



03-12-2001



101632253

FORM PTO-1618A
Expires 06/30/99
OMB 0651-0027

2-21-01

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

Execution Date
Month Day Year
12/29/2000

Name Finance America, LLC

Formerly _____

- Individual General Partnership Limited Partnership Corporation Association
- Other Limited Liability Company
- Citizenship/State of Incorporation/Organization Delaware

Receiving Party

Mark if additional names of receiving parties attached

Name Lehman Commercial Paper Inc.

DBA/AKATA _____

Composed of _____

Address (line 1) 3 World Financial Center

Address (line 2) 200 Vesey Street

Address (line 3) New York NY 10285-0800
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 New York

FOR OFFICE USE ONLY

65E

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 Practices. DO NOT SEND REQUESTS TO RECORD ASSIGNMENT DOCUMENTS TO THIS ADDRESS.

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: 002248 FRAME: 0334

Domestic Representative Name and Address

Enter for the first Receiving Party only.

Name

[Empty box] FEB 21 2001

Address (line 1)

[Empty box]

Address (line 2)

[Empty box]

Address (line 3)

[Empty box]

Address (line 4)

[Empty box]

Correspondent Name and Address

Area Code and Telephone Number (212) 735-2129

Name

Michael Karol, Esq.

Address (line 1)

Skadden, Arps, Slate, Meagher & Flom LLP

Address (line 2)

Four Times Square

Address (line 3)

New York, NY 10036-6522

Address (line 4)

[Empty box]

Pages

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

#

9

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)

76011699	76080604	[Empty]
[Empty]	[Empty]	[Empty]
[Empty]	[Empty]	[Empty]

[Empty]	[Empty]	[Empty]
[Empty]	[Empty]	[Empty]
[Empty]	[Empty]	[Empty]

Number of Properties

Enter the total number of properties involved.

#

2

Fee Amount

Fee Amount for Properties Listed (37 CFR 3.41):

\$

65.00

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:

#

19-2385

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.

Michael Karol

Name of Person Signing

Signature

2/20/01

Date Signed

SECURITY AGREEMENT

SECURITY AGREEMENT dated as of December 29, 2000 (this "*Agreement*") made by FINANCE AMERICA, LLC, a Delaware limited liability company ("*Grantor*"), to Lehman Commercial Paper Inc., as Working Capital Lender under the Loan Agreement (as defined below) (the "*Grantee*").

PRELIMINARY STATEMENTS.

1. Grantee and Grantor are parties to a Loan Agreement dated August 2, 1999 (the "*Loan Agreement*") under which Grantee has made certain Working Capital Advances (as defined therein) (the "*Working Capital Advances*") to Grantor.
2. Grantor has requested that the Working Capital Advances be novated to Finance America Holdings, LLC ("*Holdings*"), the newly-formed parent company of Grantor, pursuant to a Novation and Security Agreement, dated as of December 29, 2000 (the "*Initial Novation*"), in order to fulfill certain of Grantor's business purposes.
3. It is now contemplated that Grantee will make certain additional Working Capital Advances to Grantor under the Loan Agreement (the "*Additional Working Capital Advances*"), which Working Capital Advances may also be novated to Holdings pursuant to one or more additional novations (each such novation, an "*Additional Novation*").
4. Pursuant to the Initial Novation and any Additional Novations, substantially all of Grantor's property currently securing the Working Capital Advances and any Additional Working Capital Advances will no longer secure such advances. It is acknowledged that Holdings does not have any substantial assets (other than the limited liability company interests in Grantor) to secure the Working Capital Advances or any Additional Working Capital Advances.
5. In order to induce Grantee to make the Additional Working Capital Advances, and to consent to the Initial Novation and any Additional Novations, Grantor wishes to provide Grantee with certain additional collateral security.
6. Unless otherwise defined in this Agreement or in the Initial Novation, terms defined in Articles 8 or 9 of the Uniform Commercial Code in effect in the State of New York ("*N.Y. Uniform Commercial Code*") are used in this Agreement as such terms are defined in such Article 8 or 9.

