

Form PTO-1594
(Rev. 10/02)
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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):
Towne Services, Inc.

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

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

2 Name and address of receiving party(ies)
Name: Bank of America, N.A.
Internal Address:
Address:
Street Address: 414 Union Street
City: Nashville State: TN Zip: 37239

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

3. Nature of conveyance:
 Assignment Merger
 Security Agreement Change of Name
 Other

Execution Date: January 19, 2004

4. Application number(s) or registration number(s):
 A. Trademark Application No. (s) _____

 Additional number(s) attached Yes No

B. Trademark Registration No. (s) 2236046, 2234921,
 2209544

 Additional number(s) attached Yes No


5. Name and address of party to whom correspondence concerning document should be mailed:
 Name: Amy B. Berge
 Internal Address:
 Greenebaum Doll & McDonald PLLC
 3500 National City Tower
 Street Address: 101 South Fifth Street
 City: Louisville State: KY Zip: 40202

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
 50-0976

DO NOT USE THIS SPACE

9. Signature.
 Amy B. Berge  January 23, 2004
 Name of Person Signing Signature Date

Total number of pages including cover sheet, attachments, and document: 19

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

TRADEMARK
 REEL: 002783 FRAME: 0936

700063203

CH \$90.00 600976 2236046

Date: January 19, 2004

**INTELLECTUAL PROPERTY SECURITY AGREEMENT
AND ASSIGNMENT**

<p>LENDER/SECURED PARTY:</p> <p>Bank of America, N.A. Banking Center: 414 Union Street Nashville, TN 37239 Davidson County, TN</p> <p>(Street address including county)</p>	<p>DEBTOR:</p> <p>Towne Services, Inc. 9020 Overlook Boulevard Suite 300 Brentwood, TN 37027 Williamson County, TN</p> <p>(Name and street address including county)</p>
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THIS INTELLECTUAL PROPERTY SECURITY AGREEMENT AND ASSIGNMENT (THIS "AGREEMENT") IS DELIVERED PURSUANT TO THAT CERTAIN CREDIT AGREEMENT BY AND BETWEEN BANK, DEBTOR AND THE GUARANTORS NAMED THEREIN EXECUTED CONTEMPORANEOUSLY HEREWITH (THE "CREDIT AGREEMENT"). TERMS NOT DEFINED HEREIN HAVE THE MEANINGS SET FORTH IN THE CREDIT AGREEMENT.

THIS INTELLECTUAL PROPERTY SECURITY AGREEMENT AND ASSIGNMENT (this "Agreement") dated as of January 19, 2004, is made between TOWNE SERVICES, INC., a Georgia corporation ("Debtor") and Bank of America, N.A. ("Secured Party").

Debtor and Secured Party hereby agree as follows:

1. DEFINITIONS; INTERPRETATION.

1.1 Terms Defined in Credit Agreement. All capitalized terms used in this Agreement and not otherwise defined herein shall have the meanings assigned to them in the Credit Agreement.

1.2 Certain Defined Terms. As used in this Agreement, the following terms shall have the following meanings:

"**COLLATERAL**" has the meaning set forth in Section 2.

"**COPYRIGHT OFFICE**" means the United States Copyright Office.

"**CREDIT AGREEMENT**" means that certain Credit Agreement, dated as of the date hereof, between Debtor and Secured Party.

"**PTO**" means the United States Patent and Trademark Office.

“UCC” means the Uniform Commercial Code as in effect in the State of Tennessee.

1.3 Terms Defined in UCC. Where applicable in the context of this Agreement and except as otherwise defined herein, terms used in this Agreement shall have the meanings assigned to them in the UCC.

1.4 Construction. In this Agreement, the following rules of construction and interpretation shall be applicable: (i) no reference to “proceeds” in this Agreement authorizes any sale, transfer, or other disposition of any Collateral by Debtor; (ii) “includes” and “including” are not limiting; (iii) “or” is not exclusive; and (iv) “all” includes “any” and “any” includes “all.” To the extent not inconsistent with the foregoing, the rules of construction and interpretation applicable to the Credit Agreement shall also be applicable to this Agreement and are incorporated herein by this reference.

