

Form PTO-1594 (Rev. 10/02) OMB No. 0651-0027 (exp. 6/30/2005) Tab settings

RECORDATION FORM COVER SHEET TRADEMARKS ONLY

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

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

1. Name of conveying party(ies):

Impact Office Products of Washington, Inc.

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

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

3. Nature of conveyance:

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

Execution Date: 07/16/2003

2. Name and address of receiving party(ies)

Name: Prudent Capital I, L.P.

Internal Address: Suite 1200

Street Address: 1120 Connecticut Avenue, NW

City: Washington State: DC Zip: 20036

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

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

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

A. Trademark Application No.(s) 76/388229; 76/388459

B. Trademark Registration No.(s) 2696473

Additional number(s) attached Yes No

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

Name: Janet M. Hanson

Internal Address: Cooley Godward LLP

One Freedom Square

Reston Town Center

Street Address: 11951 Freedom Drive

City: Reston State: VA Zip: 20190

6. Total number of applications and registrations involved:

3

7. Total fee (37 CFR 3.41) \$ 90.00

- Enclosed, Authorized to be charged to deposit account

8. Deposit account number:

03-3115

DO NOT USE THIS SPACE

9. Signature.

Janet M. Hanson Name of Person Signing

Signature

7-17-03 Date

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

30

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

CH \$90.00 033115 76388229

TABLE OF CONTENTS

	PAGE
ARTICLE I .....	1
1.1 Incorporation by Reference.....	1
1.2 Definitions.....	1
ARTICLE II .....	2
2.1 Grant.....	2
2.2 Rights of the Purchaser.....	2
ARTICLE III .....	2
3.1 Contracts and Licenses.....	2
3.2 Collection of Accounts.....	3
3.3 Notification and Verification.....	3
ARTICLE IV .....	3
4.1 Priority of Security Interest.....	3
4.2 Other Names.....	3
4.3 Location of Goods and Inventory.....	4
4.4 Accuracy of Collateral Information Certificate.....	4
4.5 Proprietary Rights.....	4
ARTICLE V .....	4
5.1 Books and Records.....	4
5.2 Equipment.....	5
5.3 Goods and Inventory.....	5
5.4 No Transfers of Collateral.....	5
5.5 Liens, Claims and Attachments.....	5
5.6 Payment of Taxes, Assessments and Fees.....	6
5.7 Maintenance, Repairs and Replacements.....	6
5.8 Right to Inspect.....	6
5.9 Insurance; Application of Insurance Proceeds.....	6
5.10 Financing Statements; Recording Costs; Possession of Collateral.....	6
5.11 Supporting Materials.....	7
5.12 Notification of Delays.....	7
5.13 No Material Changes.....	7

TABLE OF CONTENTS  
(CONTINUED)

	PAGE
5.14 Additional Covenants Relating to Accounts and Chattel Paper.....	7
5.15 Additional Covenants Relating to Proprietary Rights.....	8
5.16 Consent of Inbound Licensors.....	9
5.17 Notice to the Purchaser; Joinder by the Company.....	10
ARTICLE VI .....	10
6.1 Assemble Collateral.....	10
6.2 Take Possession.....	10
6.3 Appointment of Receiver.....	10
6.4 Sale of Collateral.....	10
6.5 Attorney-in-Fact.....	11
6.6 Right to Make Payments or Otherwise Cure.....	12
6.7 Right to Defend.....	12
ARTICLE VII .....	12
7.1 Deficiency.....	12
7.2 No Duty to Act.....	12
7.3 Remedies Not Limited; Partial Exercise.....	12
7.4 Costs of Enforcement.....	13
7.5 Mitigation of Damages.....	13
7.6 No Waivers by the Purchaser.....	13
7.7 Waiver of Notice and Hearing Regarding Probable Cause by the Company's.....	13
7.8 Purchaser Actions.....	13
7.9 Liability for Loss.....	14
7.10 Notices.....	14
7.11 Further Assurances.....	14
7.12 Successors and Assigns.....	14
7.13 Assignment.....	14
7.14 Controlling Law; Venue, etc.....	14
7.15 No Oral Modifications or Waivers.....	15
7.16 Termination of Agreement; Release of Security Interest.....	15

**TABLE OF CONTENTS**  
**(CONTINUED)**

	<b>PAGE</b>
7.17 Severability.....	15
7.18 Headings.....	15

**SECURITY AGREEMENT**

THIS SECURITY AGREEMENT ("*Agreement*") is entered into as of this 16th day of July, 2003 by and among **IMPACT OFFICE PRODUCTS OF WASHINGTON, INC.**, a Maryland corporation (the "*Company*") in favor of **PRUDENT CAPITAL I, L.P.** (the "*Purchaser*").

WHEREAS, the Company and the Purchaser entered into a certain Investment Agreement of even date herewith (the "*Investment Agreement*") pursuant to which the Purchaser has agreed to provide funding for working capital purposes of the Company, such investment to be evidenced by the Company's issuance to the Purchaser of a certain amended and restated senior subordinated note in the aggregate principal amount of Two Million Dollars (\$2,000,000) (the "*Note*") and a warrant to purchase the Company's stock (the "*Warrant*" and the securities for which the Warrant is exercisable, the "*Warrant Shares*");

WHEREAS, the Purchaser has purchased the Note from Core Capital Partners, L.P. ("*Core*") pursuant to the terms of that certain Assignment and Consent dated as of the date hereof among Core, Purchaser and the Company (the "*Assignment Agreement*");

WHEREAS, pursuant to the terms of such Assignment Agreement, Purchaser is also purchasing Core's interest in the Company's collateral held by Core pursuant to that certain Security Agreement dated as of March 20, 2003 between Core and the Company (the "*Core Security Agreement*");

WHEREAS, pursuant to the terms of the Assignment Agreement, this Agreement hereby amends and restates the Core Security Agreement in its entirety; and

WHEREAS, as a condition of the purchase and sale of the Note and Warrant, the Purchaser required that the Company enter into this Agreement.

NOW THEREFORE, in order to induce the Purchaser to enter into the Investment Agreement, the Company hereby agrees in favor of the Purchaser as set forth below.

**ARTICLE I**

**INVESTMENT AGREEMENT**

**1.1 Incorporation by Reference.** This Agreement is entered into pursuant to the terms and conditions of the Investment Agreement, and each of the terms and conditions of the Investment Agreement are hereby incorporated by reference.

**1.2 Definitions.** Any capitalized term used herein and not otherwise defined herein shall have the meaning given to it in the Investment Agreement.