NOW, THEREFORE, Grantor hereby agrees with Grantee as follows:

Section 1. Grant of Security. Grantor hereby assigns and pledges to Grantee, and hereby grants to Grantee a security interest in, Grantor's right, title and interest in and to the following, in each case, as to each type of property described below, whether now owned or hereafter acquired by Grantor, wherever located, and whether now or hereafter existing or arising under the laws of the United States and all foreign jurisdictions (collectively, the "*Collateral*").

(a) all United States, international and foreign patents, patent applications and statutory invention registrations or any rights therein relating to the "FAAST 4" mortgage underwriting maintenance process (the "*FAAST 4 Process*"), including without limitation, the patents and patent applications set forth in Schedule I hereto (as such Schedule I may be supplemented from time to time hereafter), and together with all reissues, divisions, continuations, continuations-in-part, extensions and reexaminations thereof, all inventions therein, all rights therein provided by international treaties or conventions and all improvements thereto, and all other rights of any kind whatsoever of Grantor accruing thereunder or pertaining thereto ("*Patents*");

(b) all trademarks (including, without limitation, service marks), certification marks, collective marks, trade dress, logos, domain names, product configurations, trade names and other source identifiers, whether or not registered, whether currently in use or not, including, without limitation, the trademark registrations and trademark applications set forth in Schedule I hereto (as such Schedule I may be supplemented from time to time hereafter), all common law rights and registrations and applications for registration thereof, and all other marks registered in the U.S. Patent and Trademark Office or in any office or agency of any state or territory of the United States or any foreign jurisdiction, relating in each case to the FAAST 4 Process, and all rights therein provided by international treaties or conventions, all reissues, extensions and renewals of any of the foregoing, together in each case with the goodwill of the business connected therewith and symbolized thereby, and all rights corresponding thereto throughout the world and all other rights of any kind whatsoever of Grantor accruing thereunder or pertaining thereto ("*Trademarks*"); and

(c) all copyrights, copyright applications, copyright registrations and like protections in each work of authorship, whether statutory or common law, whether published or unpublished, any renewals or extensions thereof, all copyrights of works based on, incorporated in, derived from, or relating to works covered by such copyrights, in each case relating to the FAAST 4 Process, including, without limitation, the copyright registrations and copyright applications set forth in Schedule I hereto (as such Schedule I may be supplemented from time to time), together with all rights corresponding thereto throughout the world and all other rights of any kind whatsoever of Grantor accruing thereunder or pertaining thereto ("*Copyrights*").

Section 2. Security for Obligations. This Agreement secures the payment of all obligations of Grantor or Holdings relating to the Working Capital Advances and any Additional Working Capital Advances arising from time to time following the date hereof, whether direct or indirect, absolute or contingent, and whether for principal, reimbursement obligations, interest, fees, premiums, penalties, indemnifications, contract causes of action, costs, expenses or otherwise (including the costs and expenses referred to in Section 10 hereof), and whether or not any such Additional Working Capital Advances are novated to Holdings pursuant to the Additional Novation (all such obligations being the "*Secured Obligations*").

Section 3. Grantor Remains Liable. Anything herein to the contrary notwithstanding, (a) Grantor shall remain liable under the contracts and agreements included in the Collateral to the extent set forth therein to perform all of its duties and obligations thereunder to the same extent as if this Agreement had not been executed and (b) Grantee shall not have any obligation or liability under the contracts and agreements included in the Collateral by reason of this Agreement, the Loan Agreement, the Initial Novation or any Additional Novation, nor shall Grantee be obligated to perform any of the obligations or duties of Grantor thereunder or to take any action to collect or enforce any claim for payment assigned hereunder.

Section 4. Representations and Warranties. Grantor represents and warrants as follows:

(a) Grantor is the legal and beneficial owner of the Collateral free and clear of any Lien (as defined in the Loan Agreement), claim, option or right of others, except for the security interest created under this Agreement.

(b) All filings and other actions necessary or desirable to perfect and protect the security interest in the Collateral of Grantor created under this Agreement have been duly made or taken and are in full force and effect or have been provided for and this Agreement creates (or will create) in favor of Grantee a valid and, together with such filings and other actions, perfected first priority security interest in the Collateral of Grantor, securing the payment of the Secured Obligations.

