

05-30-2002



102110932

65-02

RECORDATION FORM COVER SHEET
TRADEMARKS ONLY

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

Submission Type

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

Conveyance Type

- Assignment
- License
- Security Agreement
- Nunc Pro Tunc Assignment
Effective Date
Month Day Year

- Merger
- Change of Name
- Other _____

Conveying Party

Mark if additional names of conveying parties attached

Name Christian Brothers, Inc.

Execution Date
Month Day Year
06-07-01

Formerly _____

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

Citizenship/State of Incorporation/Organization Minnesota

Receiving Party

Mark if additional names of receiving parties attached

Name Associated Commercial Finance, Inc.

DBA/AKA/TA _____

Composed of _____

Address (line 1) 4150 South Second Street, Suite 350

Address (line 2) _____

Address (line 3) St. Cloud

City

MN/USA

State/Country

56301

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 Wisconsin

06/06/2002 610R11 00000195 75122296

FOR OFFICE USE ONLY

01 FC:481	40.00 DP
02 FC:482	850.00 DP
03 FC:484	120.00 DP

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.

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: 002483 FRAME: 0020

**RECORDATION FORM COVER SHEET
CONTINUATION
TRADEMARKS ONLY**

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

U.S. Department of Commerce
Patent and Trademark Office
TRADEMARK

Conveying Party

Mark if additional names of conveying parties attached

Enter Additional Conveying Party

Execution Date
Month Day Year

Name

Formerly

Individual General Partnership Limited Partnership Corporation Association

Other

Citizenship State of Incorporation/Organization

Receiving Party

Mark if additional names of receiving parties attached

Enter Additional Receiving Party

Name

DBA/AKA/TA

Composed of

Address (line 1)

Address (line 2)

Address (line 3)

City

State/Country

Zip Code

Individual General Partnership Limited Partnership

Corporation Association

Other

Citizenship/State of Incorporation/Organization

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 the Assignment.)

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)

76/074823	76/077206	76042132
76042131		

2037643	2141162	2198502
2273888	1201249	1272888
1076050	1130920	1205575
1186933	1206300	1851560
1147755		

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="75/122296"/>	<input type="text" value="75/122295"/>	<input type="text" value="75/248934"/>	<input type="text" value="1686541"/>	<input type="text" value="1693223"/>	<input type="text" value="1651971"/>
<input type="text" value="75/248933"/>	<input type="text" value="75/513797"/>	<input type="text" value="75/514348"/>	<input type="text" value="1768307"/>	<input type="text" value="1775954"/>	<input type="text" value="1849466"/>
<input type="text" value="75/584010"/>	<input type="text" value="75/643016"/>	<input type="text" value="75/797847"/>	<input type="text" value="2026504"/>	<input type="text" value="1987441"/>	<input type="text" value="1980116"/>

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.

Glenda M. Lipp
Name of Person Signing

Glenda M. Lipp
Signature

6-4-02
Date Signed

NOTICE OF SECURITY INTEREST IN U.S. TRADEMARKS

United States Trademark Office:

Please be advised that pursuant to a Security Agreement dated as of September 19, 1997 (the "Security Agreement") by Christian Brothers, Inc. ("Grantor") for the benefit of Associated Commercial Finance, Inc. ("Secured Party"), Grantor has granted to Secured Party a continuing security interest in, and a continuing lien upon, all of the trademarks and trademark applications described below:

TRADEMARKS

See Part I of Exhibit A attached hereto and incorporated herein by reference.

TRADEMARK APPLICATIONS

See Part II of Exhibit A attached hereto and incorporated herein by reference.

Secured Party's security interest in the described trademark and trademark applications can be terminated only in accordance with the terms of the Security Agreement.

Very truly yours,

Christian Brothers, Inc.

By: *James W. ...*
Its: President

Subscribed and sworn to before me

this 7th day of June, 2001.

