



LOS ANGELES OFFICE
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2-5-03

RECORDATION COVER SHEET FOR TRADEMARKS

Box ASSIGNMENT

January 15, 2003

Director - U.S. Patent and Trademark Office
Washington, D. C. 20231

Dear Sir:

Please record the attached original documents or copies thereof.

1. NAME OF CONVEYING PARTY	<input type="checkbox"/> Individual
In-Play International, Inc.	<input type="checkbox"/> General Partnership
1007 Olive Blvd.	<input checked="" type="checkbox"/> Corporation - State: Missouri
St. Louis MO 63101	<input type="checkbox"/> Association
	<input type="checkbox"/> Limited Partnership

2. NAME OF RECEIVING PARTY	<input type="checkbox"/> Individual
Southwest Bank of St. Louis	<input type="checkbox"/> General Partnership
2301 South Kingshighway Blvd.	<input checked="" type="checkbox"/> Corporation - State: Missouri
St. Louis MO 63110	<input type="checkbox"/> Association
UNITED STATES OF AMERICA	<input type="checkbox"/> Limited Partnership - State:

If assignee is not domiciled in the U.S., a domestic representative designation is attached
 YES NO

3. NATURE OF CONVEYANCE	<input type="checkbox"/> Assignment	<input type="checkbox"/> Merger
	<input checked="" type="checkbox"/> Security Agreement	<input type="checkbox"/> Change of Name
	<input type="checkbox"/> License	
	Execution Date: <u>28 May 1999</u>	

4. APPLICATION AND/OR REGISTRATION NUMBER(S)

A. Application No(s):

B. Registration No(s): 2,188,076 and 2,304,725

RECORDED
FEBRUARY 28 PM 2:47
FINANCE SECTION

02/06/2003 LMUELLER 00000004 2188076

01 FC:8521 40.00 UP
02 FC:8522 25.00 UP

5. NAME OF PARTY TO RECEIVE CORRESPONDENCE

Roth & Goldman, P.A.
523 W. 6th Street, Suite 707
Los Angeles, California 90014

6. TOTAL NUMBER OF APPLICATIONS/REGISTRATIONS INVOLVED: 2

7. TOTAL FEE \$65.

Enclosed

Excess, if any, is authorized to be charged to Deposit Account No. 18-2069.

8. STATEMENT & 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.

9. PAGES

Total number of pages including cover sheet, attachments and document - 12.

Very truly yours,


W. Norman Roth

WNR/ims



[With Advance Formula]

SECURITY AGREEMENT - ACCOUNTS AND INVENTORY

1. Grant of Security Interest: IN-PLAY INTERNATIONAL, INC. D/B/A THE LUMBER COMPANY, a Missouri corporation with its principal place of business located at 1107 Olive Blvd., St. Louis, MO 63101 ("Debtor"), in order to induce SOUTHWEST BANK OF ST. LOUIS ("Bank") to extend certain financial accommodations and in consideration thereof and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, hereby transfers, assigns, and grants to Bank a continuing and irrevocable security interest and general lien to and to all of the following property and rights of Debtor:

- (a) All accounts, accounts receivable, other receivables, leases and lease payments, contract rights, chattel paper, instruments, documents and notes, any other obligations or indebtedness owed to Debtor from whatever source arising; all rights of Debtor to receive any performance or any payments in money or in kind; all guaranties of the foregoing and insurance policies and proceeds relating thereto, and all rights of Debtor as an unpaid seller of goods and services, including, but not limited to, the rights to stoppage in transit, replevin, reclamation, and resale; and all of the foregoing whether now owned or existing or hereafter created or acquired or arising. The rights and property described in this Section 1(a) are referred to herein collectively as the "Accounts Collateral."
 - (b) All inventory (including, without limitation, all goods, merchandise, raw materials, goods in process, finished goods, findings or component materials, and all supplies, incidentals, goods, office supplies, packaging materials, and any and all goods or items used or consumed in the operation of the business of Debtor or which contribute to the finished product or to the sale, promotion and shipment thereof, without exception) now owned or hereafter acquired by Debtor and held for sale, lease or resale or furnished or to be furnished under contracts of service, or used or consumed in Debtor's business and all documents of title evidencing any part of any of the foregoing accounts, contract rights, notes, drafts, acceptances, instruments and chattel paper, all returned or repossessed goods arising from or relating to any contract rights, accounts or other sale or disposition of inventory all wherever located, as well as products, accessions and all cash and non-cash proceeds, immediate or remote, of any sale or other disposition of any of the foregoing. The rights and property described in this Section 1(b) are referred to herein collectively as the "Inventory Collateral."
 - (c) All choses in action and causes of action, general intangibles and all other intangible personal property of Debtor of every kind and nature now owned or hereafter acquired by Debtor or arising, including, without limitation, corporate or other business records, all books, ledgers, books of account, records, writings, data bases, information and other property of Debtor, inventions, designs, blueprints, plans, specifications, patents, patent applications, service marks, trademarks, trade names, trade secrets, goodwill, copyrights, registrations, licenses, franchises, tax refund claims, insurance proceeds thereof, pension and insurance surpluses, and any letter of credit, guarantee, claim, security interest or other security held by or granted to Debtor to secure payment by an account debtor of any of the accounts of Debtor. The rights and property described in this Section 1(c) are referred to herein as the "General Intangibles Collateral."
- In addition to, and not by way of limitation of, the grant of a security interest in service marks, trademarks and patents set forth above, Debtor hereby, effective upon the occurrence of a default under this Security Agreement and upon the written demand of Bank, assigns, grants, sells, conveys, transfers title to and sets over to Bank for the benefit of Bank all of Debtor's right, title and interest, whether now or hereafter existing or acquired, in and to such service marks, trademarks and patents.
- (d) All products and proceeds of all of the foregoing and all additions and accessions to, replacements of, insurance condemnation proceeds of, and documents covering all of the foregoing, all property received wholly or partly in trade or exchange for all of the foregoing, and all rents, revenues, issues, profits (cash or non-cash), proceeds and accessions arising from the sale, lease, license, encumbrance, collection or any other temporary or permanent disposition of all of the foregoing or any interest therein (the "Proceeds").