“**Contracts**” shall mean all material contracts (including all those representing five percent (5%) or more of the Company’s total revenue, profit or volume) to which the Company is a party by which the Company or any of the assets of the Company is bound.

“**Licenses**” shall mean, collectively, all rights, licenses, permits and authorizations now or hereafter issued by any governmental authority in connection with the operation or conduct of the Company’s business or any other future business.

“**Lien**” means any mortgage, pledge, security interest, assignment, deposit arrangement, charge or encumbrance, lien or other type of preferential arrangement.

“**Proprietary Rights**” shall mean, collectively, all trademarks, registered, patents, trademarks, service marks, trade names, designs, mask works and copyrights (including, without limitation, all applications therefor), and all trade secrets, information, databases, inventions and proprietary rights and processes necessary for its business as now conducted and as proposed to be conducted.

Terms used herein which are defined in the Uniform Commercial Code of the State of Maryland, (as in effect from time to time, the “**Applicable UCC**”) and not otherwise defined herein shall have the respective meanings ascribed to such terms in the Applicable UCC. To the extent the definition of any category or type of collateral is modified by any amendment, modification or revision to the Applicable UCC, such modified definition will apply automatically as of the date of such amendment, modification or revision.

**ARTICLE II**

**GRANT OF SECURITY INTEREST**

**2.1 Grant.** As security for the full, prompt and complete payment and performance of each of the Company’s obligations under the Investment Documents other than the obligations which pertain solely to the Warrant or the Warrant Shares (the “**Obligations**”) when due (whether at stated maturity, by acceleration or otherwise), the Company hereby grants to the Purchaser a continuing security interest in all of the Company’s right, title and interest in and to the personal and real property set forth in *Exhibit A* attached hereto (the “**Collateral**”), subject and subordinate only to Permitted Encumbrances.

**2.2 Rights of the Purchaser.** In addition to the rights and remedies granted to the Purchaser herein and in the other Investment Documents, the Purchaser shall have all of the rights and remedies of the Purchaser under the Applicable UCC with respect to all of the Collateral.

**ARTICLE III**

**RIGHTS OF PURCHASER; COLLECTION OF ACCOUNTS.**

**3.1 Contracts and Licenses.** Notwithstanding anything contained in this Agreement to the contrary, the Company expressly agrees that it shall remain liable under each of its Contracts and each of its Licenses to observe and perform all the conditions and obligations to be observed and performed by it thereunder and that it shall perform all of its duties and obligations thereunder, all in accordance with and pursuant to the terms and provisions of each such Contract or License. The Purchaser shall not have any obligation or liability under any Contract or License by reason of or arising out of this Agreement or the granting to the Purchaser of liens therein or the receipt by the Purchaser of any payment relating to any Contract or License pursuant hereto, nor shall the Purchaser be required or obligated in any manner to perform or fulfill any of the obligations of the Company under or pursuant to any Contract or License, or to make any payment, or to make any inquiry as to the nature or the sufficiency of any payment received by it or the sufficiency of any performance by any party under any Contract or License, or to present or file any claim, or to take any action to collect or enforce any performance or the payment of any amounts which may have been assigned to it or to which it may be entitled at any time or times.

**3.2 Collection of Accounts.** The Purchaser authorize the Company to collect its Accounts (as defined in the Applicable UCC), *provided* that such collection is performed in a prudent and businesslike manner, and the Purchaser may, upon the occurrence and during the continuation of any Event of Default and without notice, limit or terminate said authority at any time. Upon the occurrence and during the continuance of any Event of Default, at the request of the Purchaser, the Company shall deliver all original and other documents evidencing and relating to the performance of labor or service or to licenses which created such Accounts, including, without limitation, all original orders, invoices relating shipping receipts, and licenses.

**3.3 Notification and Verification.** The Purchaser may at any time, upon the occurrence and during the continuance of any Event of Default, without notifying the Company of its intention to do so, notify Account Debtors (as defined in the Applicable UCC) of the Company, parties to the Contracts of the Company, obligors in respect of Instruments (as defined in the Applicable UCC) of the Company and obligors in respect of Chattel Paper (as defined in the Applicable UCC) of the Company that the Accounts and the right, title and interest of the Company in and under such Contracts, Instruments and Chattel Paper have been assigned to the Purchaser and that payments shall be made directly to the Purchaser. Upon the request of the Purchaser, the Company shall so notify such Account Debtors, parties to such Contracts, obligors in respect of such Instruments and obligors in respect of such Chattel Paper. Upon the occurrence and during the continuance of any Event of Default, the Purchaser may, in its name or in the name of others, communicate with such Account Debtors, parties to such Contracts, obligors in respect of such Instruments and obligors in respect of such Chattel Paper to verify with such parties, to the Purchaser's satisfaction, the existence, amount and terms of any such Accounts, Contracts, Instruments or Chattel Paper.

## ARTICLE IV

### REPRESENTATIONS AND WARRANTIES

To induce the Purchaser to enter into the transactions contemplated by the Investment Agreement, the Company represents and warrants to the Purchaser as follows (which representations and warranties shall survive the execution and delivery of this Agreement and the funding of the loan):

**4.1 Priority of Security Interest.** This Agreement creates a legal and valid security interest on and in all of the Collateral in which the Company now has rights and all filings and other actions necessary or desirable to perfect and protect such security interest will be taken promptly following the Closing. Accordingly, upon filing of a Uniform Commercial Code financing statement, the Purchaser has a fully perfected first-priority security interest in all of the Collateral in which the Company now has rights, subordinate only to the currently existing first-priority lien in favor of Allfirst Bank (and any successor to Allfirst Bank with respect to the Senior Indebtedness) and subject to any other Permitted Encumbrances.

**4.2 Other Names.** The Company has not changed its name or used any other name or any trade name within the five (5) years immediately preceding the date of this Agreement except as set forth on the Collateral Information Certificate attached hereto as *Exhibit B* (the "*Collateral Information Certificate*"). The Company shall not conduct business under any other name than that given above nor change or reorganize the type of business entity under which it does business except upon prior written approval of the Purchaser. If such approval is given, the Company guarantees that all documents, instruments and agreements demanded by the Purchaser shall be prepared and filed at the Company's expense before such change of name or business entity occurs.

**4.3 Location of Goods and Inventory.** All of the Goods (as defined in the Applicable UCC) and Inventory (as defined in the Applicable UCC) are located only at the leased locations described in the Collateral Information Certificate, and none of the Goods or Inventory is stored with, or in the possession of, any bailee, warehouseman, subcontractor, or other similar Person except as noted in the Collateral Information Certificate.

