

04-12-2002



Form PTO-1594
(Rev. 03/01)
OMB No. 0651-0027 (exp. 5/31/2002)
Tab settings ⇨ ⇨ ⇨

U.S. DEPARTMENT OF COMMERCE
U.S. Patent and Trademark Office

102052970

To the Honorable Commissioner of Patents and Trademarks: Please record the attached original documents or copy thereof.

1. Name of conveying party(ies):

Orrtax Software, Inc.

4-1-02

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

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

3. Nature of conveyance:

- Assignment
- Security Agreement
- Other
- Merger
- Change of Name

Execution Date: March 27, 2002

2. Name and address of receiving party(ies)

Name: Harold Orr

Internal Address: Harold Enterprises, Inc.

Street Address: 2375 130th Ave. NE, #101

City: Bellevue State: WA Zip: 98005

Individual(s) citizenship USA

Association

General Partnership

Limited Partnership

Corporation-State

Other

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

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

A. Trademark Application No.(s)

See attached

B. Trademark Registration No.(s)

See attached

Additional number(s) attached Yes No

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

Name: Zachary A. Wright

Internal Address: Short Cressman & Burgess
PLLC

Suite 3000

Street Address: 999 Third Avenue

City: Seattle State: WA Zip: 98104

6. Total number of applications and registrations involved:

7. Total fee (37 CFR 3.41).....\$ 265.00

- Enclosed
- Authorized to be charged to deposit account

8. Deposit account number:

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

DO NOT USE THIS SPACE

9. Statement and signature.

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

ZACHARY WRIGHT

Name of Person Signing

Zachary A Wright
Signature

4/1/02

Date

Total number of pages including cover sheet, attachments, and document: 7

04/12/2002 CHUELLER 00000015 75938259

01 FC:481
02 FC:482

40.00 BP
225.00 TP

Mail documents to be recorded with required cover sheet information to:
Commissioner of Patent & Trademarks, Box Assignments
Washington, D.C. 20231

OFFICE OF PUBLIC RECORDS
FINANCE SECTION
2002 APR -1 PM 2:27

TRADEMARK
REEL: 002481 FRAME: 0068

4. Application numbers(s):

A. Trademark Application No.(s)

75938259

75918552

76338990

76363163

76019669

B. Trademark Registrations No. (s)

1727221

1923474

2292254

2505218

2545260

SUBORDINATED GUARANTY AND SECURITY AGREEMENT

THIS SUBORDINATED GUARANTY AND SECURITY AGREEMENT ("Guaranty") dated as of March 27, 2002 is made by ORRTAX SOFTWARE, INC., a Washington corporation ("Guarantor"), in favor of JOHN ORR ("Lender"). Before Lender will extend credit to Tax Refund Express, Inc. ("Borrower"), Guarantor must deliver this Guaranty to Lender.

AGREEMENT

To induce Lender to extend credit to Borrower, Guarantor and Lender agree as follows:

1. Guaranty. Guarantor unconditionally and directly guarantees to Lender the prompt payment and performance at (and after) maturity (including maturity due to acceleration) of all obligations and indebtedness under that certain Subordinated Promissory Note and Pledge Agreement of even date herewith (the "Note") by Borrower and payable to Lender in the original principal amount of \$1,220,395.00, as from time to time renewed, extended, amended or supplemented, including without limitation all principal, interest, attorneys' fees, amounts that would be owing thereunder but for operation of any applicable state or federal laws dealing with bankruptcy, insolvency, reorganization, fraudulent conveyances or transfers or usury, or otherwise relating to the creation, enforcement or collection of debts including without limitation Title 11 of the United States Code, all pre- and post maturity interest accrued thereon (including all postpetition interest if Borrower voluntarily or involuntarily files for protection under bankruptcy laws, regardless of whether Lender is entitled to recover such interest from Borrower under such bankruptcy law), and all costs, attorneys' fees, and expenses reasonably incurred by Lender to enforce Borrower's or Guarantor's payment hereof or thereof (the "Guaranteed Debt"). Guarantor is obligated for payment of all or any of the Guaranteed Debt which becomes due as fully as if the Guaranteed Debt was directly owing to Lender by Guarantor.

2. Absolute, Irrevocable, and Continuing Guaranty. This Guaranty is an absolute, irrevocable, and continuing guaranty of payment and not of collection. This Guaranty shall remain in effect until all Guaranteed Debt has been fully and finally paid and performed.