The Accounts Collateral, Inventory Collateral, General Intangibles Collateral and Proceeds are collectively referred to herein as the "Collateral."

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2. **Proceeds.** The security interests granted to Bank in any proceeds or other property arising out of the disposition of the Collateral and anything contained herein or in any financing statement shall not be deemed permission or assent by Bank to any sale or disposition of the Collateral except to the extent expressly provided herein.

3. **Indebtedness Secured.** The security interest hereby is to secure payment in full of (i) any and all sums from time to time due from Debtor to Bank, any instruments evidencing the indebtedness of Debtor to Bank and the full and complete performance of all agreements and documents executed or delivered pursuant to any indebtedness due from Debtor to Bank, all as same may be amended, modified or extended from time to time, (ii) any other indebtedness of Debtor, whether evidenced by instruments executed by Debtor or not, payable and owing to Bank as provided by the terms of any such instrument, (iii) all advances made by Bank to discharge taxes or levies on, or made for repairs to, maintenance of, or insurance on, the Collateral, (iv) all money or other credit heretofore and hereafter advanced by Bank to or for the account of Debtor, (v) all other present or future, direct or contingent, liabilities of Debtor to Bank of any nature whatsoever, and (vi) all costs and expenses incurred in the collection of the foregoing, including representation in any bankruptcy proceedings, including attorney's fees, all of the above being referred to, collectively, as the "Indebtedness").

It is the true, clear, and express intention of Debtor that the continuing grant of this security interest remain as security for payment and performance of the Indebtedness, whether now existing, or which may hereinafter be incurred, or whether or not contemplated by the parties at the time of the granting of this security interest. The notice of the continuing grant of this security interest, therefore, shall not be required to be stated on the face of any document representing any Indebtedness, nor otherwise identify it as being secured hereby; and if such Indebtedness shall remain, or become that of less than all of Debtors herein, any Debtor not liable therefrom hereby expressly hypothecates his, her, its or their ownership interest in the Collateral in the extent required to satisfy the Indebtedness, without restriction, or limitation. Any Indebtedness shall be deemed to have been made pursuant to Section 400.9-204 of the Uniform Commercial Code of Missouri.

4. **Debtor's Name and Place of Business.** Debtor's name and address indicated in Section 1 hereof are the sole name and business address of Debtor and Debtor shall not change its name or address nor establish any other name(s) or addresses without Bank's prior written consent.

5. **Collateral Use.** The Collateral shall be kept in good order and repair and Debtor will not permit waste or do anything to impair the value of the Collateral or any part thereof or use or permit others to use the Collateral in violation of any insurance policy covering the Collateral or any statute, ordinance or state or federal regulation. Debtor shall give Bank immediate written notice of any damage, destruction, theft, loss or the occurrence of any event which impairs the value of the Collateral.

6. **Adverse Security Interests and Liens.** Except for the security interest granted hereby, Debtor is, or, to the extent that the Collateral will be acquired after the date hereof, will be, the owner of the Collateral free from any and all liens, security interests or encumbrances; Debtor shall not transfer or assign any interest in this Security Agreement or the Collateral; and Debtor, at Debtor's expense, will defend the Collateral against all claims and demands of all other persons at any time claiming the same or an interest therein. There is no financing statement now on file in any public office covering the Collateral, or intended so to be, or in which Debtor is named or signed as debtor, and Debtor will not execute and there will not be on file in any public office any financing statement or statements covering the Collateral except the financing statement to be filed in respect of and for the security interest in Bank hereby granted or provided for.

7. **Insurance.** Debtor, at Debtor's sole cost, shall at all times keep the Collateral insured at the replacement value thereof against fire with extended coverage insurance and such other risks as Bank may require, in such form, for such periods and written by such companies as may be satisfactory to Bank, payable to and protecting Bank for not less than the total amount owing on all indebtedness and obligations secured hereby. All policies of insurance shall provide that Bank be the loss payee and that the proceeds shall be paid first to Bank and that Bank shall be protected against loss from any act or neglect of Debtor or third parties, and such other endorsements as Bank may from time to time request. Debtor will promptly provide Bank with evidence of such insurance. Such insurance policies shall provide for at least ten (10) days written notice to Bank prior to cancellation. Debtor hereby assigns to Bank, its successors and assigns, the proceeds of all such insurance to the extent of the unpaid balance of the Indebtedness secured hereby; and appoints Bank as its attorney-in-fact to file claims under any such insurance policies, to receive, receipt and give acquittance for any payments that may be payable thereunder, and to execute any and all endorsements, receipts, releases, assignments, reassignments or other documents that may be necessary to effect the collection, compromise or settlement of any claims under any such insurance policies. Bank or its successors or assigns may cancel such insurance at any time and shall receive the return premium, if any, therefor, and may apply such return premium to the purchase of similar insurance or to the balance due on the Indebtedness secured hereby at its election.