**4.4 Accuracy of Collateral Information Certificate.** The information contained in the Collateral Information Certificate, is true, accurate and complete in all respects.

**4.5 Proprietary Rights.** As of the date of this Agreement, the Company has no Proprietary Rights that are registered with the United States Patent and Trademark office or the United States Copyright Office, or the equivalent office in any country outside the United States, except as noted in the Collateral Information Certificate. The Company owns the sole, full and clear title to the Proprietary Rights Collateral (as defined below). To the knowledge of the Company, each of the copyrights, trademarks and patents is valid and enforceable, and no part of the Proprietary Rights Collateral has been judged invalid or unenforceable, in whole or in part.



The Company's rights as a licensee of intellectual property do not give rise to more than 5% of its gross revenue in any given month, including without limitation revenue derived from the sale, licensing, rendering or disposition of any product or service. As used herein, the term "*Proprietary Rights Collateral*" shall mean that portion of the Collateral that consists of Proprietary Rights.

## ARTICLE V

### COVENANTS

Until the Note is repaid in full and each of the other Obligations has been satisfied in full and discharged and in addition to the covenants set forth in the Investment Agreement, the Company covenants and agrees with the Purchaser as follows:

#### 5.1 Books and Records.

5.1.1 The Company will keep and maintain, at its own cost and expense, satisfactory and complete books and records of and with respect to the Collateral, including, without limitation, records of the status of any pending applications or registrations for Proprietary Rights;

5.1.2 The Purchaser shall at reasonable times and during normal business hours, without hindrance or delay, have access to the above-referenced books and records and any other data relating to the Collateral and the right at all reasonable times and during normal business hours to examine the same and to audit, inspect, verify and check;

5.1.3 Following the occurrence of an Event of Default under the Investment Agreement, the Purchaser shall have the right, at the cost and expense of the Company, to audit the books and records of the Company concerning the Collateral and to require the Company to procure and deliver to the Purchaser, at the Company's own cost and expense, all reports and information pertaining to the Collateral and to such portion of the financial condition and business operations of the Company as the Purchaser may reasonably deem necessary; and

5.1.4 Subject to its duty to exercise reasonable care with respect to the Collateral and to maintain the confidentiality of confidential information, the Purchaser shall have special property interests in all books and records of the Company pertaining to the Collateral and, at any time, upon the request of the Purchaser following the occurrence of an Event of Default under the Investment Agreement, the Company shall, at its own cost and expense, deliver all such books or records to the Purchaser or its designated representatives and shall deliver to the Purchaser or its designated representatives all original and other documents evidencing and relating to the Collateral.

5.2 **Equipment.** The Company shall use the Equipment (as defined in the Applicable UCC) solely in the conduct of its business and in a careful and proper manner. The Company

shall keep all of the Equipment at the Company's principal places of business or at those locations stated in the Collateral Information Certificate and shall not change the location of any item of the Equipment without the prior written consent of the Purchaser.

**5.3 Goods and Inventory.** The Company shall keep, store or regularly garage all of the Goods and all of the Inventory in a careful, secure and proper manner at the Company's principal places of business or at those locations stated in the Collateral Information Certificate and shall not change the location of any item of the Goods or Inventory other than in the ordinary course of business without providing the Purchaser with advance written notice at least twenty (20) days prior to such relocation.

**5.4 No Transfers of Collateral.** Notwithstanding that the Proceeds (as defined in the Applicable UCC) are included within the definition of "*Collateral*" (and therefore subject to the Purchaser's security interest hereby granted), the Company shall not sell, assign, lease, transfer, mortgage, encumber or otherwise dispose of (whether voluntarily or involuntarily, and whether or not for consideration) the Collateral or any portion thereof or any interest therein without the prior written consent of the Purchaser, except to the extent expressly permitted by the terms and conditions of the Investment Agreement.

**5.5 Liens, Claims and Attachments.** The Company shall at its own cost and expense, maintain the Collateral free from all Liens (other than Permitted Encumbrances), and the Company shall notify the Purchaser within two (2) days after receipt of notice of any Lien, attachment or judicial proceeding affecting the Collateral in whole or in part.

**5.6 Payment of Taxes, Assessments and Fees.** The Company shall promptly pay all taxes, assessments and fees relating to the ownership or use of the Collateral or any portion thereof as and when the same shall be due and payable.

**5.7 Maintenance, Repairs and Replacements.** The Company shall keep and maintain, or cause to be kept and maintained, all of the tangible Collateral in good condition and shall provide all maintenance and service and make all repairs and replacements necessary for such purpose, subject to the Company's reasonable determination of the economic viability of such repair or replacement. If any parts or accessories forming part of the tangible Collateral become worn out, lost, destroyed, damaged beyond repair or otherwise permanently rendered unfit for use, the Company, at its own expense, shall within a reasonable time replace such parts or accessories or cause the same to be replaced by replacement parts or accessories that have a value and utility at least equal to the parts or accessories replaced, subject to the Company's reasonable determination of the economic viability of such repair or replacement. All accessories, parts and replacements for or which are added to or become attached to any of the tangible Collateral shall immediately be deemed incorporated in the tangible Collateral and subject to the security interest granted by the Company under this Agreement.

**5.8 Right to Inspect.** The Purchaser shall have the right to inspect all of the tangible Collateral and all maintenance and repair records relating thereto at reasonable times; *provided,*

*however*, if the Purchaser desires to inspect the tangible Collateral or any such records of the Company during other than the Company's normal hours of operation, then the Purchaser shall provide the Company with twenty four (24) hours prior notice of such inspection; and *provided further*, that following the occurrence and during the continuation of an Event of Default, the Purchaser shall have the right to inspect all of the tangible Collateral and all maintenance and repair records relating thereto at any time without prior notice.

**5.9 Insurance; Application of Insurance Proceeds.** The Company shall maintain insurance in accordance with Section 5.10 of the Investment Agreement. The proceeds of the insurance maintained by the Company and payable as a result of loss of or damage to any of the tangible Collateral may be applied: (a) if there exists no Event of Default, toward the replacement, restoration or repair of the tangible Collateral which may be lost, stolen, destroyed or damaged; or (b) if there exists an Event of Default toward payment of the Obligations, which payment shall be applied to the Obligations in the manner determined by the Purchaser. The Company irrevocably appoints the Purchaser as the Company's attorneys-in-fact to make claim for, receive payment of, and execute and endorse all documents, checks or drafts received in payment for loss or damage under any of these insurance policies.