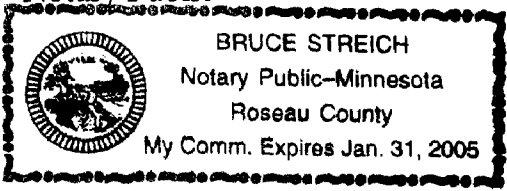
Bruce Streich
Notary Public


EXHIBIT A

TRADEMARKS AND TRADEMARKS APPLICATIONS

PART I. TRADEMARKS

<u>TRADEMARK REGISTRATION NO.</u>	<u>DESCRIPTION OF TRADEMARK</u>	<u>DATE OF REGISTRATION</u>
1686541	Diamond Pattern Design	5/12/92
1693223	MULTI-STRIPE DIAMOND PATTERN DESIGN	6/9/92
1651971	SLAPSOCK	7/23/91
1768307	SPIRAL DESIGN	4/27/93
1775954	PUCK MASTER	6/8/93
1849466	ALUMA LITE	8/9/94
2026504	HEAT 'N SHOOT	12/31/96
1987441	STREETMASTER	7/16/96
1980116	RINKER	6/11/96
2037643	POWER GROOVE	2/11/97
2141162	CHRISTIAN	3/3/98
2198502	DURALITE	10/20/98
2273888	CHRISTIAN and Design	8/31/99
1201249	DESIGN	7/13/82
1272888	SUPERLITE 5000	4/3/84
1076050	CHRISTIAN	10/25/77
1130920	HOCKEY STICKS MADE BY HOCKEY PLAYERS	2/12/80
1205575	COMPOSITE GTS	8/17/82
1186933	PRO-RITE	1/19/82
1206300	TEAM USA	8/24/82
1851560*	BLACK MAGIC	8/30/94
1147755*	G-T-S	2/24/81

* Not on Borrower's list of trademarks

PART II. TRADEMARK APPLICATIONS

**TRADEMARK
APPLICATION**

<u>SERIAL NO.</u>	<u>DESCRIPTION OF TRADEMARK</u>	<u>DATE OF FILING</u>
75/122296	DIAMOND PATTERN DESIGN (small pattern)	6/19/96
75/122295	DIAMOND PATTERN DESIGN (medium pattern)	6/19/96
75/248934	TEAM USA	2/27/97
75/248933	CHRISTIAN USA HOCKEY and Design	2/27/97
75/513797	NORTHLAND	7/6/98
75/514348	NORTHLAND	7/6/98
75/584010	TEAM USA 2002	11/4/98
75/643016	DEXTRACUFF	2/16/99
75/797847	Spiral Design	9/13/99
76/074823	DIAMONDLITE	6/20/00
76/077206	DURATIP	6/26/00
76042132*	PUCKMASTERS	5/4/00
76042131*	PUCKMASTERS	5/4/00

* Not on Borrower's list of trademark applications

SECURITY AGREEMENT
(Grantor)

This SECURITY AGREEMENT is made as of September 19, 1997, by Christian Brothers, Inc., a Minnesota corporation, with its chief executive office at 1001 State Street North, Warroad, MN 56763 ("Grantor"), in favor of BNC Financial Corporation, with an office at 4150 South Second Street, St. Cloud, MN 56301 ("Lender").

RECITALS:

A. Grantor has requested extensions of credit from Lender pursuant to the terms of that certain Letter Loan Agreement dated of even date herewith (the Letter Loan Agreement as it may be amended, modified, supplemented, increased or restated from time to time being the "Loan Agreement") between Grantor and Lender;

B. As a condition to such extensions of credit, Lender requires that Grantor grant a security interest in its assets in accordance with this Agreement.

C. Grantor has determined that the execution, delivery and performance of this Agreement is in its best business and pecuniary interest.

NOW, THEREFORE, for good and valuable consideration the receipt and adequacy of which are hereby acknowledged by each of the parties hereto, it is agreed as follows:

ARTICLE I
DEFINITIONS

As used herein, the following terms shall have the meanings set forth in this Section:

"Accounts" shall mean any right to payment for Goods sold or leased or for services rendered which is not evidenced by an Instrument or Chattel Paper, whether or not it has been earned by performance.

"Chattel Paper" shall mean any writing or writings which evidence both a monetary obligation and a security interest in or a lease of specific Goods.

"Collateral" shall mean all property in which a security interest is granted hereunder.

"Controlled Property" shall mean property of every kind and description in which Grantor has or may acquire any interest, now or hereafter at any time in the possession or

control of Lender for any reason and all dividends and distributions on or other rights in connection with such property.

"Data Processing Records and Systems" shall mean all of Grantor's now existing or hereafter acquired electronic data processing and computer records, software, systems, manuals, procedures, disks, tapes and all other storage media and memory.

"Default" shall mean any event which if it continued uncured would, with notice or lapse of time or both, constitute an Event of Default.

"Document" shall mean any bill of lading, dock warrant, dock receipt, warehouse receipt or order for the delivery of goods or any other document which in the regular course of business or financing is treated as adequately evidencing that the person in possession of it is entitled to receive, hold and dispose of the document and the Goods it covers or any receipt issued for Goods which are stored under a statute requiring a bond against withdrawal or under a license for the issuance of receipts in the nature of warehouse receipts.

"Equipment" shall mean any Goods, other than Inventory, used or bought for use primarily in business.

"Event of Default" shall have the meaning specified in Article VI hereof.

"Excluded Property" shall mean any agreement or property subject to any Permitted Lien where such agreement or the applicable security agreement, mortgage, lease or other security interest prohibits Grantor from granting a security interest in such agreement or property; provided, however, that Excluded Property shall not extend to any agreement or property in which a security interest may be granted pursuant to Minn. Stat. § 336.9-318(4) or to any such agreement or property which is no longer subject to such prohibition.

"Fixtures" shall mean any Goods which have become so affixed to particular real estate that an interest in them arises under real estate law.