8. **Location of Collateral.** The Collateral will be kept only at Debtor's place of business as indicated in Section 1. Collateral shall not be attached to any real estate ("Real Property"). Debtor

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agrees to notify Bank in writing of any intended sale, mortgage or conveyance of any Real Property on which the Collateral is located and to give written notice of the terms and conditions of this Security Agreement to any prospective purchaser, mortgagee or grantee of said Real Property and a copy of such notice to Bank. None of the Collateral has, within four (4) months preceding the date hereof, been located at any place other than the location(s) shown in Section 1.

9 Records. The records concerning the Collateral will be kept at the address indicated in Section 1 hereof. Bank may inspect such records or the Collateral at any time at any address. Debtor will not remove any part of such records from said location without the prior written consent of Bank.

10 Financing Statements and Others Acts. Debtor will join with Bank in executing Financing Statements, including continuations and amendments of same, pursuant to the Uniform Commercial Code in form satisfactory to Bank and will pay the cost of filing the same in all public offices wherever filing is deemed by Bank to be necessary or desirable. Debtor hereby irrevocably authorizes and appoints Bank the attorney-in-fact of Debtor to execute any and all Financing Statements, including continuations and amendments of same, which Bank deems necessary.

Upon request of Bank, Debtor will promptly do all other acts and things, and will execute and file all other instruments deemed necessary by Bank under applicable law to establish, maintain and continue Bank's perfected first priority security interest in the Collateral and to effectuate the intent of this Security Agreement and will pay all costs and expenses of filing and recording or promptly reimburse Bank there for if such costs and expenses are incurred by Bank, including the costs of any searches deemed necessary by Bank to establish, determine or maintain the validity and the priority of the security interest of Bank, and pay or otherwise satisfy all other claims and charges which in the opinion of Bank might prejudice, imperil or otherwise affect the Collateral or Bank's security interest therein. A photocopy of this Agreement shall be deemed an original for purposes of filing or recording.

11 Taxes and Assessments. Debtors will pay promptly when due all taxes, assessments and other charges levied or assessed upon the Collateral or for its use or operation or upon this Security Agreement or upon any or other documents evidencing the indebtedness or obligations secured hereby.

12 Collateral Certificate and Schedules. Debtor shall furnish to Bank from time to time, upon request, written statements, certificates and schedules identifying and describing the Collateral and any additions thereto and substitutions therefor in such detail as Bank may require and certify as to accuracy by the President or Chief Executive Officer of Debtor.

13 Collateral Disposition. Until default hereunder or receipt of contrary instructions from Bank:

- (a) Debtor may have possession of the Collateral and use it in any lawful manner not inconsistent with this Agreement or with any policy of insurance thereon,
- (b) Debtor may sell the Inventory Collateral in the ordinary course of Debtor's business (excluding, however, transfers or dispositions on satisfaction of debt), and Debtor may use and consume raw materials or supplies, the use and consumption of which is necessary in order to carry on Debtor's business in the ordinary course; and
- (c) Debtor will, at its own expense, collect, as and when due, all amounts due under the Accounts Collateral, including the taking of such action with respect to such collection as Bank may reasonably request or, in the absence of such request, as Debtor may deem advisable, and may grant, in the ordinary course of Debtor's business, to any party obligated on any of the Accounts Collateral, any rebate, refund or adjustment to which such party may be lawfully entitled, and may accept, in connection therewith, the lawful return of goods, the sale or lease or which shall have given rise to such Accounts Collateral. Bank may, however, at any time and at Debtor's expense, notify any parties obligated on any of the Accounts Collateral to make payment directly to Bank of any amounts due or to become due thereunder and enforce collection of any of the Accounts Collateral by suit or otherwise and surrender, release or exchange all or any part thereof, or compromise, extend or renew same for any period.

14 Undertakings by Bank. Bank may from time to time, at its sole option, and without notice to Debtor, perform any undertaking of Debtor hereunder which Debtor shall fail to perform and take any other action which Bank deems necessary for the maintenance or preservation of any of the Collateral or the interest of Bank therein (including, without limitation, the discharge of taxes or liens of any kind against the Collateral or the procurement of insurance) and Debtor agrees to forthwith reimburse Bank, on demand, for all expenses of Bank in connection with the foregoing, together with interest thereon at a per annum rate equal to the highest rate of interest applicable to any of the indebtedness secured hereby, until reimbursed by Debtor and all amounts not so reimbursed shall be added to and become a part of the indebtedness secured hereby. Bank may, for the foregoing purposes, act in its own name or that of Debtor and may also act for the purpose of adjusting or

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settling any policy of insurance on the Collateral, or endorsing any draft received in connection therewith. For all of the foregoing purposes, Debtor hereby grants to any officer of Bank its power of attorney, irrevocable so long as any of the indebtedness secured hereby shall be outstanding.