3. Payment on Default. If a Default under the Note exists, Guarantor must, on demand and without further notice of dishonor, Lender's acceptance of this Guaranty or the creation or occurrence of indebtedness under the Note, pay the amount then due and payable to Lender under the Note. To enforce this Guaranty against the Guarantor, Lender does not have to first institute suit or exhaust remedies against Borrower or enforce its rights against any collateral which may secure the Note.

4. Actions Which Are Not Releases. None of the following events will impair, discharge or in any manner affect the terms of this Guaranty or constitute a release of Guarantor's obligations under this Guaranty, and Guarantor hereby waives any and all rights it may have to receive notice of or consent to any of the following events: (a) Lender accepts any other security or guaranty for the Note; (b) Lender takes, exchanges, releases, surrenders, subordinates, impairs, or loses any collateral securing the Note; (c) Lender completely or partially releases, discharges, substitutes or adds any other guarantors of the Note or any other party who is obligated on the Note; (d) Lender and Borrower modify, amend, or waive compliance with any provision of the Note or other instrument evidencing, securing, or governing the Note; (e) Lender accelerates, renews, extends, forebears from collecting, settles, or compromises any of the Note; (f) a party obligated for any portion of the Note becomes insolvent, bankrupt, or is found to lack proper corporate or partnership power; (g) Lender delays or refuses to prosecute any action in connection with the Note; (h) Guarantor fails to receive notice (from Lender, Borrower or otherwise) or fails to consent to: (i) the creation, renewal, extension or increase of any indebtedness under the Note, or any change in the interest rate, time, terms or manner for payment on performance thereof, (ii) any acceleration, enforcement or assignment of the Note, (iii) the release of any collateral securing the Note, (iv) any new agreement between Borrower and Lender, (v) any action taken or refrained from being taken

against Borrower,(vi) acceptance of this Guaranty by an person, (vii) the amount of indebtedness now existing or which may hereafter exist, (viii) presentment, protest, demand for payment by Lender or anyone else, notice of protest and of dishonor, notice of default or nonpayment of the Guaranteed Debt, (ix) notice of assignment, transfer or negotiation of the Guaranteed Debt and (x) (except as otherwise provided herein) all other notice, demands, consents to which Guarantor might otherwise be entitled to in connection herewith; (i) Lender is unable to enforce any part of the Note against any party because the indebtedness under the Note exceeds the amount permitted by applicable debtor relief laws, the Borrower's act of creating the Note was ultra vires, or Borrower's officers exceeded their corporate authority or violated their fiduciary duties in any manner when obligating Borrower to the Note; (j) Lender is required to refund or forfeit payments made to Lender by Borrower (if this happens, the Guaranty will be reinstated in an amount equal to the refunded payment or payments). Guarantor hereby consents and agrees that, at any time and from time to time, the time, manner, place, conditions of payment and other terms of the Guaranteed Debt may be extended, amended, modified or changed pursuant to agreement between Lender and Borrower, all in such manner and upon such terms and conditions as the parties thereto may deem proper, and without notice to or further assent from Guarantor, and all without affecting this Guaranty or the obligations of Guarantor hereunder.

GUARANTOR ACKNOWLEDGES AND AGREES THAT LENDER IS NOT REQUIRED TO GIVE IT ANY NOTICE OF ANY KIND UNDER ANY CIRCUMSTANCES IN CONNECTION WITH THE NOTE OR THE INDEBTEDNESS THEREUNDER, OTHER THAN AS EXPRESSLY AND SPECIFICALLY REQUIRED BY THIS GUARANTY.

5. Waiver of Procedural Rights. Guarantor waives all of its rights by which it might be entitled to bring suit on an accrued right of action on the Note or against Borrower or others under applicable law. Lender may invoke the benefits of this Guaranty before pursuing any remedies against Borrower or any other person obligated to pay or perform the obligations and before proceeding against any security now or hereafter existing for the payment or performance of the Note. Lender may maintain an action against Guarantor on this Guaranty without joining any other person obligated and without bringing a separate action against any such person.

6. No Defenses. The indebtedness under the Note will not be reduced, discharged, or released by any existing or future offset, claim, or defense (except for the defense of complete payment of the Note) of Borrower or any other party against Lender or against payment of the Note, regardless of whether the offset, claim, or defense arises in connection with the Note.

7. Grant of Security Interest. In order to secure the obligations of Guarantor hereunder, Guarantor hereby grants to Lender a security interest in (and hereby pledges and assigns as applicable) and agrees that Lender shall continue to have a security interest in (and a pledge and assignment as applicable), the following property (the "Collateral"):

All Accounts. A security interest in all accounts now owned or existing as well as any and all that may hereafter arise or be acquired by Guarantor, and all the proceeds and products thereof, including without limitation, all notes, drafts, acceptances, instruments and chattel paper arising therefrom, and all returned or repossessed goods arising from or relating to any such accounts, or other proceeds of any sale or other disposition of inventory.