**5.10 Financing Statements; Recording Costs; Possession of Collateral.** The Company shall promptly execute and deliver to the Purchaser any Applicable UCC financing or continuation statement or other documents as may be necessary or reasonably required, or procure any documents reasonably required (including Applicable UCC termination statements, as necessary), to carry out the transactions contemplated by the Investment Documents and to maintain the Purchaser's perfected security interest in all of the Collateral with the lien priority indicated in the Investment Agreement. The Company shall pay all state and local stamp or documentary taxes, recordation and transfer taxes, clerks' fees and filing fees, and all other costs to record such documents and to perfect and maintain the Purchaser's perfected security interest in all of the Collateral with the lien priority indicated in the Investment Agreement. If any material portion of the Collateral is of a type as to which it is necessary or desirable for the Purchaser to take possession of the Collateral in order to perfect, or maintain the priority of, the Purchaser's security interest, then on or prior to Closing Date, the Company shall deliver all such Collateral to the Purchaser, and, with respect to any such Collateral acquired by the Company after the Closing Date, the Company shall promptly deliver same to the Purchaser. A carbon, photographic, photocopy or other reproduction of a security agreement (including this Agreement) or financing statement shall be sufficient as a financing statement.

**5.11 Supporting Materials.** The Company, upon request of the Purchaser, shall provide the Purchaser from time to time with: (a) written statements or schedules identifying and describing the Collateral, and all additions, substitutions, and replacements thereof, in such detail as the Purchaser may require; (b) copies of customers' invoices or billing statements; (c) proof of the sale or lease of goods or evidence of the satisfactory performance of services which gave rise to any Accounts; and (d) such other schedules and information as the Purchaser reasonably may require. The items to be provided under this Section 5.11 shall be in form satisfactory to the Purchaser and are to be executed and delivered to the Purchaser from time to

time solely for the Purchaser's convenience in maintaining records of the Collateral. The Company's failure to give any of such items to the Purchaser shall not affect, terminate, modify or otherwise limit the Purchaser's security interest in any of the Collateral.

**5.12 Notification of Delays.** The Company, upon request of the Purchaser, shall regularly advise the Purchaser of any delay in delivery or performance, or claims made, in regard to any of the Collateral.

**5.13 No Material Changes.** The Company shall make any material change to the terms of any General Intangible, (as defined in the Applicable UCC), Chattel Paper, Instrument or Account (if the Account has a book value equal to or greater than ten percent (10%) of the Company's annual gross revenues), without the prior written permission of the Purchaser. Material changes shall include, without limitation: (a) granting an extension of the time of payment of any of the accounts, chattel paper, instruments, or amounts due under any contract or document, (b) compromising, compounding or settling the same for less than the full amount thereof, (c) releasing, wholly or partly, any person liable for the payment thereof, or (d) allowing any credit or discount whatsoever thereon other than trade discounts or rebates granted in the ordinary course of the Company's business.

**5.14 Additional Covenants Relating to Accounts and Chattel Paper.**

**5.14.1** The Company shall, upon the reasonable request of the Purchaser, deliver to the Purchaser within fifteen (15) calendar days after the last day of each month, a listing and aging report for the Accounts, in form and substance reasonably satisfactory to the Purchaser, together with such other information and financial reports as the Purchaser may request in the Purchaser's reasonable discretion from time to time; and

**5.14.2** Upon the request of the Purchaser, at any time after the occurrence of an Event of Default under the Investment Agreement or hereunder, the Company shall deposit, or cause to be deposited, all checks, drafts, cash and other remittances in payment of, or on account of payment of, any and all Accounts and Chattel Paper (all of the foregoing herein collectively referred to as "*items of payment*") to an account (the "*Collateral Account*") designated by the Purchaser at a bank or other financial institution designated by the Purchaser. The Purchaser shall not be responsible for the solvency of any such bank or other financial institution, or the management and administration of the Collateral Account. The Purchaser alone shall have the power to access and make withdrawals from the Collateral Account. The Company shall deposit such items of payment for credit to the Collateral Account within one banking day of the receipt thereof and in precisely the form received, except for the endorsement of the Company where necessary to permit the collection of such items of payment, which endorsements the Company hereby agrees to make. Pending such deposit, the Company will not commingle any such items of payment with any of its other funds or property, but will hold them separate and apart. The Purchaser shall be entitled, from time to time in the Purchaser's discretion, to apply the funds in the Collateral Account against any of the Obligations.

**5.14.3** The Company shall not create any Chattel Paper without placing a legend on such Chattel Paper acceptable to the Purchaser indicating that the Purchaser has a security interest in the Chattel Paper.

**5.15 Additional Covenants Relating to Proprietary Rights.**

**5.15.1** The Company shall not file any application for the issuance or registration of a patent, copyright or trademark with the United States Copyright Office or the United States Patent and Trademark Office or any similar office or agency in the United States or any other country, unless the Company shall promptly thereafter notify the Purchaser in writing of such action and, upon request of the Purchaser, the Company shall execute and deliver to the Purchaser any and all agreements, instruments, documents and such other papers as may be requested by the Purchaser to grant the Purchaser a first priority security interest in and to such application in accordance with the terms of this Agreement (except with respect to intent-to-use trademark applications for which no statement of use has been filed, until such time as a statement of use for such application is filed).

**5.15.2** The Company will render any assistance reasonably necessary to the Purchaser without cost in any proceeding before the United States Copyright Office or the United States Patent and Trademark Office or any similar office or agency in the United States or any other country to maintain each application or registration for any patents, copyrights, trademarks or other Proprietary Rights, including, without limitation, the filing of all renewals and the payment of all annuities, for so long as the Company reasonably determines it is in the Company's commercial interest to maintain such application or registration.

**5.15.3** Consistent with its past practice and subject to its reasonable business judgment, the Company shall register or cause to be registered on an expedited basis (to the extent not already registered) with the United States Patent and Trademark Office or the United States Copyright Office, as applicable: (i) all Proprietary Rights developed or acquired by the Company after the date of this Agreement (including without limitation major revisions or additions which significantly improve the functionality of any Proprietary Rights). The Company shall give the Purchaser notice of all such applications or registrations. As of the date hereof, the Company has no patents, copyrights or trademarks issued by, or the subject of pending applications or registrations in, the United States Copyright Office or the United States Patent and Trademark Office or any similar office or agency in the United States or any other country, other than those described in the Collateral Information Certificate.

