the act and, specifically, reasonable notification of the time and place of any public sale or of the time after which any private sale, lease, or other disposition is to be made, unless a shorter notice period is reasonable under the circumstances. A notice shall be deemed to be given under this Agreement when delivered to Debtor or when placed in an envelope addressed to Debtor and deposited, with postage prepaid, in a post office or official depository under the exclusive care and custody of the United States Postal Service or delivered to an overnight courier. The mailing shall be by overnight courier, certified, or first class mail.

5.9 Notwithstanding any prior revocation, termination, surrender, or discharge of this Agreement in whole or in part, the effectiveness of this Agreement shall automatically continue or be reinstated in the event that any payment received or credit given by Bank in respect of the Indebtedness is returned, disgorged, or rescinded under any applicable law, including, without limitation, bankruptcy or insolvency laws, in which case this Agreement, shall be enforceable against Debtor as if the returned, disgorged, or rescinded payment or credit had not been received or given by Bank, and whether or not Bank relied upon this payment or credit or changed its position as a consequence of it. In the event of continuation or reinstatement of this Agreement, Debtor agrees upon demand by Bank execute and deliver to Bank those documents which Bank determines are appropriate to further evidence (in the public records or otherwise) this continuation or reinstatement, although the failure of Debtor to do so shall not affect in any way the reinstatement or continuation.

5.10 This Agreement and all the rights and remedies of Bank under this Agreement shall inure to the benefit of Bank's successors and assigns and to any other holder who derives from Bank title to or an interest in the Indebtedness or any portion of it, and shall bind Debtor and the successors, and assigns of Debtor. Nothing in this Section 5.10 is deemed a consent by Bank to any assignment by Debtor.

5.11 Intentionally omitted.

5.12 Except as otherwise provided in this Agreement, all terms in this Agreement have the meanings assigned to them in Article 9 (or, absent definition in Article 9, in any other Article) of the Uniform Commercial Code. "Uniform Commercial Code" means the Texas Business and Commerce Code as amended.

5.13 No single or partial exercise, or delay in the exercise, of any right or power under this Agreement, shall preclude other or further exercise of the rights and powers under this Agreement. The unenforceability of any provision of this Agreement shall not affect the enforceability of the remainder of this Agreement. This Agreement constitutes the entire agreement of Debtor and Bank with respect to the subject matter of this Agreement. No amendment or modification of this Agreement shall be effective unless the same shall be in writing and signed by Debtor and an authorized officer of Bank. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF TEXAS, WITHOUT REGARD TO CONFLICT OF LAWS PRINCIPLES.

5.14 To the extent that any of the Indebtedness is payable upon demand, nothing contained in this Agreement shall modify the terms and conditions of that Indebtedness nor shall anything contained in this Agreement prevent Bank from making demand, without notice and with or without reason, for immediate payment of any or all of that Indebtedness at any time(s), whether or not a Default has occurred.

5.15 Bank agrees not to disclose, and not to use for any purpose other than protecting their rights hereunder, any trade secrets or other confidential or proprietary documents or information of Debtor, provided that Bank may disclose such documents or information (a) to the extent required by law or court order, (b) if such documents or information becomes publicly available through no action or fault of Bank or its respective affiliates, or (c) such documents or information is obtained by Bank from a source other than Debtor or its affiliates who has the right to disclose the same to Bank.

5.16 Debtor's chief executive office and its principal place of business is located and shall be maintained at

3811 Turtle Creek Boulevard, Suite 600  
STREET ADDRESS

Dallas Texas 75219 Dallas  
CITY STATE ZIP CODE COUNTY

If Collateral is located at other than address specified above, such Collateral is located and shall be maintained at

STREET ADDRESS

CITY STATE ZIP CODE COUNTY

Collateral shall be maintained only at the locations identified in this Section 5.16.

- 5.17 A carbon, photographic or other reproduction of this Agreement shall be sufficient as a financing statement under the Uniform Commercial Code and may be filed by Bank in any filing office.
  - 5.18 This Agreement shall be terminated only by the filing of a termination statement in accordance with the applicable provisions of the Uniform Commercial Code, but the obligations contained in Section 2.13 of this Agreement shall survive termination.
  - 5.19 Debtor agrees to reimburse the Bank promptly (and in any event, within 30 days after any invoice or other statement or notice), for any and all costs and expenses (including, without limit, court costs, legal expenses and reasonable attorneys' fees, whether inside or outside counsel is used, whether or not suit is instituted and, if suit is instituted, whether at the trial court level, appellate level, in a bankruptcy, probate or administrative proceeding or otherwise) incurred in enforcing or attempting to enforce this Security Agreement or in exercising or attempting to exercise any right or remedy under this Agreement or incurred in any other matter or proceeding relating to this Agreement.
6. **DEBTOR AND Bank ACKNOWLEDGE THAT THE RIGHT TO TRIAL BY JURY IS A CONSTITUTIONAL ONE, BUT THAT IT MAY BE WAIVED. EACH PARTY, AFTER CONSULTING (OR HAVING HAD THE OPPORTUNITY TO CONSULT) WITH COUNSEL OF THEIR CHOICE, KNOWINGLY AND VOLUNTARILY, AND FOR THEIR MUTUAL BENEFIT WAIVES ANY RIGHT TO TRIAL BY JURY IN THE EVENT OF LITIGATION REGARDING THE PERFORMANCE OR ENFORCEMENT OF, OR IN ANY WAY RELATED TO, THIS AGREEMENT OR THE INDEBTEDNESS.**
7. **THIS WRITTEN LOAN AGREEMENT (AS DEFINED BY SECTION 26.02 OF THE TEXAS BUSINESS AND COMMERCE CODE) REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.**
8. **Special Provisions Applicable to this Agreement. (\*None, if left blank)**