15. Warranties Correct. Debtor hereby warrants and represents that all financial statements, certificates and schedules heretofore and hereafter delivered to Bank by or on behalf of Debtor, and any statement and data submitted in writing to Bank in connection with this Security Agreement or any Indebtedness of Debtor to Bank, are true and correct and fairly present the financial condition of Debtor for the periods involved.

16. Identification of Collateral. Upon request of Bank, Debtor will stamp on its records concerning the Collateral, a notation, in form satisfactory to Bank, of the security interest of Bank hereunder, and when requested by Bank, Debtor shall further affix to the Collateral such signs or labels as shall be satisfactory to Bank to indicate the security interest of Bank in the Collateral. Upon request of Bank at any time, Debtor will deliver to Bank lists or copies of all Collateral promptly and will deliver to Bank, promptly upon receipt, all proceeds of Collateral received by Debtor, including proceeds of the Accounts Collateral referred to above, in the exact form in which they are received. To protect Bank's rights hereunder, Debtor will assign or endorse proceeds to Bank as Bank may request, and hereby constitutes any officer or employee of Bank its true and lawful attorney-in-fact, with full power to endorse the name of Debtor upon any invoice, freight or express bill or bill of lading relating to any such accounts, upon drafts against account debtors and assignments and verifications of accounts and notices to account debtors, upon any and every remittance or instrument of payment, including checks, drafts and money orders, and in whatever form received, and to do and perform all other acts and things necessary, proper and requisite to carry out the intent of this Security Agreement. The power herein granted shall be deemed to be coupled with an interest and shall not be revoked by Debtor until Bank has been paid all sums due it, including all proper expenses, with interest. All such items received by Bank for the Collateral shall be deposited to the credit of Debtor in an account maintained at Bank, as security for the payment of the Indebtedness. Bank may, from time to time, in its discretion, (i) apply all of the then existing balance representing collected funds in such deposit account, toward payment of all of any part of the Indebtedness secured hereby, whether or not then due, in such order of application as Bank, in its sole discretion, may determine, or (ii) permit Debtor to use all or part of said account in the normal course of Debtor's business.

17. Account Debtors. With respect to the Accounts Collateral, Bank may at any time notify account debtors that the accounts have been assigned to Bank and shall be paid to Bank. Upon request of Bank at any time, Debtor will so notify such account debtors and will indicate on all invoices to such account debtors that the accounts are payable directly to Bank.

18. Accounts Collateral Warranties. Debtor warrants and represents with respect to the Accounts Collateral that:

- (a) All accounts are due and payable in cash not more than thirty (30) days from the date of the invoice evidencing the account;
- (b) The accounts are genuine in all respects and are as purported and the account debtor has the capacity to enter into the transaction;
- (c) The accounts have not been previously assigned or encumbered;
- (d) Debtor has full right and authority to assign them;
- (e) If arising from the sale or lease of goods, such goods have been shipped or delivered to the account debtor;
- (f) The accounts are valid, legally enforceable obligations of the account debtor thereunder and are not subject to any offset, counterclaim or other defense on the part of such account debtor or to any claim on the part of such account debtor denying liability thereunder in whole or in part;
- (g) No partial payment not shown upon the accounts has been made by anyone;
- (h) The accounts are enforceable according to terms;
- (i) The accounts are evidenced by invoices, dated not later than the date of shipment or performance rendered to such account debtor and are not evidenced by any instrument or chattel paper; and
- (j) Bank has not notified Debtor that any such account or account debtor is unsatisfactory.

19. Loans Against Accounts. Provided that an Event of Default (as hereinafter defined) under this Security Agreement does not then exist or would not then be created thereby and provided that no event which with notice or lapse of time or both would constitute an Event of Default does not then exist, Bank shall loan to Debtor from time to time, upon Debtor's request, sums not exceeding an

aggregate amount equal up to seventy five percent (75%) of the face amount (less maximum discounts, credits and allowances which may be taken by or granted to obligors in connection therewith) of all then existing Eligible Accounts (as hereinafter defined) of Debtor that are scheduled on a certificate of Debtor in form satisfactory to Bank in connection with each request by Debtor for a loan disbursement; provided, however, that the aggregate amount of all advances made pursuant to Sections 19 and Section 20 hereof at any one time outstanding shall not exceed \$200,000.00.

20. Loans Against Inventory Provided that an Event of Default does not then exist or would not then be created thereby, and provided that no event which with notice or lapse of time or both would constitute an Event of Default then exists, Bank shall loan to Debtor from time to time, upon Debtor's request and upon Debtor's execution and delivery to Bank of an acceptable certificate, sums not exceeding an aggregate amount equal up to fifty percent (50%) of the value therein described of then existing and owned Eligible Inventory (as hereinafter defined), less a sum of money equal to the portion of Debtor's liabilities to Bank consisting of principal then owed by Debtor to Bank on account of loans theretofore made to Debtor pursuant to this Section 20, provide, however, that loans made pursuant to this Section 20 shall in no event exceed \$200,000.00 in the aggregate.