**5.15.4** The Company shall execute and deliver such additional instruments and documents from time to time as the Purchaser shall reasonably request to perfect the Purchaser's security interest in the Proprietary Rights Collateral.

**5.15.5** Consistent with its past practice and subject to its reasonable business judgment, the Company shall (i) protect, defend and maintain the validity and enforceability of the trademarks, patents and copyrights, (ii) use commercially reasonable efforts to detect

infringements of the trademarks, patents and copyrights and promptly advise the Purchaser in writing of material infringements detected and (iii) not allow any material trademarks, patents or copyrights to be abandoned, forfeited or dedicated to the public without the written consent of the Purchaser.

**5.15.6** The Purchaser may audit the Company's Proprietary Rights Collateral to confirm compliance with this Section 5.15, provided such audit may not occur more often than twice per calendar year, unless an Event of Default has occurred and is continuing.

**5.15.7** The Purchaser shall have the right, but not the obligation, to take, at the Company's sole expense, any actions that the Company is required under this Section 5.15 to take but which the Company fails to take, after 15 days' notice to the Company.

**5.15.8** The Company shall reimburse and indemnify the Purchaser for all costs and expenses incurred in the reasonable exercise of its rights under this Section 5.15.

**5.16 Consent of Inbound Licensors.** Prior to entering into or becoming bound by any license or agreement that is reasonably likely to have a material impact on the Company's business or financial condition, the Company shall: (i) provide written notice to the Purchaser of the material terms of such license or agreement with a description of its likely impact on the Company's business or financial condition; and (ii) take such steps as the Purchaser requests to obtain the consent of, or waiver by, any person whose consent or waiver is necessary for the Company's interest in such licenses or contract rights to be deemed Collateral and for the Purchaser to have a security interest in it that might otherwise be restricted by the terms of the applicable license or agreement, whether now existing or entered into in the future.

**5.17 Notice to the Purchaser; Joinder by the Company.** The Company will promptly notify the Purchaser if the Company learns of any unauthorized use or infringement by any Person with respect to any of the Collateral. If requested by the Purchaser, the Company, at the Company's expense, shall join with the Purchaser in such action as the Purchaser, in the Purchaser's discretion, may reasonably deem advisable for the protection of the perfected, first-priority continuing security interest, subject and subordinate only to the Senior Indebtedness.

## ARTICLE VI

### DEFAULT AND REMEDIES

The occurrence of any Event of Default under the terms of the Investment Agreement shall constitute an immediate breach of, and default under, this Agreement, entitling the Purchaser to exercise, in addition to those available at law or in equity, all of the following rights and remedies:

**6.1 Assemble Collateral.** The Purchaser may require the Company (at the Company's sole expense) to assemble and to forward promptly any or all of the Goods,

Equipment, Chattel Paper, and Inventory to the Purchaser at such location(s) as shall be reasonably required by the Purchaser.

**6.2 Take Possession.** Without breaching the peace, the Purchaser may enter upon the premises where any Goods, Equipment, Chattel Paper, monies, deposit accounts or rights to money are located and take immediate possession thereof, by summary proceedings or otherwise, and the Purchaser may remove any of such items, all without liability of the Purchaser to the Company for or by reason of such entry, taking of possession or removal in the absence of gross negligence or willful misconduct or violation of the Applicable UCC.

**6.3 Appointment of Receiver.** The Purchaser shall be entitled to appointment of a receiver to take possession of and to manage all or any portion of the Collateral. The Purchaser may obtain such appointment without notice to, or demand of the Company, on an *ex parte* basis before any court of competent jurisdiction, and without regard to the adequacy of the Collateral as security for the Obligations.

**6.4 Sale of Collateral.** The Purchaser may sell, assign, and deliver or otherwise dispose of or cause to be sold or otherwise disposed of, the whole or any part of the Collateral, at one or more commercially reasonable public or private sales, without demand or advertisement of the time or place of sale or of any adjournment thereof, each of which is hereby expressly waived. The sale or other disposition may be made for such price and upon such terms and conditions as the Purchaser, if any, may deem best in its exercise of its commercially reasonable discretion. The Purchaser may apply the proceeds from such sale or sales or such other disposition or dispositions: first, to the settlement of all liens or claims on the Collateral with a lien priority greater than that of the Purchaser, if any; second, to the payment of all expenses connected with the assembly, preservation, preparation, and sale or other disposition of the Collateral, including any trustees' or auctioneers' fees, commissions or other expenses; third, to the payment of all amounts due under the Note and all other monetary Obligations; and fourth, returning the excess, if any, to the Company. The Company hereby expressly waives all rights of appraisal, whether before or after the sale or other disposition, and any right of redemption after the sale or other disposition.

**6.5 Attorney-in-Fact.** The Company hereby irrevocably appoints the Purchaser as the Company's attorneys-in-fact, with power of substitution, to do each of the following upon the occurrence and during the continuance of an Event of Default, in the name of the Company or in the name of the Purchaser or otherwise, for the use and benefit of the Purchaser, but at the cost and expense of the Company, and without notice to the Company:

**6.5.1** notify the debtors or other party(ies) obligated under any of the Accounts, Chattel Paper or General Intangibles to make payments thereon directly to the Purchaser, and to take control of the cash and non-cash proceeds of any Collateral;

**6.5.2** compromise, extend, or renew any of the Collateral or deal with the same as it may deem advisable;

**6.5.3** release, make exchanges, substitutions, or surrender all or any part of the Collateral;

**6.5.4** remove from the Company's place of business all books, records, ledger sheets, correspondence, invoices and documents, relating to or evidencing any of the Collateral or without cost or expense to the Purchaser, make such use of the Company's place(s) of business as may be reasonably necessary to administer, control and collect the Collateral;

**6.5.5** repair, alter or supply goods, if any, necessary to fulfill in whole or in part the purchase order of any Account Debtor;

**6.5.6** demand, collect, receipt for and give renewals, extensions, discharges and releases of any of the Collateral;

**6.5.7** institute and prosecute legal and equitable proceedings to enforce collection of, or realize upon, any of the Collateral;

**6.5.8** settle, renew, extend, compromise, compound, exchange or adjust claims with respect to any of the Collateral or any legal proceedings brought with respect thereto;

**6.5.9** endorse the name of the Company upon any items of payment relating to the Collateral or upon any proof of claim in bankruptcy against an Account Debtor;

**6.5.10** institute and prosecute legal and equitable proceedings to reclaim any of the goods sold to any debtor obligated on an Account, Chattel Paper, or General Intangible at a time when such debtor was insolvent;

**6.5.11** receive and open all mail addressed to the Company and notify the postal authorities to change the address for the delivery of mail to the Company to such address as the Purchaser may designate; and

**6.5.12** execute and deliver on behalf of the Company one or more instruments of assignment of the Proprietary Rights (or application, letters patent or recording relating thereto), in form suitable for filing, recording or registration.