Debtor:

Parago, Inc.

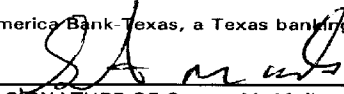
DEBTOR NAME TYPED/PRINTED

By:   
SIGNATURE OF

Its: CEO  
TITLE (if applicable)

Bank:

Comerica Bank - Texas, a Texas banking association

By:   
SIGNATURE OF Steven M. Moiles

Its: VP  
TITLE Vice President

# Security Agreement — Intellectual Property

## Exhibit 1

All rights, title, and interest in and to the property that is: (a) associated with Debtor's prior "How2" business model\*; and (b) described below:

- All web-site content (e.g. tutorials), whether previously used or unused by Debtor, including without limitation licenses to use third party content.
- All other intellectual property, including without limitation trademarks, service marks, logos, trade names, copyrights, inventions and patent rights, and any goodwill associated therewith, including without limitation the following service marks: HEADQUARTERS FOR LIVING (Serial No. 75/801562), filed September 18, 1999; HOW2 DAY (Serial No. 75/792883), filed September 3, 1999; HOW2HQ.COM (Serial No. 75/785864), filed August 25, 1999; HOW2 SHOP & SAVE (Serial No. 75/724329), filed June 8, 1999; HOW2 SHOP 'N SAVE (Serial No. 75/724333), filed June 8, 1999.
- All domain names.
- All other assets related to the above.

\* For the purpose of this Agreement, Debtor's "How2" business model is expressly understood to exclude Debtor's current and anticipated customer relationship management business, including rebate processing, promotional management, data warehousing, customer service, and the development and on-line hosting of product manuals and product instructional materials. The preceding definition of Debtor's "How2" business model shall not be used to exclude from this Exhibit those five (5) service marks and associated applications specifically enumerated above. In addition, those assets described in Exhibits A, B, and C of this Agreement are expressly understood to not be related to Debtor's prior "How2" business model.



**Exhibit A**

I. Material Copyrightable Works

- Promotional Transaction System (“PTS”) v.1.2
- PromoCenter v.1.1
- Upsell Module (of PromoCenter) v.1.0
- Survey Module (of PTS) v.1.0

# Security Agreement — Intellectual Property

## Exhibit B

### I. United States Provisional Patent Applications

1. U.S. Provisional Patent Application No. 60/149,156, filed August 15, 1999, and entitled "*Method and Apparatus for a Computer Network System Designed to Facilitate Rebate Fulfillment and Customer Information Gathering*"

### II. United States Non-Provisional Patent Applications

1. U.S. Patent Application No. 09/470,588, filed December 22, 1999, and entitled "*A System and Method for Computer-Aided Rebate Processing*"
2. U.S. Patent Application No. 09/470,580, filed December 22, 1999, and entitled "*Rebate Processing System and Method of Offering Selectable Disbursement Options*"
3. U.S. Patent Application No. 09/470,582, filed December 22, 1999, and entitled "*Rebate Processing System and Method of Providing Promotions Database and Interface*"

**Exhibit C**

**I. Service Marks (with Applications for Federal SM Registration)**

1. "C.A.R.E. – Customer Acquisition, Retention & Extension" (Serial No. 75/792546), filed September 3, 1999.
2. "MANUALS HQ" (Serial No. 75/724331), filed June 8, 1999.
3. "REBATES HQ" (Serial No. 75/724332), filed June 8, 1999.
4. "PARAGO" (Serial No. 78/007338), filed May 8, 2000.
5. "PROMOPATH" (Serial No. 78/008593), filed May 17, 2000.

**II. Service Marks (without Applications for Federal TM Registration)**

1. "PARAGO (and Design)" (no application filed).
2. "PTSYSTEM" (no application filed).
3. "CONTINUOUS CUSTOMER INTERACTION" (no application filed).