

05-05-2003

FORM PTO-1594
(Rev. 6-93)

4-30-03

RECORD 1



U.S. DEPARTMENT OF COMMERCE
Patent and Trademark Office

To the Honorable Commissioner of Patents and
thereof.

102438008

d original documents or copy

1. Name of conveying party(ies):
Fugate and Associates, Inc., d/b/a ERS Imaging Supplies, Inc.

Individual(s) Association
 General Partnership Limited Partnership
 Corporation- PENNSYLVANIA
 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: April 29, 2003

2. Name and address of receiving party(ies):
Name: Gladstone Capital Corporation
Internal Address: Suite 208
Street Address: 1616 Anderson Road
City: McLean State: Virginia ZIP 22102

Individual(s) citizenship _____
 Association _____
 General Partnership _____
 Limited Partnership _____
 Corporation Maryland corporation
 Other _____

If assignee is not domiciled in the United States, a domestic representative designation is attached:
 Yes No
(Designation 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)		B. Trademark Registration No.(s)
<u>78-226974</u>	2363137	2523327
<u>78-226965</u>	2395567	2402958
<u>78-226942</u>	2481559	
<u>2562894</u>	2520991	
<u>2562893</u>		

Additional numbers attached? Yes No

5. Name and address of party to whom correspondence concerning document should be mailed:
Name: Denise G. Zack, Esq.
Internal Address: Cooley Godward LLP
Street Address: One Freedom Square
Reston Town Center
11951 Freedom Drive
City: Reston State: VA ZIP 20190-5656

6. Total number of applications and registration involved: 11 (eleven)

7. Total fee (37 CFR 3.41): \$ 290.00
 Enclosed
 Authorized to be charged to deposit account

8. Deposit account number: _____
(Attach duplicate copy of this page if paying by deposit account)

05/05/2003 670811 0000106 78226974

01 FC:4581 40.00 DP
02 FC:4528 250.00 DP

DO NOT USE THIS SPACE

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

Denise G. Zack
Denise G. Zack

4/30/03
Date

Total number of pages including cover sheet, attachments, and document: 8

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

INTELLECTUAL PROPERTY SECURITY AGREEMENT

THIS INTELLECTUAL PROPERTY SECURITY AGREEMENT is entered into as of April 29, 2003 by and between GLADSTONE CAPITAL CORPORATION, a Maryland corporation ("**Buyer**") and FUGATE AND ASSOCIATES, INC., a Pennsylvania corporation (the "**Seller**").

RECITALS

A. Buyer has agreed to purchase certain securities (the "**Investment**") from Seller pursuant to that certain Securities Purchase Agreement by and between Buyer and Seller dated of even date herewith (as the same may be amended, modified or supplemented from time to time the "**Securities Purchase Agreement**"). Capitalized terms used herein are used as defined in the Securities Purchase Agreement.

B. Buyer is willing to purchase such securities from Seller, but only upon the condition, among others, that Seller shall grant to Buyer a security interest in certain copyrights, trademarks and patents to secure the Obligations.

C. Pursuant to the terms of the Security Agreement, Seller has granted to Buyer a security interest in all of Seller's right, title and interest, whether presently existing or hereafter acquired, in, to and under all of the Collateral.

NOW, THEREFORE, for good and valuable consideration, receipt of which is hereby acknowledged, and intending to be legally bound, as collateral security for the prompt and complete payment when due of the Obligations Seller hereby represents, warrants, covenants and agrees as follows:

AGREEMENT

To secure the Obligations, Seller grants and pledges to Buyer a security interest in all of Seller's right, title and interest in, to and under its Intellectual Property (including without limitation those copyrights, patents and trademarks listed on Schedules A, B and C hereto), and including without limitation all proceeds thereof (such as, by way of example but not by way of limitation, license royalties and proceeds of infringement suits), the right to sue for past, present and future infringements, all rights corresponding thereto throughout the world and all re-issues, divisions continuations, renewals, extensions and continuations-in-part thereof.