**6.6 Right to Make Payments or Otherwise Cure.** Whether or not such failure shall constitute an Event of Default under the terms of the Investment Agreement, the Purchaser may, in its sole discretion, pay any amount or do any act which the Company fails to do or pay as required by the terms of this Agreement or any of the other Investment Documents. The Purchaser may also take any actions, make any payments, or incur any reasonable expenses (including, without limitation, the payment of filing fees, court costs, travel expenses and attorneys' fees) as may be necessary or appropriate to preserve, defend, protect, maintain, record or enforce the Obligations, the Collateral, or the assignment granted hereunder.



**6.7 Right to Defend.** Whether or not such failure shall constitute an Event of Default under the terms of the Investment Agreement, if any of the Collateral is or becomes the subject of any litigation or other proceeding and the Company fails to fully defend such litigation or other proceeding and to fully protect the Company's and the Purchaser's rights in such Collateral in good faith, then the Purchaser may, in its sole option, elect to defend and control the defense of such litigation or other proceeding, including the right to: (a) select and retain counsel; (b) determine whether settlement shall be offered or accepted; and (c) determine and negotiate all settlement terms. The Purchaser, if it so elects, shall be fully indemnified by the Company and shall be reimbursed for all costs of litigation and settlement, including, without limitation, all costs, expenses and reasonable attorneys' fees. Any payments made pursuant to the authority granted in Article V and Section 6.6 above or this Section 6.7 shall be deemed added to the principal amounts outstanding under the Note and shall accrue interest as provided in the Note.

**ARTICLE VII**

**ADDITIONAL PROVISIONS**

**7.1 Deficiency.** The Company shall be and remain liable for all of the Obligations remaining after crediting to the Company any net proceeds received by the Purchaser following exercise of any of its rights and remedies hereunder.

**7.2 No Duty to Act.** Nothing contained in this Agreement or any of the other Investment Documents shall be construed as requiring the Purchaser to take any particular enforcement or remedial action or combination of enforcement or remedial actions at any time.

**7.3 Remedies Not Limited; Partial Exercise.** All of the Purchaser's rights and remedies, whether provided under this Agreement, the other Investment Documents, at law, in equity, or otherwise shall be cumulative and none is exclusive. Such rights and remedies may be enforced alternatively, successively or concurrently, and the Company hereby agree that the Purchaser may enforce its rights hereunder with respect to individual items or classes of Collateral without waiving or prejudicing in any respect the Purchaser's rights hereunder with respect to any other items or classes of Collateral. The Purchaser may exercise any other right or remedy which may be available to them under this Agreement, the Investment Agreement or applicable law, or may proceed by appropriate court action to enforce the terms hereof, to recover damages for the breach hereof, or to rescind this Agreement in whole or in part.

**7.4 Costs of Enforcement.** The Company shall be liable for all reasonable costs incurred by the Purchaser in collecting any sums owed to the Purchaser under the Investment Documents or in otherwise enforcing any of the Obligations (whether or not suit is brought), including, but not limited to, all reasonable attorneys' fees and expenses, court costs, and reasonable costs of consultants, appraisers and other advisors retained by the Purchaser. In the event of any default, the Purchaser may, in its own discretion, cure such default and, if it does so, any reasonable expenditures made for such purpose shall be added to the principal of the Note.

**7.5 Mitigation of Damages.** To the extent permitted by the applicable law, the Company hereby waives any notice or other mandatory requirements of applicable law, now or hereafter in effect, which might require the Purchaser to sell, lease or otherwise use any of the Collateral in mitigation of the Purchaser's damages; *provided, however*, that the Company does not waive any legal requirement that the Purchaser act in a commercially reasonable manner.

**7.6 No Waivers by the Purchaser.** No failure of the Purchaser to exercise, or delay by the Purchaser in the exercise of, any of its rights and remedies granted herein following the occurrence of an Event of Default shall constitute a waiver of any of the Purchaser's rights with respect to such Event of Default or any subsequent Event of Default (whether or not similar). Any failure or delay by the Purchaser to require strict performance by the Company of any of the provisions, warranties, terms and conditions contained herein or in any other agreement, document or instrument, shall not affect the Purchaser's right to demand strict compliance and performance therewith.

**7.7 Waiver of Notice and Hearing Regarding Probable Cause by the Company's.** The Company acknowledges being advised of a constitutional right, as to pre-judgment relief as may be sought by the Purchaser through the process of a court, to notice and a court hearing to determine whether, upon default, there is probable cause to sustain the validity of the Purchaser claim and whether the Purchaser is entitled to possession of the Collateral. Being so advised, the Company, in regard to such relief, hereby voluntarily gives up, waives and surrenders any right to a notice and hearing to determine whether there is probable cause to sustain the validity of the Purchaser's claim. Any notices required pursuant to any state or local law shall be deemed reasonable if mailed by the Purchaser to the persons entitled thereto at its last known address at least ten days prior to disposition of the Collateral, and in reference to a private sale, need state only that the Purchaser intends to negotiate such a sale.

**7.8 Purchaser Actions.** The Purchaser may take or release the Collateral or other security, may release any party primarily or secondarily liable for any indebtedness to the Purchaser, may grant extensions, renewals or indulgences with respect to such indebtedness, and may apply any other security therefor held by it to the satisfaction of such indebtedness, all without prejudice to any of its rights or the Company's obligations hereunder or under any of the other Investment Documents.

**7.9 Liability for Loss.** The Purchaser shall not be liable for any loss to the Collateral in its possession, nor shall such loss diminish the debt due, even if the loss is caused or contributed by the Purchaser's negligence, except as caused by the Purchaser's gross negligence or willful misconduct or as otherwise provided in the Applicable UCC.

**7.10 Notices.** All notices hereunder shall be given in accordance with the notice provisions in the Investment Agreement. The Company agrees that ten (10) days prior notice of the time and place of any public sale of all or any portion of the Collateral, or of the time after which a private sale of all or any portion of the Collateral will be made, is commercially reasonable notice.

**7.11 Further Assurances.** The Company will promptly and duly execute and deliver to the Purchaser such further documents and assurances and take such further actions as the Purchaser may from time to time reasonably request in order to carry out the intent and purpose of this Agreement and to establish and protect the rights and remedies created or intended to be created in favor of the Purchaser hereunder.