"General Intangibles" shall mean any personal property (including things in action) other than Goods, Accounts, Chattel Paper, Documents, Instruments and money.

"Goods" shall mean any tangible personal property, including all things that are movable, but not including money, Documents, Instruments, Accounts, Chattel Paper, General Intangibles or minerals or the like before extraction.

"Grantor" shall have the meaning set forth in the preamble hereto.

"Instruments" shall mean any negotiable instrument or certificated or non-certificated security or any other writing which evidences a right to the payment of money and is not itself

a security agreement or lease and is of a type which is in the ordinary course of business transferred by delivery with any necessary endorsement or assignment.

"Insurance Proceeds" shall mean all proceeds of any and all insurance policies payable to Grantor with respect to any Collateral, or on behalf of any Collateral, whether or not such policies are issued to or owned by Grantor.

"Inventory" shall mean any Goods held for sale or lease or furnished or to be furnished under contracts of service, or raw materials, work in process or materials used or consumed in a business.

"Lender" shall have the meaning set forth in the preamble hereto.

"Loan Agreement" shall have the meaning set forth in the recitals hereto.

"Obligations" shall mean all loans (including the Loan(s)), advances, debts, liabilities, obligations, covenants and duties owing by any Loan Party to the Lender of any kind or nature, present or future, whether or not evidenced by any note, guaranty or other instrument, whether arising under the Loan Agreement, the other Loan Documents or under any other agreement or by operation of law, whether or not for the payment of money, whether arising by reason of an extension of credit, opening, guarantying or confirming of a letter of credit, guaranty, indemnification or in any other manner, whether joint, several or joint and several, direct or indirect (including those acquired by assignment or purchases), absolute or contingent, due or to become due, and however acquired. The term includes, but is not limited to, all principal, interest, fees, charges, expenses, reasonable attorneys' fees, and any other sum chargeable to any Loan Party under the Loan Agreement or any other Loan Document.

"Proceeds" shall mean whatever is received upon the sale, exchange, collection or other disposition of Collateral or Proceeds, including but not limited to Insurance Proceeds.

"Products" shall mean any goods now or hereafter manufactured, processed or assembled with any of the Collateral.

Other terms defined herein shall have the meanings ascribed to them herein. All capitalized terms used herein not specifically defined herein shall have the meaning ascribed to them in the Loan Agreement.

ARTICLE II SECURITY INTERESTS

As security for the payment of all Obligations, Grantor hereby grants to Lender a security interest in all of Grantor's now owned or hereafter acquired or arising:

Accounts;
Chattel Paper;
Controlled Property;
Documents;
Equipment and Fixtures;
General Intangibles;
Instruments;
Inventory;
Proceeds (whether cash or non-cash Proceeds, including Insurance Proceeds and non-cash Proceeds of all types); and
Products of all the foregoing;

provided, however, that such security interest does not attach to any Excluded Property.

ARTICLE III REPRESENTATIONS AND COVENANTS OF GRANTOR

Grantor represents, warrants and covenants that:

3.1 Authorization. The execution and performance of this Agreement have been duly authorized by all necessary action and do not and will not: (a) require any consent or approval of the stockholders of any entity, or the consent of any governmental entity; or (b) violate any provision of any indenture, contract, agreement or instrument to which it is a party or by which it is bound.

3.2 Title to Collateral. Grantor has good and marketable title to all of the Collateral and none of the Collateral is subject to any security interest except for the security interest created pursuant to this Agreement or other security interests permitted by the Loan Agreement (such other security interests being "Permitted Liens").

3.3 Disposition or Encumbrance of Collateral. Grantor will not encumber, sell or otherwise transfer or dispose of the Collateral without the prior written consent of Lender except as provided in this paragraph or for Permitted Liens. Until a Default or Event of Default has occurred and is continuing, Grantor may sell Collateral consisting of: (a) Inventory in the ordinary course of business provided that Grantor receives as consideration for such sale an amount not less than the fair market value of the Inventory at the time of such sale; and (b) Equipment and Fixtures which in the judgment of Grantor have become obsolete or unusable in the ordinary course of business, provided that all Proceeds of such sales of Equipment and

Fixtures are delivered directly to Lender for application to the Obligations in such order as Lender may elect or used to replace such Equipment and Fixtures.

3.4 Validity of Accounts. Grantor warrants that all Collateral consisting of Accounts, Chattel Paper and Instruments included in Grantor's schedules, financial statements or books and records are bona fide existing obligations created by the sale and actual delivery of Inventory or the rendition of services to customers in the ordinary course of business, which Grantor then owns free and clear of any security interest other than the security interest created by this Agreement or other Permitted Liens and which are then unconditionally owing to Grantor without defenses, offset or counterclaim except those created in the ordinary course of business and that the unpaid principal amount of any such Chattel Paper or Instrument and any security therefor is and will be as represented to Lender on the date of the delivery thereof to Lender.