The security interest is granted in conjunction with the security interest granted to Buyer under the Security Agreement. The rights and remedies of Buyer with respect to the security interest granted hereby are in addition to those set forth in the Security Agreement and the other Investment Documents, and those which are now or hereafter available to Buyer as a matter of law or equity. Each right, power and remedy of Buyer provided for herein or in the Security Agreement or any of the Investment Documents, or now or hereafter existing at law or in equity shall be cumulative and concurrent and shall be in addition to every right, power or remedy provided for herein and the exercise by Buyer of any one or more of the rights, powers or remedies provided for in this Intellectual Property Security Agreement, the Security Agreement or any of the other Investment Documents, or now or hereafter existing at law or in equity, shall

not preclude the simultaneous or later exercise by any person, including Buyer, of any or all other rights, powers or remedies.

Seller represents and warrants that Exhibits A, B, and C attached hereto set forth any and all Intellectual Property rights in connection to which Seller has registered or filed an application with either the United States Patent and Trademark Office or the United States Copyright Office, as applicable.

IN WITNESS WHEREOF, the parties have caused this Intellectual Property Security Agreement to be duly executed by its officers thereunto duly authorized as of the first date written above.

Address:

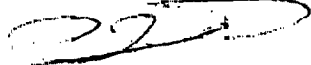
2101 West 12th Street
Eric, PA 16505

Attn: _____

FUGATE AND ASSOCIATES, INC.

By:

Title:



President

Address of Buyer:

1616 Anderson Road, Suite 208
McLean, Virginia 22102

Attn: Joseph Bute

BUYER:

GLADSTONE CAPITAL CORPORATION

By:

Title:

IN WITNESS WHEREOF, the parties have caused this Intellectual Property Security Agreement to be duly executed by its officers thereunto duly authorized as of the first date written above.

Address:
2101 West 12th Street
Erie, PA 16505
Attn: _____

FUGATE AND ASSOCIATES, INC.

By: _____
Title: _____

Address of Buyer:
1616 Anderson Road, Suite 208
McLean, Virginia 22102
Attn: Joseph Bute

BUYER:
GLADSTONE CAPITAL CORPORATION

By: Joseph Bute
Title: Principal

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EXHIBIT A
COPYRIGHTS

REGISTRATION NUMBER/ENTITY	DATE PUBLISHED/REGISTERED	TITLE
TX-4-180-038 Fugate & Associates, Inc. d.b.a. ERS Imaging Supplies, Inc.	8-31-99 / 9-29-99	www.ETCEP.com; quick start guide: connecting community, education and the environment (8 page instructional manual)
TX-4-252-645 ETCEP d.b.a. ERS Imaging Supplies, Inc.	11-20-98 / 9-29-99	WWW.ETCEP.com: connecting community, education and the environment (9" X 12" 2 pocket presentation folder)
TX-5-034-788 ETCEP d.b.a. ERS Imaging Supplies, Inc.	8-15-99 / 9-29-99	ETCEP program manual
TX-5-034-789 Fugate & Associates, Inc. d.b.a. ERS Imaging Supplies, Inc.	8-31-99 / 9-29-99	Schools across the nation are already receiving free computers for their classrooms (direct mail piece)
TX-5-034-790 ETCEP d.b.a ERS Imaging Supplies, Inc.	1-15-99 / 9-29-99	ETCEP: www.ETCEP.com (educational technology & conservation exchange program manual, brochure)

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TRADEMARK
REEL: 002723 FRAME: 0740

EXHIBIT B
PATENTS

NONE

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TRADEMARK
REEL: 002723 FRAME: 0741

EXHIBIT C
TRADEMARKS

Trademarks, Tradenames or Service Marks as filed with the

United States Patent and Trademark Office

	<u>Regis. No.</u>	<u>Registration/Filing Date</u>
1. FUNDINGFACTORY - Service Mark	1. 2562894	1. April 23, 2002
2. Funding Factory - Service Mark	2. 2562893	2. April 23, 2002
3. E.T.C.E.P. - Service Mark	3. 2363137	3. June 27, 2000
4. www.ETCEP.com - Service Mark	4. 2395567	4. October 17, 2000
5. Connecting Community, Education and the Environment/Serv Mark	5. 2481559	5. August 28, 2001
6. MAXBACK - Service Mark	6. 2520991	6. December 18, 2001
7. MAXBACK - Service Mark	7. 2523327	7. December 25, 2001
8. Educational Technology & Conservation Exchange	8. 2402958	8. November 7, 2000

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RECORDED: 04/30/2003

TRADEMARK
REEL: 002723 FRAME: 0742