21. Coordination of Accounts and Inventory Credits. On account of Debtor's use and/or consumption of inventory in the ordinary course of its business and in generating and/or creating accounts, Debtor hereby irrevocably authorizes and directs Bank, in its sole and absolute discretion, to deduct from each of the loans made to Debtor by Bank pursuant to Section 19 above, an amount equal to the loans previously made against such inventory of Debtor used to create the accounts and apply same to that portion of Debtor's liabilities consisting of principal owed by Debtor to Bank on account of loans made by Bank to Debtor pursuant to Section 20.

22. Eligible Accounts. The term "Eligible Accounts," as used herein, shall mean accounts of Debtor which conform to the warranties set forth in this Section 22 and which are otherwise acceptable to Bank. Bank reserves the right to deem as not acceptable (i) accounts which Bank, in good faith, determines that the prospect of payment or performance by the obligor is or will be impaired, and (ii) accounts of any obligor which exceed a credit limit determined by Bank and communicated to Debtor.

Debtor warrants and represents with respect to each Eligible Account that:

- (a) The account is due and payable not more than thirty (30) days from the date of the invoice evidencing the account and it is not more than sixty (60) days past due;
- (b) The account is genuine in all respects and is what it purports to be and the account debtor has the capacity to enter into the transaction and financial capacity to pay the account;
- (c) The account has not been previously assigned or encumbered and Bank has a first perfected security interest therein;
- (d) Debtor has full right and authority to assign the account;
- (e) If the account arises from the sale or lease of goods, such goods have been shipped or delivered to the account debtor;
- (f) The account is a valid, legally enforceable obligation of the account debtor thereunder and is not subject to any offset, counterclaim or other defense on the part of such account debtor or to any claims on the part of such account debtor denying liability thereunder in whole or in part;
- (g) No partial payment not shown upon such account has been made by anyone;
- (h) The account is enforceable according to its terms;
- (i) The account is evidenced by an invoice, dated not later than the date of shipment or performance rendered to such account debtor and is not evidenced by an instrument or chattel paper or any other document;
- (j) The obligor on the account is not a director, officer, employee or agent of Debtor or a parent, subsidiary or affiliate of Debtor;
- (k) The account is not conditional or in the nature of "bill and hold," "sale on approval," "sale or return" or consignment;
- (l) The obligor on the account is not a resident or citizen of any country other than the United States or otherwise not located in the United States;
- (m) The account does not arise out of a bonded job or related services;

- (h) The obligor on the account is not the United States of America or any department, agency or instrumentality thereof or any state or local government, department, agency or instrumentality; and
- (i) Such accounts owed by a single account debtor or its affiliates do not represent more than twenty five percent (25%) of all otherwise Eligible Accounts (accounts excluded from Eligible Accounts solely by reason of this subsection (h) shall nevertheless be considered Eligible Accounts to the extent of the amount of such accounts which does not exceed twenty five percent (25%) of all otherwise Eligible Accounts);
- (j) Bank has not notified Debtor that the account or account debtor is unsatisfactory

Any such account which was originally an Eligible Account shall lose its eligible status in the event such account shall not continue to conform to the other warranties set forth above or Bank shall otherwise notify Debtor that such account is no longer an Eligible Account. Debtor agrees to promptly notify Bank in writing whenever any Eligible Account shall lose its eligibility status. Debtor will at all times maintain accounts receivable in a then eligible status, having an aggregate loan value (as provided in Sections 19 and 20 above) which will at least equal the aggregate unpaid principal balance due and owing Bank, and if for any reason said aggregate unpaid principal balance exceeds the loan value of the Eligible Accounts and Eligible Inventory, Debtor will immediately pay Bank the amount of such deficiency.

23. Eligible Inventory "Eligible Inventory" shall mean the portion of inventory selected by Bank that: (a) does not violate the negative covenants and provisions of this Section 23 and satisfies the positive covenants and provisions of this Section 23; (b) is not obsolete; (c) is owned by Debtor and is located at the location(s) referred to in Section 8 hereof, (d) Bank has a first perfected lien on the inventory, (e) Bank has in good faith determined that such inventory is not unacceptable due to age, type, category and/or quantity; and (f) such inventory consists of finished goods. The "value" of Eligible Inventory shall mean the lesser of Debtor's cost thereof or the market value thereof.

24. Default Debtor shall be in default under this Security Agreement upon the occurrence of any one or more of the following events or conditions (each of which is an "Event of Default")

- (a) Failure of Debtor to pay any sum due under any indebtedness or liability secured hereby;
- (b) Breach or failure to perform by Debtor of any covenant, promise, condition, obligation or liability contained or referred to herein, in the indebtedness secured hereby or in any other agreement to which Debtor and Bank are parties;
- (c) The making or furnishing in any manner of any representation, statement or warranty to Bank by or on behalf of Debtor in connection with this Security Agreement or all or any part of the indebtedness secured hereby, which representation, statement or warranty was false in any material respect when made or furnished;
- (d) Any loss, theft, damage, destruction, sale or encumbrance to or of any of the Collateral;
- (e) Any tax levy, attachment, garnishment, levy or execution or other process issued against Debtor or the Collateral;
- (f) Any suspension of payment by Debtor to any creditor or any event or occurrence which constitutes an event of default or which results in the acceleration of the maturity of any indebtedness of Debtor to others, under any indenture, agreement, undertaking or other instrument;
- (g) Merger, consolidation, dissolution, termination of existence, insolvency, business failure, bankruptcy, appointment of a custodian or receiver of any part of the property of Debtor, the commencement of any bankruptcy or insolvency proceedings or any assignment for the benefit of any creditors by or against Debtor or any co-maker, accommodation maker, surety or guarantor of Debtor, or entry of any judgment against any of them, or failure of any guarantor or surety of Debtor to provide Bank with financial information promptly when requested by Bank;
- (h) Any modification or change of the name of Debtor, as set forth Section 1 hereof, without the express prior written consent of Bank; or
- (i) Determination by Bank that a material adverse change has occurred in the