**7.12 Successors and Assigns.** This Agreement shall inure to the benefit of the Purchaser and its successors and assigns, and shall be binding upon the successors and assigns of the Company.

**7.13 Assignment.** The Company may not assign any of its rights or delegate any of its duties under this Agreement without the prior written consent of the Purchaser. The Purchaser may assign all of its rights, title and interests in and to this Agreement and the Collateral to any transferee of the Note or any portion of the Note or interest in the Note.

**7.14 Controlling Law; Venue, etc.**

**7.14.1 Controlling Law.** This Agreement and each of the other Investment Documents shall be governed by, and interpreted and construed in accordance with, the internal laws of the State of Maryland (without regard to its conflict of law principles).

**7.14.2 Venue.** Venue for the adjudication of any claim or dispute arising out of this Agreement or any of the other Investment Documents shall be proper only in the courts of the Southern Division of the State of Maryland, and all parties to this Agreement and the other Investment Documents hereby consent to such venue and agree that it shall not be not inconvenient and not subject to review by any court other than such courts in Maryland.

**7.14.3 Personal Jurisdiction, etc.** The Company intends and agrees that the courts of the jurisdictions in which the Company is formed and in which the Company conducts its business should afford full faith and credit to any judgment rendered by a court of the Southern Division of the State of Maryland against the Company, and the Company intends and agrees that such courts should hold that the Maryland courts have jurisdiction to enter a valid, in personam judgment against the Company.

**7.14.4 Personal Service.** The Company agrees that service of any summons and complaint, and other process which may be served in any suit, action or other proceeding, may be made by mailing via U.S. certified or registered mail or by hand-delivering a copy of such process to the Company at its address specified above.

**7.14.5 Reliance.** The Company expressly acknowledges and agrees that the provisions of this section are reasonable and made for the express benefit of the Purchaser.

**7.15 No Oral Modifications or Waivers.** This Agreement shall not be modified nor any of its provisions waived except by a writing signed by the party against whom such modification or waiver is sought to be enforced.

**7.16 Termination of Agreement; Release of Security Interest.** Except for the obligations of the Company to indemnify Purchaser under Section 6.7, upon the repayment in full of all amounts owing under the Note and the satisfaction of all other Obligations, this Agreement shall terminate without further action by the Purchaser. Notwithstanding the foregoing, upon request, the Purchaser will execute and deliver to the Company any releases, termination statements or similar instruments of reconveyance as the Company may reasonably request. All such instruments and documents shall be prepared by the Company and filed or recorded by the Company, at the Company's sole expense, and the Purchaser shall have no duty, obligation or liability with respect thereto, except as otherwise provided in the Applicable UCC.

**7.17 Severability.** Any provision of this Agreement or of any related instrument or document executed pursuant hereto which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or thereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. To the extent permitted by Applicable Law, the Company hereby waives any provision of law which renders any provision hereof or thereof prohibited or unenforceable in any respect.


**7.18 Headings.** The headings in this Agreement are for convenience of reference only and shall not define or limit any of the terms or provisions hereof.

[signature page follows]

IN WITNESS WHEREOF, and intending to be legally bound hereby, the parties hereto execute this Agreement as of the day and year first above written.

**THE COMPANY:**

**IMPACT OFFICE PRODUCTS OF WASHINGTON, INC.**  
a Maryland corporation

By:   
Name: Timothy J. Flaw  
Title: President  
Address: 8000 Virginia Manor Road  
Beltsville, Maryland 20705

**PURCHASER:**

**PRUDENT CAPITAL I, LP,**  
a Maryland limited partnership

By: Prudent Management, LLC,  
a Maryland limited liability company,  
its General Partner

By: \_\_\_\_\_  
Steven J. Schwartz, Manager

Address: 1120 Connecticut Avenue, NW  
Suite 1200  
Washington, DC 20036-3998

IN WITNESS WHEREOF, and intending to be legally bound hereby, the parties hereto execute this Security Agreement as of the day and year first above written.

**THE COMPANY:**

**IMPACT OFFICE PRODUCTS OF WASHINGTON, INC.**  
a Maryland corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Address: 8000 Virginia Manor Road  
Beltsville, Maryland 20705

**PURCHASER:**

**PRUDENT CAPITAL I, LP,**  
a Maryland limited partnership

By: Prudent Management, LLC,  
a Maryland limited liability company,  
its General Partner

By: Steven J. Schwartz  
Steven J. Schwartz, Manager

Address: 1120 Connecticut Avenue, NW  
Suite 1200  
Washington, DC 20036-3998

**EXHIBIT A**  
**COLLATERAL DESCRIPTION**

The Collateral consists of all of the Company's right, title and interest in and to the following:

All goods and equipment now owned or hereafter acquired, including, without limitation, all machinery, fixtures, vehicles (including motor vehicles and trailers), and any interest in any of the foregoing, and all attachments, accessories, accessions, replacements, substitutions, additions, and improvements to any of the foregoing, wherever located;

All inventory, now owned or hereafter acquired, including, without limitation, all merchandise, raw materials, parts, supplies, packing and shipping materials, work in process and finished products including such inventory as is temporarily out of the Company's custody or possession or in transit and including any returns upon any accounts or other proceeds, including insurance proceeds, resulting from the sale or disposition of any of the foregoing and any documents of title representing any of the above;

All contract rights and general intangibles now owned or hereafter acquired, including, without limitation, goodwill, trademarks, servicemarks, trade styles, trade names, patents, patent applications, leases, license agreements, franchise agreements, blueprints, drawings, purchase orders, customer lists, route lists, infringements, claims, computer programs, computer discs, computer tapes, literature, reports, catalogs, design rights, income tax refunds, payments of insurance and rights to payment of any kind;

All now existing and hereafter arising accounts, contract rights, royalties, license rights and all other forms of obligations owing to the Company arising out of the sale or lease of goods, the licensing of technology or the rendering of services by the Company, whether or not earned by performance, and any and all credit insurance, guaranties, and other security therefor, as well as all merchandise returned to or reclaimed by the Company;

All documents, cash, deposit accounts, securities, securities entitlements, securities accounts, investment property, financial assets, letters of credit, certificates of deposit, instruments and chattel paper now owned or hereafter acquired and the Company's books relating to the foregoing;

All copyright rights, copyright applications, copyright registrations and like protections in each work of authorship and derivative work thereof, whether published or unpublished, now owned or hereafter acquired; all trade secret rights, including all rights to unpatented inventions, know-how, operating manuals, license rights and agreements and confidential information, now owned or hereafter acquired; all mask work or similar rights available for the protection of semiconductor chips, now owned or hereafter acquired; all claims for damages by way of any past, present and future infringement of any of the foregoing; and

All the Company's books relating to the foregoing and any and all claims, rights and interests in

any of the above and all substitutions for, additions and accessions to and proceeds thereof.