(c) No authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body or any other third party is required for (i) the grant by Grantor of the assignment, pledge and security interest granted hereunder or for the execution, delivery or performance of this Agreement by Grantor, (ii) the perfection or maintenance of the assignment, pledge and security interest created hereunder (including the first priority nature of such assignment, pledge or security interest), except for the filing of financing and continuation statements under the Uniform Commercial Code, which financing statements are in form for filing and are in full force and effect, or the recordation of any security agreements required to be filed for such perfection with the U.S. Patent and Trademark Office or the U.S. Copyright Office and, to the extent applicable, in corresponding national and international offices in any foreign

jurisdictions, which are in full force and effect and in final form for recordation, or (iii) for the exercise by Grantee of its remedies in respect of the Collateral pursuant to this Agreement.

(d) As to itself and the Collateral, Grantor has made or performed or, after the date hereof, in the reasonable judgment of Grantee, will perform all filings, recordings and other acts and has paid all required fees and taxes to maintain and protect its interest in each and every item of Collateral in full force and effect in the United States and all foreign jurisdictions, and to protect and maintain its interest therein including, without limitation, recordations of any of its interests in the Patents and Trademarks with the U.S. Patent and Trademark Office and any of its interests in the Copyrights in the U.S. Copyright Office and in corresponding national and international offices in all foreign jurisdictions reasonably requested by Grantee. Grantor has used proper statutory notice in connection with its use of each patent, trademark and copyright constituting a part of the Collateral.

(e) Grantor hereby authorizes Grantee to file one or more financing or continuation statements, and amendments thereto relating to all or any part of the Collateral of Grantor, or any filing deemed by the Grantee to be necessary or desirable to the maintenance of Grantee's security interest in the Collateral with the U.S. Patent and Trademark Office or the U.S. Copyright Office or any corresponding national and international offices in any foreign jurisdiction, in each case without the signature of Grantor where permitted by law. A photocopy or other reproduction of this Agreement or any financing statement or other security interest filing covering the Collateral or any part thereof shall be sufficient as a financing statement where permitted by law.

(f) Grantor will furnish to Grantee from time to time statements and schedules further identifying and describing the Collateral of Grantor and such other reports in connection with such Collateral as Grantee may reasonably request, all in reasonable detail and, to update Schedule I hereof to reflect any part of the Collateral not reflected thereon.

Section 5. Covenants Relating to Collateral. (a) With respect to each item of its Collateral, Grantor, in accordance with its reasonable business judgment, agrees to take, at its expense, all necessary steps, including, without limitation, in the U.S. Patent and Trademark Office and the U.S. Copyright Office and, to the extent reasonably necessary, any other governmental authority in the any foreign jurisdictions, to (i) maintain the validity and enforceability of each such item of Collateral and maintain each such item of Collateral in full force and effect, (ii) pursue the registration and maintenance of each patent, trademark, or copyright registration or application, now or hereafter included in the Collateral of Grantor and (iii) record the security interest of Grantee in any such item of Collateral. Grantor shall not, without the written consent of Grantee, discontinue use of or otherwise abandon any Collateral, or abandon any right to file an application for letters patent, trademark or copyright unless

otherwise consented to in writing by Grantee. Grantor agrees to provide to Grantee all information regarding the Collateral reasonably requested by Grantee, including without limitation the status of any applications for any patent, trademark or copyright.

Section 6. Transfers and Other Liens. (a) Grantor agrees that it will not (i) sell, assign or otherwise dispose of, or grant any option with respect to, any of the Collateral, or (ii) create or suffer to exist any Lien (as defined in the Loan Agreement) upon or with respect to any of the Collateral of Grantor.

Section 7. Grantee Appointed Attorney-in-Fact. Grantor hereby irrevocably appoints Grantee as Grantor's attorney-in-fact, with full authority in the place and stead of Grantor and in the name of Grantor or otherwise (1) from time to time, upon the occurrence and during the continuance of an Event of Default, to take any action and to execute any instrument that Grantee may request and (2) in the event that the Grantor fails to continue an application for, maintain the registration of, or prosecute any patent, trademark or copyright, or application therefor, or to perform any other action set forth in Section 5 hereof with respect to any patent, trademark or copyright, to take any such action on behalf of the Grantor, in each case as necessary or advisable to accomplish the purposes of this Agreement.