All Inventory. A security interest in all of Guarantor's inventory, including all goods, merchandise, raw materials, goods in process, finished goods and other tangible personal property, wherever located, now owned or hereafter acquired and held for sale or lease or furnished or to be furnished under contracts for service or used or consumed in Guarantor's business and all additions and accessions thereto and contracts with respect thereto and all documents of title evidencing or representing any part thereof, and all products and proceeds thereof.

All Fixtures. A security interest in all of Guarantor's fixtures and appurtenances thereto, and such other goods, chattels, fixtures, equipment and personal property affixed or in any manner attached to the real estate and/or building(s) or structure(s), including all additions and accessions thereto and replacements thereof and articles in substitution therefor, howsoever attached or affixed.

All Equipment. A security interest in all equipment of every nature and description whatsoever now owned or hereafter acquired by Guarantor including all appurtenances and additions thereto and substitutions therefor, wherever located, including all tools, parts and accessories used in connection therewith.

General Intangibles. A security interest in all general intangibles and other personal property now owned or hereafter acquired by Guarantor other than goods, accounts, chattel paper, documents and instruments. Such general intangibles shall include any software, software licenses, copyrights, trade secrets, trademarks and patents.

Chattel Paper. A security interest in all of Guarantor's interest under chattel paper, electronic chattel paper, lease agreements and other instruments or documents, whether now existing or owned by Guarantor or hereafter arising or acquired by Guarantor, evidencing both a debt and security interest in or lease of specific goods.

Instruments. A pledge and assignment of said security interest in all of Guarantor's now owned or existing as well as hereafter acquired or arising instruments and documents.

Other Property. A security interest in all of Guarantor's deposit accounts, documents, investment property, letters of credit, commercial tort claims, and letter-of-credit rights now owned or existing as well as hereafter acquired or arising.

The term "Collateral" as used in this Agreement shall mean and include, and the security interest (and pledge and assignment as applicable) shall cover, all of the foregoing property, as well as any accessions, additions and attachments thereto and the proceeds and products thereof, including without limitation, all cash, general intangibles, accounts, deposit accounts, inventory, equipment, fixtures, notes, drafts, acceptances, securities, instruments, chattel paper, electronic chattel paper, insurance proceeds payable because of loss or damage, or other property, benefits or rights arising therefrom, and in and to all returned or repossessed goods arising from or relating to any of the property described herein or other proceeds of any sale or other disposition of such property.

Guarantor agrees not to suffer or permit any charge, lien, security interest, adverse claim or encumbrance of any and every nature whatsoever ("Liens") against the Collateral or any part thereof, except for (i) Liens hereunder and under that certain Subordinated Guaranty and Security Agreement of even date herewith by Guarantor in favor of Harold Orr, (ii) Liens securing "Senior Indebtedness" as that term is defined in that certain Intercreditor Agreement dated February 13, 2002 (the "Intercreditor Agreement") among Borrower, John Orr, Harold Orr, Guarantor, Southwest Bank of Texas, N.A. ("Senior Creditor") and Harbinger Mezzanine Partners, L.P., and (iii) Liens expressly subordinate to the Liens hereunder. Except for the Liens securing the Senior Indebtedness, this agreement creates a first priority security interest in the Collateral in favor of Lender (subject to the filing of a financing statement pursuant to the Uniform Commercial Code. Guarantor agrees to execute and deliver such financing statement or statements, or amendments thereof or supplements thereto, or other documents as Lender may from time to time require in order to comply with the Uniform Commercial Code (or other applicable state law of the jurisdiction where any of the Collateral is located) and to preserve and protect Lender's rights to the Collateral and shall do, make, procure, execute and deliver all such additional and further acts, things, deeds, interests and assurances as Lender may require from time to time to protect, assure and enforce Lender's rights and remedies hereunder. Guarantor authorizes Lender to file a financing statement or statements describing the Collateral. The office where Guarantor keeps its records is located at 13208 NE 20th, Bellevue, Washington, and shall not, during the continuance of this