3.5 Maintenance of Tangible Collateral. Grantor will maintain the tangible Collateral in good condition and repair. At the time of attachment and perfection of the security interest granted pursuant hereto and thereafter, all tangible Collateral will be located and will be maintained only at the locations set forth on Exhibit A hereto. Except as otherwise permitted by Section 3.3, Grantor will not remove such Collateral from such locations unless, prior to any such removal, Grantor has given written notice to Lender of the location or locations to which Grantor desires to remove the Collateral, Lender has given its written consent to such removal, and Grantor has delivered to Lender acknowledgment copies of financing statements filed where appropriate to continue the perfection of Lender's security interest as a first priority security interest therein. Lender's security interest attaches to all of the Collateral wherever located and Grantor's failure to inform Lender of the location of any item or items of Collateral shall not impair Lender's security interest therein.

3.6 Notation on Chattel Paper. For purposes of the security interest granted pursuant to this Agreement, Lender has been granted a direct security interest in all Chattel Paper constituting part of the Collateral and such Chattel Paper is not claimed merely as Proceeds of Inventory. Upon Lender's request, Grantor will deliver to Lender the original of all Chattel Paper. Grantor will not execute any copies of such Chattel Paper constituting part of the Collateral other than those which are clearly marked as a copy. Lender may stamp any such Chattel Paper with a legend reflecting Lender's security interest therein.

3.7 Instruments as Proceeds. Notwithstanding any other provision in this Agreement concerning Instruments, Grantor covenants that Instruments constituting cash Proceeds (for example, money and checks) shall be deposited in deposit accounts with the Depository Bank containing only Proceeds.

3.8 Protection of Collateral. All expenses of protecting, storing, warehousing, insuring, handling and shipping of the Collateral, all costs of keeping the Collateral free of any liens, encumbrances and security interests prohibited by this Agreement and of removing the same if they should arise, and any and all excise, property, sales and use taxes imposed by any state, federal or local authority on any of the Collateral or in respect of the sale thereof, shall

be borne and paid by Grantor and if Grantor fails to promptly pay any thereof when due, Lender may, at its option, but shall not be required to pay the same whereupon the same shall constitute Obligations and shall bear interest at the rate applicable to the Loans (the "Interest Rate") and shall be secured by the security interest granted hereunder.

3.9 Insurance. Grantor will procure and maintain, or cause to be procured and maintained, insurance issued by responsible insurance companies insuring the Collateral against damage and loss by theft, fire, collision (in the case of motor vehicles), and such other risks as are usually carried by owners of similar properties or as may be requested by Lender in an amount equal to the replacement value thereof, and, in any event, in an amount sufficient to avoid the application of any co-insurance provisions and payable, in the case of any loss in excess of \$50,000.00, to Grantor and Lender jointly. All such insurance shall contain an agreement by the insurer to provide Lender with 30 days' prior notice of cancellation and an agreement that the interest of Lender shall not be impaired or invalidated by any act or neglect of Grantor nor by the occupation of the premises wherein such Collateral is located for purposes more hazardous than are permitted by said policy. Grantor will maintain, with financially sound and reputable insurers, insurance with respect to its properties and business against such casualties and contingencies of such types (which may include, without limitation, public and product liability, larceny, embezzlement, business interruption or other criminal misappropriation insurance) and in such amounts as may from time to time be required by Lender. Grantor will deliver evidence of such insurance and the policies of insurance or copies thereof to Lender upon request.

3.10 Compliance with Law. Grantor will not use the Collateral, or knowingly permit the Collateral to be used, for any unlawful purpose or in violation of any federal, state or municipal law.

3.11 Books and Records; Access.

(a) Grantor will permit Lender and its representatives to examine Grantor's books and records (including Data Processing Records and Systems) with respect to the Collateral and make extracts therefrom and copies thereof at any time and from time to time, and Grantor will furnish such information and reports to Lender and its representatives regarding the Collateral as Lender and its representatives may from time to time request. Grantor will also permit Lender and its representatives to inspect the Collateral at any time and from time to time as Lender and its representatives may reasonably request.

(b) Lender shall have authority, at any time, to place, or require Grantor to place, upon Grantor's books and records relating to Accounts, Chattel Paper and other rights to payment covered by the security interest granted hereby a notation or legend stating that such Accounts, Chattel Paper and other rights to payment are subject to a security interest of Lender.

3.12 Notice of Default. Immediately upon any officer of Grantor becoming aware of the existence of any Default or Event of Default, Grantor will give notice to Lender that such Default or Event of Default exists, stating the nature thereof, the period of existence thereof, and what action Grantor proposes to take with respect thereto.

3.13 Additional Documentation. Grantor will execute, from time to time, such financing statements, assignments, and other documents covering the Collateral, including Proceeds, as Lender may reasonably request in order to create, evidence, perfect, maintain or continue its security interest in the Collateral (including additional Collateral acquired by Grantor after the date hereof), and Grantor will pay the cost of filing the same in all public offices in which Lender may deem filing to be appropriate and will notify Lender promptly upon acquiring any additional Collateral. Upon request, Grantor will deliver to Lender all Grantor's Documents and Chattel Paper constituting part of the Collateral.