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financial condition of Debtor from that disclosed in the financial statement of Debtor heretofore furnished to Bank, or from the condition of Debtor or the Collateral as heretofore most recently disclosed to Bank in any manner

25. Remedies Upon the occurrence of any default under this Security Agreement, Bank may at its option, without notice or demand, declare all indebtedness secured hereby immediately due and payable and Bank, upon the occurrence of any such default, may exercise any and all of the rights and remedies of a secured party under the Uniform Commercial Code of Missouri, then in effect. Bank may take immediate possession of the Collateral or any part thereof wherever the same may be found, and for said purposes may, and is hereby appointed Debtor's agent and authorized by Debtor to, enter Debtor's premises for the purpose of removing, assembling or taking possession of the Collateral without liability for trespass or any other right of action by reason of taking possession of said Collateral. Whenever the Collateral is in Bank's possession, Bank may use and operate same as appropriate for the purpose of protecting Bank's interest with respect thereto. In addition, if any Collateral shall require rebuilding, repairing, maintenance, preparation, or is in process or other unfinished state, Bank shall have the right at its option to do such rebuilding, repairing, preparation, processing or completion of manufacturing on or off Debtor's premises, for the purpose of putting the Collateral in such saleable form as Bank shall deem appropriate. Bank may require Debtor, at Debtor's expense, to assemble the Collateral and make it available to Bank at a place to be designated by Bank. Debtor agrees to pay all costs of Bank in the collection of the indebtedness and enforcement of rights hereunder, including reasonable attorney's fees and legal expense, and of any repairs to any realty or other property to which any of the Collateral may be affixed or be a part. Any notice of any sale, lease, or other disposition, or other incidental action by Bank shall be deemed reasonable if it is in writing and deposited in the United States mail at least ten (10) days in advance of the intended disposition or other intended action or, with respect to a private sale, at least ten (10) days in advance of the date after which a private sale or sales shall occur, first class postage prepaid, addressed to Debtor at the address set forth in Section 1 hereof or to any other address of Debtor appearing on the records of Bank. Debtor waives all rights to require any marshaling of assets.

Bank shall also have the right to apply for and have a receiver appointed by a court of competent jurisdiction to enforce its rights and remedies hereunder in order to manage, protect and preserve the Collateral, continue the operation of the business of Debtor, and to collect all revenues and profits thereof and apply the same to the payment of (i) all expenses and other charges of such receivership, including the compensation of the receiver, and (ii) the indebtedness secured hereby until a sale or other disposition of such Collateral shall be finally made and consummated.

Bank may notify any and all parties obligated on any of the Collateral that the Collateral has been assigned to Bank and that all payments thereon are to be made directly to Bank. Bank may settle, compromise or release, on terms acceptable to Bank, in whole or in part, any amounts owing on such Collateral, sue to enforce payments and prosecute any action or proceeding with respect to the Collateral in its own name or the name of Debtor, and extend the time of payment, make allowance and adjustments, and issue credits in its own name or the name of Debtor.

The proceeds of any sale shall be applied in the following order: first, to pay all costs and expenses of every kind for care, safekeeping, collection, sale, delivery or otherwise (including expenses incurred in the protection of Bank's title to or lien upon or right in any such property, expenses for legal services of any kind in connection therewith or in making any such sale or sales, insurance, commission for sale and guaranty), then to interest on all indebtedness or obligations of Debtor to Bank; then to the principal thereof, whether or not such indebtedness or obligations are due or accrued. Any remaining surplus shall be paid to whomsoever shall be legally entitled thereto. Application of proceeds as between particular indebtedness or obligations to Bank shall be in the absolute and sole discretion of Bank. If the proceeds of any such sales are insufficient to pay all indebtedness or obligations of Debtor to Bank, Debtor shall remain liable for the deficiency.

26. Inspection Bank or its nominee shall have the privilege at any time, upon request, of inspecting during reasonable business hours any of the business properties or premises of Debtor and the books and records of Debtor relating not only to the Collateral, or the processing or collecting thereof, but also those relating to its general business affairs and financial condition of Debtor. Debtor further agrees from time to time to furnish such other reports, data and financial statements, in respect of its business and financial condition, as Bank may reasonably require.

27. Miscellaneous Debtor and Bank further agree as follows:

(a) Governing Law This Security Agreement shall be governed by and construed in accordance with the laws of the State of Missouri without regard to conflict of laws principles.