2. SECURITY INTEREST; GRANT OF SECURITY INTEREST. As security for the payment and performance of the Obligations, Debtor hereby assigns, transfers and conveys to the Secured Party a security interest in and mortgage to all of Debtor’s right, title and interest in, to and under the following property, in each case whether now or hereafter existing or arising or in which Debtor now has or hereafter owns, acquires or develops an interest and wherever located (collectively, the “Collateral”):

2.1 Copyrights.

(a) All of Debtor’s present and future registered copyrights and copyright registrations, including Debtor’s registered copyrights and copyright registrations listed in Schedule A-1 to this Agreement, all of Debtor’s present and future applications for copyright registrations, including Debtor’s applications for copyright registrations listed in Schedule A-2 to this Agreement, and all of Debtor’s present and future copyrights that are not registered in the Copyright Office or elsewhere (collectively, all of the foregoing copyrights, applications and registrations are referred to as the “Copyrights”), and any and all royalties, payments, and other amounts payable to Debtor in connection with the Copyrights, together with all renewals and extensions of the Copyrights, the right to recover for all past, present, and future infringements of the Copyrights, and all manuscripts, documents, writings, tapes, disks, storage media, computer programs, computer databases, computer program flow diagrams, source codes, object codes and all tangible property embodying or incorporating the Copyrights, and all other rights of every kind whatsoever accruing thereunder or pertaining thereto;

(b) All of Debtor’s right, title and interest in and to any and all present and future license agreements with respect to the Copyrights;

(c) All present and future accounts and other rights to payment arising from, in connection with or relating to the Copyrights; and

(d) All cash and non-cash proceeds of any and all of the foregoing.

2.2 Patents.

(a) All patents and patent applications, domestic or foreign, all licenses relating to any of the foregoing and all income and royalties with respect to any licenses (including such patents and patent applications as described in Schedule B), all rights to sue for past, present or future infringement thereof, all rights arising therefrom and pertaining thereto and all reissues, divisions, continuations, renewals, extensions and continuations-in-part thereof;

(b) All general intangibles and all intangible intellectual or other similar property of Debtor of any kind or nature, associated with or arising out of any of the aforementioned properties and assets and not otherwise described above; and

(c) All proceeds of any and all of the foregoing Collateral (including license royalties, rights to payment, accounts and proceeds of infringement suits) and, to the extent not otherwise included, all payments under insurance (whether or not Secured Party is the loss payee thereof) or any indemnity, warranty or guaranty payable by reason of loss or damage to or otherwise with respect to the foregoing Collateral.

2.3 Trademarks.

(a) All state (including common law), federal and foreign trademarks, service marks, company names, and trade names, and applications for registration of such trademarks, service marks, company names, and trade names (but excluding any application to register any trademark, service mark or other mark prior to the filing under applicable law of a verified statement of use (or the equivalent) for such trademark, service mark or other mark if the creation of a security interest therein or the grant of a mortgage thereon would void or invalidate such trademark, service mark or other mark), whether registered or unregistered and wherever registered thereof (the foregoing are collectively the "Marks"), all rights to sue for past, present or future infringement or unconsented use of the Marks, all rights arising therefrom and pertaining thereto and all reissues, extensions and renewals, all licenses relating to any of the Marks and all income and royalties with respect to any such licenses (the Marks and any licenses relating thereto are listed in Schedule C);

(b) The entire goodwill of or associated with the businesses now or hereafter conducted by Debtor connected with and symbolized by any of the aforementioned properties and assets;

(c) All general intangibles and all intangible intellectual or other similar property of Debtor of any kind or nature, associated with or arising out of any of the aforementioned properties and assets and not otherwise described above, including all of debtor's web sites, domain names, Internet listings and numbers, rights in applications for any of the foregoing, and anything used or useful in connection with all web sites and domain names owned or operated by Debtor (all of which are listed on Schedule D and are collectively, the "Internet Property"); and

(d) all proceeds of any and all of the foregoing Collateral (including license royalties, rights to payment, accounts receivable and proceeds of infringement suits) and, to the extent not otherwise included, all payments under insurance (whether or not Secured Party is the loss payee

thereof) or any indemnity, warranty or guaranty payable by reason of loss or damage to or otherwise with respect to the foregoing Collateral.

2.4 Continuing Security Interest. Debtor agrees that this Agreement shall create a continuing security interest in the Collateral which shall remain in effect until terminated in accordance with Section 11.