3.14 Chief Executive Office. The location of the chief executive office of Grantor is located in the state set forth in the preamble hereto and will not be changed from such state without 30 days' prior written notice to Lender. Grantor warrants that its books and records concerning Accounts and Chattel Paper constituting part of the Collateral are located at its chief executive office.

3.15 Name of Grantor. Grantor's true name is as set forth in the preamble hereto. Grantor has not used any other name within the past five years except those described on Exhibit A attached hereto. Neither Grantor nor, to Grantor's knowledge, any predecessor in title to any of the Collateral has executed any financing statements or security agreements presently effective as to the Collateral except those described on Exhibit A attached hereto.

3.16 Disputes; etc. Grantor shall advise Lender promptly of all disputes and claims in excess of \$10,000.00 for any one obligor on the Collateral in any fiscal year or in excess of \$25,000.00 in the aggregate for all obligors in any fiscal year and settle or adjust them at no expense to Lender. After the occurrence and during the continuance of an Event of Default, Lender may at all times settle or adjust such disputes and claims directly with the customers for amounts and upon terms which Lender considers advisable. No discount, credit or allowance shall be granted by Grantor to any customer without Lender's written consent other than discounts, credits, allowances, adjustments and returns made or granted by Grantor in the ordinary course of business.

3.17 Power of Attorney. Grantor appoints BNC Financial Corporation, or any other person whom Lender may from time to time designate, as Grantor's attorney with power, to: (a) endorse Grantor's name on any checks, notes, acceptances, drafts or other forms of payment or security evidencing or relating to any Collateral that may come into Lender's possession; (b) sign Grantor's name on any invoice or bill of lading relating to any Collateral, on drafts against customers, on schedules and confirmatory assignments of Accounts, Chattel Paper, Documents or other Collateral, on notices of assignment, financing statements under the Uniform Commercial Code (the "Code") and other public records, on verifications of accounts and on

notices to customers; (c) to notify the post office authorities to change the address for delivery of Grantor's mail to an address designated by Lender; (d) to receive and open all mail addressed to Grantor; (e) to send requests for verification of Accounts, Chattel Paper, Instruments or other Collateral to customers; and (f) to do all things necessary to carry out this Agreement; provided, however, that, so long as no Default or Event of Default has occurred and is continuing, Lender shall exercise its power-of-attorney only with respect to the actions permitted by subsection (e) above. Grantor ratifies and approves all acts of the attorney taken within the scope of the authority granted. Neither Lender nor the attorney will be liable for any acts of commission or omission nor for any error in judgment or mistake of fact or law. This power, being coupled with an interest, is irrevocable so long as any Obligation remains unpaid. Grantor waives presentment and protest of all instruments and notice thereof, notice of default and dishonor and all other notices to which Grantor may otherwise be entitled.

3.18 Patents and Trademarks; Etc. Grantor agrees with Lender that, until the security interest granted by this Agreement has been terminated in accordance with the terms hereof:

(a) Grantor will perform all acts and execute all documents including, without limitation, grants of security interest, in form suitable for filing with the United States Patent and Trademark Office, reasonably requested by Lender at any time to evidence, perfect, maintain, record and enforce Lender's interest in the Collateral comprised of patents (collectively the "Patents"), patent applications (collectively the "Patent Applications), trademarks or service marks (collectively the "Trademarks") or of any applications therefor (collectively the "Trademark Applications") or otherwise in furtherance of the provisions of this Agreement;

(b) Except to the extent that Lender shall consent in writing, Grantor (either itself or through licensees) will, unless Grantor shall reasonably determine that a Trademark (or the use of a Trademark in connection with a particular class of goods or products) is not of material economic value to Grantor, (i) continue to use each Trademark on each and every trademark class of goods in order to maintain each Trademark in full force free from any claim of abandonment for non-use, (ii) maintain as in the past the quality of products and services offered under each Trademark, (iii) employ each Trademark with the appropriate notice of application or registration to the extent required by applicable law to maintain such Trademark, (iv) not use any Trademark except for the uses for which registration or application for registration of such Trademark has been made, unless such use is otherwise lawful, and (v) not (and not permit any licensee or sublicensee thereof to) do any act or knowingly omit to do any act whereby any Trademark may become invalidated;

(c) Except to the extent that Lender shall consent in writing, Grantor will not, unless Grantor shall reasonably determine that a Patent is not of material economic value to Grantor, do any act, or not to do any act, whereby any Patent may become abandoned or dedicated;