(b) Non-Waiver. Waiver of or acquiescence by Bank in any default by Debtor, or failure of Bank to insist upon strict performance by Debtor of any warranties, agreements or other obligations contained in this Security Agreement shall not constitute a waiver of any subsequent or other default, failure or waiver of strict performance, whether similar or dissimilar.

(c) Modifications. No modification of any provision of this Security Agreement.

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no approvals required from Bank and no consent by Bank to any departure therefrom by Debtor shall be effective unless such modification, approval or consent shall be in writing and signed by a duly authorized officer of Bank, and the same shall then be effective only for the period and on the conditions and for the specific instances and purposes specified in such writing. No notice to or demand on Debtor in any case shall entitle Debtor to any other or further notice or demand in similar or other circumstances.

(d) **Severability.** Wherever possible, each provision of this Security Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Security Agreement shall be prohibited by or invalid under applicable law, such provision shall be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Security Agreement.

(e) **Notices.** All notices and other communications provided for herein shall, unless otherwise stated herein, be in writing and shall be personally delivered or sent by certified mail, postage prepaid, by prepaid overnight nationally recognized courier, or by facsimile, to the intended party at the address or facsimile number of such party set forth as follows:

If to Bank:

Southwest Bank of St. Louis
2301 S. Kingshighway Blvd
St. Louis, MO 63110-3498
Attention: Andrew S. Hereford
Facsimile No. (314) _____

If to Debtor:

IN-PLAY INTERNATIONAL, INC.
D/B/A THE LUMBER COMPANY
1007 Olive Blvd.
St. Louis, MO 63101
Attention: Shane D. Scott
Facsimile No. _____

or at such other address or facsimile number as shall be designated by such party in a written notice to the other parties hereto. All such notices and communications shall be effective (a) if personally delivered, when delivered, (b) if sent by certified mail, three (3) days after having been deposited in the mail, postage prepaid, (c) if sent by overnight courier, one business day after having been given to such courier, or (d) if transmitted by facsimile, when sent.

(f) **Rights and Remedies Cumulative.** The rights and remedies of Bank under this Security Agreement are cumulative and are not in lieu of, but are in addition to any other rights or remedies which Bank shall have under this Security Agreement or any other instrument, or at law or in equity. No course of dealing between Bank and Debtor or any failure or delay on the part of Bank in exercising any rights or remedies hereunder shall operate as a waiver of any rights or remedies of Bank and no single or partial exercise of any rights or remedies hereunder shall operate as a waiver or preclude the exercise of any other rights or remedies hereunder.

(g) **Security Interest and Pledge Absolute.** All rights, including the security interest of Bank granted hereunder, and all obligations of Debtor hereunder, shall be absolute and unconditional irrespective of:

- i. any lack of validity or enforceability of the indebtedness or any other agreement or instrument relating thereto;
- ii. any change in the time, manner or place of payment of, or in any other term of, all or any of the indebtedness, or any other amendment or waiver of or any consent to any departure from the indebtedness or any agreement or instrument relating thereto; or
- iii. any exchange, release or non-perfection of any other collateral, or any release or amendment or waiver of or consent to departure from any guaranty, for all or any of the indebtedness.

(h) **Costs of Enforcement.** In the event that Bank shall retain or engage an attorney or attorneys to collect or enforce or protect its interests with respect to this Security Agreement or any instrument or document delivered pursuant to this Security Agreement, including the representation of Bank in connection with any bankruptcy, reorganization, receivership or any other action affecting creditor's rights, and regardless of whether a suit or action is commenced, Debtor shall pay all of the costs and expenses of such collection.

enforcement or protection, including reasonable attorneys' fees, and Bank may take judgment for all such amounts.

(i) **Successors and Assigns.** This Security Agreement shall be binding upon and inure to the benefit of Bank and its successors and assigns Debtor and its heirs, successors and permitted assigns.

(j) **Assignment, Sale of Interest.** Debtor hereby consents to Bank's participation, sale, assignment, transfer or other disposition, at any time or times hereafter, of this Security Agreement, or of any portion hereof or thereof, including, without limitation, Bank's rights, title, interests, remedies, powers and duties hereunder.

(k) **Fees and Expenses.** Debtor shall pay all out-of-pocket costs and expenses, including attorneys' fees and expenses, incurred by Bank in connection with the preparation of this Security Agreement and any document or instrument delivered pursuant to or in connection with this Security Agreement and all related documentation, recording or filing fees. Debtor shall also pay all like costs and expenses incurred by Bank in connection with any amendments, waivers, renewals or modifications of or made pursuant to this Security Agreement or any document or instrument delivered pursuant to or in connection with this Security Agreement and all other related documentation.

(l) **Reinstatement of Indebtedness.** Debtor expressly agrees that to the extent a payment or payments to Bank, or any part thereof, are subsequently invalidated, declared to be void or voidable, set aside and are required to be repaid to a trustee, custodian, receiver or any other party under any bankruptcy act, state or federal law, common law or equitable cause, then to the extent of such payment or repayment, the obligation or part thereof intended to be satisfied and any collateral given therefore including this Agreement shall be revived and continued in full force and effect as if said payment had not been made.