Guaranty, be removed from those premises without thirty days prior written notice to Lender. Guarantor shall not change its state of incorporation or corporate name without thirty days prior written notice to Lender. Guarantor shall maintain the Collateral in a careful and proper manner and shall permit Lender at all reasonable times with notice to inspect its books and records, and permit Lender to enter the premises upon which such books and records are located for the purpose of inspecting such books and records. Guarantor shall maintain careful and proper records reflecting and fully identifying the Collateral including, but not limited to: a list of accounts that identifies each account debtor, states its mailing address, and gives the amount and maturity of its undertaking; the identity of all general intangibles, instruments, documents, chattel papers and contract rights; by general categories and amounts, the identity of all inventory, along with location and identity of its inventory, stock in trade, and goods in transit; and Guarantor's inventory purchases and sales, collections, and adjustments with customers. Guarantor shall maintain all Collateral in good condition and repair. Guarantor shall not sell or offer to sell or otherwise transfer the Collateral or any interest therein without the prior written consent of Lender, except that Guarantor may sell, lease or loan such portion of the Collateral that is goods, inventory, stock in trade or goods in transit in the ordinary course of its regular business operations. For purposes hereof, "transfer" shall include any transfer by merger, consolidation or liquidation, or any change in the ownership of or power to vote the majority or controlling interest of Guarantor's voting stock. Except for the consent of Southwest Bank of Texas, N.A., no consent of any other person or entity and no authorization, approval or other action by, and no notice to or filing with, any governmental authority is required (i) for the grant by Guarantor of the security interest granted hereby or for the execution, delivery or performance of Guarantor's obligations hereunder, (ii) for the perfection or maintenance of the security interest created hereby (including the senior priority nature of such security interest), or (iii) to Guarantor's knowledge, for the exercise by Lender of its rights, powers, privileges, and remedies hereunder or in connection herewith.

Guarantor will maintain with financially sound and reputable insurance companies insurance on the Collateral in such amounts and against such risks as are usually insured against by persons engaged in similar businesses. Each insurance policy covering Collateral shall, subject to the rights of Senior Creditor under the Intercreditor Agreement, name Lender as loss payee and provide that such policy shall not be canceled without fifteen (15) days prior written notice to Lender.

8. Collateral Remedies. Lender shall have all of the rights and remedies provided for herein and in any other agreements executed by Guarantor, the rights and remedies in the Uniform Commercial Code of Washington, and any and all of the rights and remedies at law and equity, all of which shall be deemed cumulative. Without limiting the foregoing, Guarantor agrees that Lender shall have the right to (a) require Guarantor to assemble the Collateral and make it available to Lender at a place designated by Lender that is reasonably convenient to both parties, which Guarantor agrees to do; (b) take possession of the Collateral, with or without process of law, and, in this connection, enter any premises where the Collateral is located to remove same, to render it unusable, or to dispose of same on such premises; (c) sell, lease or otherwise dispose of the Collateral, by public or private proceedings, for cash or credit, without assumption of credit risk; and/or (d) collect and receipt for, compound, compromise, and settle, and give releases, discharges and acquittances with respect to, any and all amounts owned by any person or entity with respect to the Collateral. Unless the Collateral is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market, Lender shall send Guarantor reasonable notice of the time and place of any public sale or of the time after which any private sale or other disposition will be made. Any requirement of reasonable notice to Guarantor shall be met if such notice is mailed, postage prepaid, to Guarantor at the address of Guarantor designated at the beginning of this Agreement, at least ten (10) days before the day of any public or private sale or other disposition will be made. Guarantor shall be liable for and agrees to pay the reasonable expenses incurred by Lender in enforcing its rights and remedies, in retaking, holding, testing, repairing, improving, selling, leasing or disposing of the Collateral, or like expenses, including, without limitation, attorneys' fees and legal expenses incurred by Lender. These expenses, which Guarantor agrees to pay, shall constitute additional obligations and indebtedness hereunder and shall be secured hereby and entitled to the benefits hereof. Proceeds received by Lender from disposition of the Collateral shall be applied toward Lender's expenses

and obligations hereunder in such order or manner as Lender may elect. Guarantor shall be entitled to any surplus if one results after lawful application of the proceeds. Guarantor shall remain liable for any deficiency and shall pay any such deficiency within ten days of demand by Lender.

9. GOVERNING LAW. THIS GUARANTY IS GOVERNED BY WASHINGTON LAW WITHOUT RESPECT TO WASHINGTON'S PRINCIPLES OF CONFLICTS OF LAW. The jurisdiction and venue for any suit or action between the parties shall be the state and federal courts of King County, Washington.

ORAL AGREEMENTS OR ORAL COMMITMENTS TO LOAN MONEY, EXTEND CREDIT, OR TO FORBEAR FROM ENFORCING PAYMENT OF A DEBT ARE NOT ENFORCEABLE UNDER WASHINGTON LAW.

IN WITNESS WHEREOF, this Guaranty is executed as of the date first written above.