(d) Unless Grantor shall reasonably determine that a Patent, Patent Application, Trademark or Trademark Application is not of material economic value to Grantor, Grantor shall notify Lender immediately if it knows, or has reason to know, of any reason that any Patent, Patent Application, Trademark or Trademark Application may become abandoned or dedicated, or of any adverse determination or development (including, without limitation, the institution of, or any such determination or development in, any proceeding in the United States Patent and Trademark Office or any court) regarding Grantor's ownership of any Patent or Trademark, its rights to register the same, or to keep and maintain the same;

(e) If Grantor, either itself or through any agent, employee, licensee or designee, shall file a Patent Application or Trademark Application for the registration of any Trademark with the United States Patent and Trademark Office, or any similar office or agency in any other country or any political subdivision thereof, Grantor shall promptly inform Lender, and, upon request of Lender, shall promptly execute and deliver any and all agreements, instruments, documents and papers as Lender may reasonably request to evidence Lender's security interest in such Patent or Trademark and the goodwill and general intangibles of Grantor relating thereto or represented thereby;

(f) Unless Grantor shall reasonably determine that a Patent Application or Trademark Application is not of material economic value to Grantor, Grantor will take all necessary steps, including, without limitation, in any proceeding before the United States Patent and Trademark Office, or any similar office or agency in any other country or any political subdivision thereof, to maintain and pursue each Patent Application and Trademark Application (and to obtain the relevant registration) and to maintain each registration of the Patents and Trademarks including, without limitation, filing of applications for renewal & affidavits of use;

(g) Unless Grantor shall reasonably determine that a Patent or Trademark is not of material economic value to Grantor, Grantor shall promptly notify Lender if any Patent or Trademark is infringed, misappropriated or diluted by a third party and either shall promptly sue for infringement, misappropriation or dilution and to recover any and all damages for such infringement, misappropriation or dilution, or take such other actions as Grantor shall reasonably deem appropriate under the circumstances to protect such Patent or Trademark; and

(h) Grantor agrees that it will not enter into any agreement (for example, a license agreement) which is inconsistent with Grantor's obligations under this Agreement.

ARTICLE IV COLLECTIONS

Except as otherwise provided in this Article IV, Grantor shall continue to collect, at its own expense, all amounts due or to become due to Grantor under the Accounts constituting part of the Collateral and all other Collateral. In connection with such collections, Grantor may take (and, at Lender's direction after the occurrence and during the continuance of an Event of Default, shall take) such action as Grantor or Lender may deem necessary or advisable to enforce collection of the Accounts and such other Collateral; provided, however, that, Lender shall have the right at any time after the occurrence and during the continuance of an Event of Default, without giving written notice to Grantor of Lender's intention to do so, to notify the account debtors under any Accounts or obligors with respect to such other Collateral of the assignment of such Accounts and such other Collateral to Lender and to direct such account debtors or obligors to make payment of all amounts due or to become due to Grantor thereunder directly to Lender and, upon such notification and at the expense of Grantor, to enforce collection of any such Accounts or other Collateral, and to adjust, settle or compromise the amount or payment thereof in the same manner and to the same extent as Grantor might have done, but unless and until Lender does so or gives Grantor other instructions, Grantor shall make all collections for Lender. After Lender's exercise of its rights to direct account debtors or other obligors on any Collateral to make payments directly to Lender in accordance with the proviso clause to the preceding sentence hereof: (a) Grantor shall immediately deliver all full and partial payments on any Collateral received by Grantor to Lender in their original form, except for endorsements where necessary; and (b) Lender shall promptly apply collections received by it to the payment of the Obligations in accordance with Section 7.7. Until such payments are so delivered to Lender, such payments shall be held in trust by Grantor for and as Lender's property, and shall not be commingled with any funds of Grantor. Any application of any collection to the payment of any Obligation is conditioned upon final payment of any check or other instrument.

ARTICLE V ASSIGNMENT OF INSURANCE

Grantor hereby assigns to Lender, as additional security for payment of the Obligations, any and all monies due or to become due under, and any and all other rights of Grantor with respect to, any and all policies of insurance covering the Collateral. So long as no Default or Event of Default has occurred and is continuing, Grantor may itself adjust and collect for any losses arising out of a single occurrence of up to \$50,000.00 and up to an aggregate amount of \$50,000.00 for all occurrences during any of Grantor's fiscal year and Grantor may use the resulting Insurance Proceeds for the replacement, restoration or repair of the Collateral. After the occurrence and during the continuance of a Default or an Event of Default, or after the losses arising out of a single occurrence exceed \$50,000.00, or after the aggregate amount of losses arising out of all occurrences during any of Grantor's fiscal years exceeds \$50,000.00, Lender may (but need not) in its own name or in Grantor's name execute and deliver proofs of

claim, receive such monies, and settle or litigate any claim against the issuer of any such policy and Grantor directs the issuer to pay any such monies directly to Lender and Lender, at its sole discretion and regardless of whether Lender exercises its right to collect Insurance Proceeds under this sentence, may apply any Insurance Proceeds to the payment of the Obligations, whether due or not, in such order and manner as Lender may elect or may permit Grantor to use such Insurance Proceeds for the replacement, restoration or repair of the Collateral.