(m) **Financing Statement.** At the option of Bank, this Security Agreement, or a carbon, photographic or other reproduction of this Security Agreement or of any Uniform Commercial Code financing statement covering the Collateral or any portion thereof, shall be sufficient as a Uniform Commercial Code financing statement and may be filed as such.

(n) **Controlling Provisions.** If any item of Collateral hereunder also constitutes collateral granted to Bank under any other mortgage, deed of trust, agreement or instrument, in the event of any conflict between the provisions under this Security Agreement and those under such other mortgage, agreement or instrument relating to such Collateral, the provision or provisions selected by Bank shall control with respect to such Collateral.

(o) **Setoff.** In addition to any rights now or hereafter granted under the provisions of any applicable law, rule or regulation and, not by way of limitation of any such rights, upon the occurrence of (a) any Event of Default, or (b) any event which with the lapse of time or the giving of notice, or both, would constitute an Event of Default, Bank is hereby authorized by Debtor, at any time or from time to time, without notice to Debtor or to any other person, any such notice being hereby expressly waived.

(i) to setoff and to appropriate and to apply any and all deposits (general or special, time or demand, including, but not limited to, indebtedness evidenced by certificates of deposit, in each case whether matured or unmatured) and any other indebtedness at any time held or owing by Bank to or for the credit or account of Debtor against and on account of the obligations and liabilities of Debtor to Bank, including, but not limited to, all claims of any nature or description arising out of or connected with this Security Agreement or any instrument or document delivered in connection with or pursuant to this Security Agreement, irrespective of whether or not (a) Bank shall have made any demand under this Security Agreement or any instrument or document delivered in connection with or pursuant to this Security Agreement, or (b) Bank shall have declared the principal of and interest on amounts under this Security Agreement or any instrument or document delivered in connection with or pursuant to this Security Agreement to be due and payable as permitted pursuant to this Security Agreement or any instrument or document delivered in connection with or pursuant to this Security Agreement, and although said obligations and liabilities, or any of them, shall be contingent or unmatured, and

(ii) pending any such setoff or appropriation or application, to hold the amounts of all deposits as collateral and to return as unpaid any or all checks drawn against such deposits that are presented for payment as Bank in its sole discretion shall decide.

(p) **Consent to Forum.** DEBTOR HEREBY CONSENTS TO THE JURISDICTION OF ANY STATE COURT LOCATED WITHIN THE CITY OF ST.

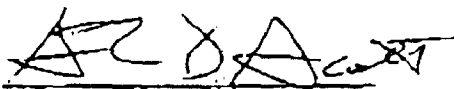
LOUIS OR ST. LOUIS COUNTY, MISSOURI OR FEDERAL COURT IN THE EASTERN DISTRICT OF MISSOURI, EASTERN DIVISION. DEBTOR WAIVES ANY OBJECTION TO JURISDICTION AND VENUE OF ANY ACTION INSTITUTED AGAINST IT AS PROVIDED HEREIN AND AGREES NOT TO ASSERT ANY DEFENSE BASED ON LACK OF JURISDICTION OR VENUE. DEBTOR FURTHER AGREES NOT TO ASSERT AGAINST BANK (EXCEPT BY WAY OF A DEFENSE OR COUNTERCLAIM IN A PROCEEDING INITIATED BY BANK) ANY CLAIM OR OTHER ASSERTION OF LIABILITY WITH RESPECT TO THIS SECURITY AGREEMENT, BANK'S CONDUCT OR OTHERWISE IN ANY JURISDICTION OTHER THAN THE FOREGOING JURISDICTIONS.

(q) Waiver of Jury Trial. DEBTOR HEREBY WAIVES ANY RIGHT TO TRIAL BY JURY (WHICH BANK ALSO WAIVES) IN ANY ACTION, SUIT, PROCEEDING OR COUNTERCLAIM OF ANY KIND ARISING OUT OF OR RELATING TO THIS SECURITY AGREEMENT, THE OBLIGATIONS OF DEBTOR HEREUNDER OR BANK'S CONDUCT IN RESPECT OF ANY OF THE FOREGOING.

(r) Mo. Rev. Stat. § 432.045 Statement. The following notice is given pursuant to Section 432.045 of the Missouri Revised Statutes; nothing contained in such notice shall be deemed to limit or modify the terms of this Agreement: "ORAL AGREEMENTS OR COMMITMENTS TO LOAN MONEY, EXTEND CREDIT OR TO FOREBEAR FROM ENFORCING REPAYMENT OF A DEBT INCLUDING PROMISES TO EXTEND OR RENEW SUCH DEBT ARE NOT ENFORCEABLE. TO PROTECT YOU (COMPANY) AND US (CREDITOR) FROM MISUNDERSTANDING OR DISAPPOINTMENT, ANY AGREEMENTS WE REACH COVERING SUCH MATTERS ARE CONTAINED IN THIS WRITING, WHICH IS THE COMPLETE AND EXCLUSIVE STATEMENT OF THE AGREEMENT BETWEEN US, EXCEPT AS WE MAY LATER AGREE IN WRITING TO MODIFY IT."

IN WITNESS WHEREOF, this Security Agreement has been executed and delivered by Debtor this 28th day of May, 1999.

IN-PLAY INTERNATIONAL, INC.
D/B/A THE LUMBER COMPANY

By: 
Shane D. Scott, President