ORRTAX SOFTWARE, INC.

By: Andrew J. Priest
Name: Andrew J. Priest
Title: Chief Executive Officer

SHORT CRESSMAN & BURGESS PLLC

999 THIRD AVENUE, SUITE 3000
SEATTLE, WASHINGTON 98104-4088
FAX: (206) 340-8856
(206) 682-3333

PATRICIA BAUGHER
DAVID E. BRESKIN
KERRY S. BUCKLIN ★
JOHN O. BURGESS
SAMUEL S. CHUNG
MICHELLE Y. CLARK
BRYAN P. COLUCCIO
BRIAN L. COMSTOCK
STEPHEN P. CONNOR
JEFFREY A. COOP ††
PAUL R. CRESSMAN, JR.
PAUL R. CRESSMAN, SR., P.S.
DEREK D. CRICK
MICHAEL J. CRISERA
PAUL J. DAYTON
WILLIAM L. DIXON V
RICHARD A. DU BEY ◊◊
BRADLEY A. EVENS
CHRIS FARIAS
JONATHAN R. FLORA †

MICHAEL R. GARNER ◊
CHRISTINA A. GERRISH
DAVID A. HERRMAN
DANIEL F. JOHNSON
CLAUDIA KILBREATH
DAVID R. KOOPMANS
ANDREW W. MARON ***
CONNIE SUE MANOS MARTIN
ROBIN G. McPHERSON
SCOTT M. MISSALL
MAUREEN L. MITCHELL
KENNETH L. MYER
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JAMES A. OLIVER
CHRISTOPHER R. OSBORN
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HEATHER M. ROY ††
ANNE-MARIE E. SARGENT
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SUSAN THORBROGGER
BRADLEY P. THORESON
PAUL R. WILLETT *
LISA A. WOLFARD
ZACHARY A. WRIGHT

BRUCE A. COHEN **
DOUGLAS R. HARTWICH
ROBERT E. HEATON
JOHN J. HOULIHAN, JR. †
VINCENT T. LOMBARDI **
KENDALL H. MOORE
KENNETH P. SHORT
ROBERT A. STEWART
OF COUNSEL

ROBERT J. SHAW (1942-2000)

★ MEMBER OF PATENT BAR,
USPTO
★★ ALSO ADMITTED IN ALASKA
‡ ALSO ADMITTED IN
CALIFORNIA AND ILLINOIS
†† ALSO ADMITTED IN
OREGON
* ALSO ADMITTED IN
FLORIDA AND IDAHO
** ADMITTED IN VIRGINIA
ONLY
*** ALSO ADMITTED IN
SOUTH CAROLINA
† ALSO ADMITTED IN
CALIFORNIA
†† ALSO ADMITTED IN TEXAS
††† ALSO ADMITTED IN
MONTANA
◊ ALSO ADMITTED IN HAWAII
◊◊ ALSO ADMITTED IN
MASSACHUSETTS

April 1, 2002

Via U.S. Express Mail No. EL904931117US

Commissioner of Patents and Trademarks
Box ASSIGNMENT
FEE
Washington, D.C. 20231

Re: Recordation of Security Interest

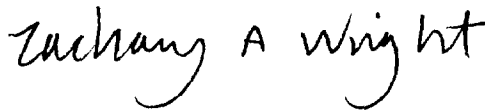
Dear Commissioner:

I enclose the following:

1. Two (2) Recordation Form Cover Sheets;
2. Two (2) Subordinated Guaranty and Security Agreements; and
3. Two (2) checks for \$265.00, each.

Please record these two Subordinated Guaranty and Security Agreements.
Call me with any questions.

Sincerely yours,



Zachary A. Wright

Enclosures
cc: John and Harold Orr

RECORDATION FORM COVER SHEET
TRADEMARKS ONLY

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Internal

Address: Harold Enterprises, Inc.

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City: Bellevue State: WA Zip: 98005

Individual(s) citizenship USA

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Internal Address: Short Cressman & Burgess

PLLC

Suite 3000

Street Address: 999 Third Avenue

City: Seattle State: WA Zip: 98104

6. Total number of applications and registrations involved:

10

7. Total fee (37 CFR 3.41).....\$ 265.00

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Authorized to be charged to deposit account

8. Deposit account number:

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

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9. Statement and signature.

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

ZACHARY WRIGHT

Name of Person Signing

Zachary A Wright

Signature

4/1/02

Date

Total number of pages including cover sheet, attachments, and document: 7

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Commissioner of Patent & Trademarks, Box Assignments
Washington, D.C. 20231