ARTICLE VI EVENTS OF DEFAULT

The occurrence of any Event of Default as defined in the Loan Agreement shall constitute an Event of Default hereunder ("Event of Default").

ARTICLE VII RIGHTS AND REMEDIES ON DEFAULT

Upon the occurrence of an Event of Default, and at any time thereafter until such Event of Default is cured to the satisfaction of Lender, and in addition to the rights granted to Lender under Articles IV and V hereof, Lender may exercise any one or more of the following rights and remedies:

7.1 Acceleration of Obligations. Declare any and all Obligations to be immediately due and payable in accordance with the Loan Agreement, and the same shall thereupon become immediately due and payable without further notice or demand.

7.2 Right of Offset. Offset any deposits, including unmatured time deposits, then maintained by Grantor with Lender, whether or not then due, against any indebtedness then owed by Grantor to Lender whether or not then due.

7.3 Deal with Collateral. In the name of Grantor or otherwise, demand, collect, receive and give receipt for, compound, compromise, settle and give acquittance for and prosecute and discontinue any suits or proceedings in respect of any or all of the Collateral.

7.4 Realize on Collateral. Take any action which Lender may deem reasonably necessary or desirable in order to realize on the Collateral, including, without limitation, the power to perform any contract, to endorse in the name of Grantor any checks, drafts, notes, or other instruments or documents received in payment of or on account of the Collateral.

7.5 Access to Property. Enter upon and into and take possession of all or such part or parts of the properties of Grantor, including lands, plants, buildings, machinery, equipment, Data Processing Records and Systems and other property as may be necessary or appropriate in the reasonable judgment of Lender, to permit or enable Lender to store, lease, sell or otherwise dispose of or collect all or any part of the Collateral, and use and operate said properties for such purposes and for such length of time as Lender may reasonably deem

necessary or appropriate for said purposes without the payment of any compensation to Grantor therefor. Grantor shall provide Lender with all information and assistance requested by Lender to facilitate the storage, leasing, sale or other disposition or collection of the Collateral after an Event of Default has occurred and is continuing.

7.6 Other Rights. Exercise any and all other rights and remedies available to it by law or by agreement, including rights and remedies under the Uniform Commercial Code as adopted in the relevant jurisdiction or any other applicable law, or under the Loan Agreement and, in connection therewith, Lender may require Grantor to assemble the Collateral and make it available to Lender at a place to be designated by Lender, and any notice of intended disposition of any of the Collateral required by law shall be deemed reasonable if such notice is mailed or delivered to Grantor at its address as shown on Lender's records at least 10 days before the date of such disposition.

7.7 Application of Proceeds. All proceeds of Collateral shall be applied in accordance with Minnesota Statutes Section 336.9-504, and such proceeds applied toward the Obligations shall be applied in such order as Lender may elect.

7.8 Patents and Trademarks. Upon the occurrence and during the continuance of an Event of Default:

(a) Lender may, at any time and from time to time, upon thirty (30) days' prior notice to Grantor, license or, to the extent permitted by an applicable license, sublicense, whether general, special or otherwise, and whether on an exclusive or non-exclusive basis, any Patent or Trademark, throughout the world for such term or terms, on such conditions, and in such manner, as Lender shall in its sole discretion determine;

(b) Lender may (without assuming any obligations or liability thereunder), at any time enforce (and shall have the exclusive right to enforce) against any licensor, licensee or sublicensee all rights and remedies of Grantor in, to and under any one or more license or other agreements with respect to any Patent or Trademark and take or refrain from taking any action under any thereof, and Grantor hereby releases Lender from, and agrees to hold Lender free and harmless from and against any claims arising out of, any action taken or omitted to be taken with respect to any such license or agreement;

(c) Any and all payments received by Lender under or in respect of any Patent or Trademark (whether from Grantor or otherwise), or received by Lender by virtue of the exercise of the license granted to Lender by subsection (g) below, shall be applied to the Obligations in accordance with Section 7.7 hereof;

(d) Lender may exercise in respect of the Patents and Trademarks, in addition to other rights and remedies provided for herein or otherwise available to it, all the rights and remedies of a secured party on default under the Uniform Commercial Code;

(e) In order to implement the sale, lease, assignment, license, sublicense or other disposition of any of the Patents and Trademarks pursuant to this Section 7.8, Lender may, at any time, execute and deliver on behalf of Grantor one or more instruments of assignment of the Patents and Trademarks (or any application or registration thereof), in form suitable for filing, recording or registration in any country. Grantor agrees to pay when due all reasonable costs incurred in any such transfer of the Patents and Trademarks, including any taxes, fees and reasonable attorneys' fees;

(f) In the event of any sale, lease, assignment, license, sublicense or other disposition of any of the Patents or Trademarks pursuant to this Section, Grantor shall supply to Lender or its designee its know-how and expertise relating to the manufacture and sale of the products relating to any Patent or Trademark subject to such disposition, and its customer lists and other records relating to such Patents or Trademarks and to the distribution of said products; and