Section 8. Grantee May Perform. If Grantor fails to perform any agreement contained herein, Grantee may, as Grantee deems necessary to protect the security interest granted hereunder in the Collateral or to protect the value thereof, but without any obligation to do so and without notice, itself perform, or cause performance of, such agreement, and the expenses of Grantee incurred in connection therewith shall be payable by Grantor under Section 11 hereof.

Section 9. Remedies. If any Event of Default shall have occurred and be continuing:

(a) Grantee, may exercise in respect of the Collateral, in addition to other rights and remedies provided for herein or otherwise available to it, all the rights and remedies of a secured party upon default under the N.Y. Uniform Commercial Code (whether or not the N.Y. Uniform Commercial Code applies to the affected Collateral) and also may: (i) without notice except as specified below, sell the Collateral or any part thereof in one or more parcels at public or private sale, for cash, on credit or for future delivery, and upon such other terms as Grantee may deem commercially reasonable; and (ii) exercise any and all rights and remedies of Grantor in respect of the Collateral. Grantor agrees that, to the extent notice of sale shall be required by law, at least ten days' notice to Grantor of the time and place of any public sale or the time after which any private sale is to be made shall constitute reasonable notification. Grantee shall not be obligated to make any sale of Collateral regardless of notice of sale having been given. Grantee may adjourn any public or private sale from time to time by announcement at the

time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned.

(b) All payments received by Grantor under or in respect of the Collateral shall be received in trust for the benefit of Grantee, shall be segregated from other funds of Grantor and shall be forthwith paid over to Grantee in the same form as so received (with any necessary indorsement).

(c) If an Event of Default shall have occurred and be continuing, Grantee shall have the right to purchase all or a portion of the Collateral from Grantor at a price equal to the fair market value of the Collateral or such portion thereof, as determined by a reputable appraiser which is not an affiliate of the Grantee, and may offset such purchase price against the total unpaid amounts with respect to the Secured Obligations.

Section 10. Expenses. Grantor will upon demand pay to Grantee the amount of any and all reasonable expenses, including, without limitation, the reasonable fees and expenses of its counsel and of any experts and agents, that Grantee may incur in connection with (i) the administration of this Agreement, (ii) the custody, preservation, use or operation of, or the sale of, collection from or other realization upon, any of the Collateral, (iii) the exercise or enforcement of any of the rights of Grantee hereunder or (iv) the failure by Grantor to perform or observe any of the provisions hereof.

Section 11. Amendments. This Agreement may be amended only with the consent of each party hereto.

Section 12. Notices; Etc. All notices, requests and other communications provided for herein shall be given in writing (including, without limitation, by telecopy) delivered to the intended recipient at the "Address for Notice" specified for such purpose in the Second Amended and Restated Cash Management and Security Agreement dated as of December 29, 2000 (with the address of Holdings being the address specified therein for the Grantor), or at such other address as shall be designated by such party in a written notice to each other party.

Section 13. Continuing Security Interest. This Agreement shall create a continuing security interest in the Collateral and shall (a) remain in full force and effect until the date that all payment obligations of Grantor and Holdings under the Secured Obligations shall be fully satisfied and (b) be binding upon Grantor, its successors and assigns.

Section 14. Execution in Counterparts. This Agreement may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Agreement by telecopier shall be effective as delivery of an original executed counterpart of this Agreement.

Section 15. Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, Grantor has caused this Agreement to be duly executed and delivered by its officer thereunto duly authorized as of the date first above written.

FINANCE AMERICA, LLC

By: Karen H. Cornell
Name: Karen H. Cornell
Title: Vice President

LEHMAN COMMERCIAL PAPER INC.

By: _____
Name:
Title:

IN WITNESS WHEREOF, Grantor has caused this Agreement to be duly executed and delivered by its officer thereunto duly authorized as of the date first above written.

FINANCE AMERICA, LLC

By: _____

Name:

Title:

LEHMAN COMMERCIAL PAPER INC.

By: *Karen Miller*

Name:

Title:

SCHEDULE I

1. Service Mark
Serial No. 76/011699
"FAAST4"
Filed 3/28/00
2. Service Mark
Serial No. 76/080604
"The Evolution of Lending"
Filed 6/28/00
3. U.S. Patent Application
U.S. Serial No. 60/184,150
Automated Loan Evaluation System (FAAST4 Technology)
4. Certificate of Copyright Registration No. TX 5-097-626
Filed 4/3/00
FAAST4 brochure