**EXHIBIT B**

**COLLATERAL INFORMATION CERTIFICATE**

### COLLATERAL INFORMATION CERTIFICATE

IMPACT OFFICE PRODUCTS, INC.

("SELLER")

1. The exact name of Seller as it appears in its charter, is IMPACT OFFICE PRODUCTS OF WASHINGTON, INC.

2. Seller's form of organization is CORPORATION (i.e., corporation, partnership, limited liability company) and its state of organization is MARYLAND.

3. Seller was organized on 2/1/2001. Since its organization, Seller has used the following other names (including trade names or similar appellations):

<u>Name</u>	<u>Status of Use of Such Name</u>
-------------	-----------------------------------

Oakview, Inc Impact Office Products of Washington, DC (7/11/2001)	
--	--

4. Seller has the following subsidiaries and equity investments (including the percentage ownership and the state of organization for each):

NONE

[Please also attach a chart reflecting the corporate structure.]

5. The following are the names of all corporations, partnerships, limited liability companies or other entities, which have been merged into Seller during the past twelve (12) years:

NONE

6. Seller and its subsidiaries are qualified to do business in the following states and foreign countries (please identify which entities are qualified in each jurisdiction):

MARYLAND, WASHINGTON, DC, VIRGINIA, CALIFORNIA

7. Seller and its subsidiaries own, lease or occupy the following real property (please specify the chief executive office and which entity is the lessee for each lease):

<u>Address</u>	<u>Owner of Location</u>	<u>Brief Description of Assets</u>
2800 Gallows Rd, Vienna, VA	Giles Group, L.C.	Sales Office-Furniture & PC's
19632 Club House Rd, Mont Village, MD	Club House Road LLC	Sale Office-Furniture & PC's
8000 Virginia Manor Rd, Beltsville, MD	ARE-8000/9000/10000 Virginia Manor LLC	Corporate Headquarters & Main Office
6403-D Ammendale Rd, Beltsville, MD	Nazario Family LLC	Warehouse
2402 Sylon Blvd, Hainesport, NJ	Hainesport Industrial Park Assoc.-Venture I	Sales Office-Furniture & PC's Inventory & Warehouse Racking

8. In addition to the locations set forth in Section 5 above, Seller and its Subsidiaries have assets located at the following locations (please identify which entity holds assets in each jurisdiction):

<u>Address</u> (including county)	<u>Name and Address of</u> <u>Owner of Location</u>	<u>Brief Description of Assets</u>
--------------------------------------	--	------------------------------------

NONE

9. Seller and its subsidiaries maintain the following deposit accounts (please include demand, time, savings, passbook or similar accounts):

<u>Name and Address of</u> <u>Depository Institution</u>	<u>Type and Account No.</u>	<u>Account Holder</u>
---	-----------------------------	-----------------------

Allfirst Bank  
Greenbelt, MD

Checking Account  
#970208312

Impact Office Products of  
Washington, Inc.

10. Seller beneficially owns "investment property" in the following securities accounts:

<u>Name and Address of</u> <u>Securities Intermediary</u>	<u>Type and Account No.</u>	<u>Account Holder</u>
--	-----------------------------	-----------------------

NONE

11. Seller and its subsidiaries own the following domestic and foreign registered patents and patent applications (please identify which entity owns each patent):

<u>Title of Patent</u>	<u>Registration /Application No.</u>	<u>Registration/Filing Date</u>
------------------------	--------------------------------------	---------------------------------

NONE

12. Seller and its subsidiaries own the following domestic and foreign registered and applied for trademarks, tradenames and service marks (please identify which entity owns each trademark):

<u>Trademarks, Tradenames or</u> <u>Service Marks</u>	<u>Registration /Application No.</u>	<u>Registration/Filing Date</u>
--	--------------------------------------	---------------------------------

Impact Office Products  
ON IMPACT

2002-0041  
767266,786

May 18, 2001  
September 14, 2001

13. Seller and its subsidiaries own the following domestic and foreign copyrights and copyright registrations (please identify which entity owns each copyright):

<u>Description of Copyright</u>	<u>Registration No.</u>	<u>Registration Date</u>
NONE		

14. Seller and its subsidiaries use the following unregistered copyrights:

Description of Copyright  
NONE

15. Seller and its subsidiaries anticipate that they may apply to register the following domestic or foreign patents within the next year:

Brief Description of Patent  
NONE

16. Seller and its subsidiaries anticipate that they may apply to register the following domestic or foreign trademarks, tradenames or service marks within the next year:

Trademarks, Tradenames or Service Marks  
NONE

17. Seller and its subsidiaries anticipate that they may apply to register the following domestic or foreign copyrights and copyright registrations within the next year:

Description of Copyright  
NONE

18. Seller and its subsidiaries own the following kinds of assets:

Motor Vehicles:	Yes ___	No <u>X</u>
Aircraft:	Yes ___	No <u>X</u>
Vessels, Boats, Ships:	Yes ___	No <u>X</u>
Railroad Rolling Stock:	Yes ___	No <u>X</u>

19. Seller and its subsidiaries use the following licensed technology as part of their business:

Description of Technology and Licensor

Computer Operating System - "The Systems House" Chicago, IL

20. Seller has the following proprietary technology developed in-house:

Description of Technology

NONE

21. Seller's and its subsidiaries' state organizational I.D. numbers are:

NONE \_\_\_\_\_

22. Seller's and its subsidiaries' federal employer I.D. numbers are:

52-2294357 \_\_\_\_\_

23. Seller's and its subsidiaries' assets are subject to the following security interests to persons other than Gladstone Capital Corporation (please identify which entity's assets are encumbered):

Assets

Name and Address of Secured Party

NONE

24. List of all existing Commercial Tort Claims (by case title with court and brief description of claim).

NONE

The undersigned hereby certifies that the foregoing information is true and correct in all material respects as of July 14, 2003.

**SELLER**

**IMPACT OFFICE PRODUCTS OF WASHINGTON, INC.**

By: [Signature]  
Printed Name: Olinotey Flynn  
Title: President