(g) For the purpose of enabling Lender to exercise rights and remedies under this Agreement at such time as Lender shall be lawfully entitled to exercise such rights and remedies, and for no other purpose, Grantor hereby grants to Lender, an irrevocable, non-exclusive license (exercisable without payment of royalty or other compensation to Grantor) to use, license or sublicense at such time any Patent or Trademark, now owned or hereafter acquired by Grantor, and wherever the same may be located, and including in such license reasonable access to all media in which any of the licensed items may be recorded or stored and to all computer and automatic machinery software and programs used for the compilation or printout thereof.

ARTICLE VIII MISCELLANEOUS

8.1 **No Liability on Collateral.** It is understood that Lender does not in any way assume any of Grantor's obligations under any of the Collateral. Grantor hereby agrees to indemnify Lender against all liability arising in connection with or on account of any of the Collateral, except for any such liabilities arising on account of Lender's negligence or willful misconduct.

8.2 **No Waiver.** Lender shall not be deemed to have waived any of its rights hereunder or under any other agreement, instrument or paper signed by Grantor unless such waiver be in writing and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver on any one occasion shall not be construed as a bar to or waiver of any right or remedy on any future occasion.

8.3 Remedies Cumulative. All rights and remedies of Lender shall be cumulative and may be exercised singularly or concurrently, at their option, and the exercise or enforcement of any one such right or remedy shall not bar or be a condition to the exercise or enforcement of any other.

8.4 Governing Law/Jurisdiction. This Agreement shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the laws of the State of Minnesota, except to the extent that the perfection of the security interest hereunder, or the enforcement of any remedies hereunder, with respect to any particular Collateral shall be governed by the laws of a jurisdiction other than the State of Minnesota. AT THE OPTION OF LENDER, THIS AGREEMENT MAY BE ENFORCED IN ANY FEDERAL COURT OR MINNESOTA STATE COURT SITTING IN MINNEAPOLIS, ST. PAUL, OR ST. CLOUD, MINNESOTA; AND GRANTOR CONSENTS TO THE JURISDICTION AND VENUE OF ANY SUCH COURT AND WAIVES ANY ARGUMENT THAT VENUE IN SUCH FORUMS IS NOT CONVENIENT. IN THE EVENT GRANTOR COMMENCES ANY ACTION IN ANOTHER JURISDICTION OR VENUE UNDER ANY TORT OR CONTRACT THEORY ARISING DIRECTLY OR INDIRECTLY FROM THE RELATIONSHIP CREATED BY THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT, LENDER AT ITS OPTION SHALL BE ENTITLED TO HAVE THE CASE TRANSFERRED TO ONE OF THE JURISDICTIONS AND VENUES ABOVE-DESCRIBED, OR IF SUCH TRANSFER CANNOT BE ACCOMPLISHED UNDER APPLICABLE LAW, TO HAVE SUCH CASE DISMISSED WITHOUT PREJUDICE.

8.5 Expenses. Grantor agrees to pay the reasonable attorneys' fees and legal expenses incurred by Lender in the exercise of any right or remedy available to it under this Agreement, whether or not suit is commenced, including, without limitation, reasonable attorneys' fees and legal expenses incurred in connection with any appeal of a lower court's order or judgment.

8.6 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the successors and assigns of Grantor and Lender.

8.7 Recitals. The above Recitals are true and correct as of the date hereof and constitute a part of this Agreement.

IN WITNESS WHEREOF, the undersigned has executed this Agreement as of the date and year first above written.

Christian Brothers, Inc.

By: *Donald O. Ballew*
Its: PRESIDENT

Subscribed and sworn to before me
this 19th day of September, 1997.

JW Biskup
Notary Public

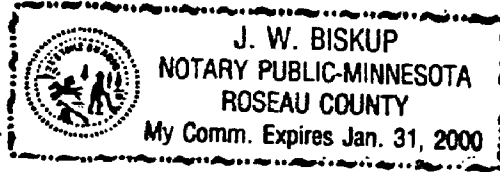


EXHIBIT A

I. Financing Statements on File Listing Grantor or Any Predecessor in Title as Debtor

See Exhibit A-1 attached hereto and incorporated herein by reference.

II. Location of Inventory

Minnesota

III. Prior Names

None

**EXHIBIT A-1 TO SECURITY AGREEMENT
CHRISTIAN BROTHERS, INC.
UCC FILINGS
MINNESOTA SECRETARY OF STATE
(THROUGH AUGUST 6, 1997)**

Document No.	Date	Secured Party	Description
1511401*	06/23/92	Security State Bank of Warroad	Blanket Filing
1908418	01/14/97	Security State Bank	Continuation: of 1511401

* To be terminated upon payment of secured debt from proceeds of Loan.

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