3. SUPPLEMENT TO CREDIT AGREEMENT. This Agreement has been granted in conjunction with the security interests granted to Secured Party under the Credit Agreement and other Collateral Documents referred to therein. The rights and remedies of Secured Party with respect to the security interests granted herein are without prejudice to, and are in addition to, those set forth in the Credit Agreement and the Other Collateral Documents referred to therein, all terms and provisions of which are incorporated herein by reference.

4. REPRESENTATIONS AND WARRANTIES. Debtor represents and warrants to Secured Party that:

4.1 Copyright Registrations. A true and correct list of all of Debtor's registered copyrights and copyright registrations is set forth in Schedule A-1 and that a true and correct list of all of Debtor's applications for copyright registrations is set forth in Schedule A-2.

4.2 Patents and Patent Applications or Registrations. Debtor represents and warrants to Secured Party that a true and correct list of all of the existing Collateral consisting of patents and patent applications or registrations owned by Debtor, in whole or in part, is set forth in Schedule B.

4.3 Trademarks and Trademark Applications or Registrations. A true and correct list of all of the existing Collateral consisting of trademarks, trademark registrations or applications owned by Debtor, in whole or in part, is set forth in Schedule C.

4.4 Internet Property. A true and correct list of all of the existing Collateral consisting of the Internet Property is set forth in Schedule D.

5. FURTHER ACTS. On a continuing basis, Debtor shall make, execute, acknowledge and deliver, and file and record in the proper filing and recording places, all such instruments and documents, and take all such action as may be necessary or advisable or may be requested by Secured Party to carry out the intent and purposes of this Agreement, or for assuring, confirming or protecting the grant or perfection of the security interests granted or purported to be granted hereby, to ensure Debtor's compliance with this Agreement or to enable Secured Party to exercise and enforce its rights and remedies hereunder with respect to the Collateral, including any documents for filing with the Copyright Office, with the PTO, or any applicable state or foreign office. Secured Party may record this Agreement, an abstract thereof, or any other document describing Secured Party's interest in the Collateral with the Copyright Office, with the PTO or with any applicable state or foreign office at the expense of Debtor. In addition, Debtor authorizes Secured Party to file financing statements describing the Collateral in any UCC filing office deemed appropriate by Secured Party.

6. AUTHORIZATION TO SUPPLEMENT.

(a) Within 30 days following the end of each March, June, September and December, Debtor shall give Secured Party notice of any additional copyright registrations or applications. Without limiting Debtor's obligations under this Section 6, Debtor authorizes Secured Party to modify this Agreement by amending Schedule A-1 or A-2 to include any future registered copyrights or applications therefor of Debtor.

(b) Within 30 days following the end of each March, June, September and December, Debtor shall give notice in writing to Secured Party with respect to any such new patentable inventions or become entitled to the benefit of any patent application or patent for any reissue, division, or continuation, of any patent, the provisions of this Agreement shall automatically apply thereto. Debtor shall give notice in writing to Secured Party with respect to any such new patent rights. Without limiting Debtor's obligations under this Section 6, Debtor authorizes Secured Party to modify this Agreement by amending Schedule B to include any such new patent rights.

(c) If Debtor shall obtain rights to any new Marks, the provisions of this Agreement shall automatically apply thereto. Within 30 days following the end of each March, June, September and December, Debtor shall give notice in writing to Secured Party with respect to any such new Marks or renewal or extension of any rights therein. Without limiting Debtor's obligations under this Section 6, Debtor authorizes Secured Party to modify this Agreement by amending Schedule C to include any such new Marks and related rights.

(d) If Debtor shall obtain rights to any new Internet Property, the provisions of this Agreement shall automatically apply thereto. Within 30 days following the end of each March, June, September and December, Debtor shall give notice in writing to Secured Party with respect to any such new Internet Property or renewal or extension of any rights therein. Without limiting Debtor's obligations under this Section 6, Debtor authorizes Secured Party to modify this Agreement by amending Schedule D to include any such new Internet Property rights.

(e) Notwithstanding the foregoing, no failure to so modify this Agreement or amend any Schedule shall in any way affect, invalidate or detract from Secured Party's continuing security interests in all Collateral, whether or not listed on any Schedule hereto.

7. REPRESENTATIONS AND WARRANTIES. Debtor represents and warrants and, so long as any Indebtedness remains unpaid, shall be deemed continuously to represent and warrant that: (a) the Collateral is subsisting; (b) Debtor has a genuine, valid, subsisting interest in the Collateral and knows of no defect in its title thereto; (c) Debtor has not heretofore alienated, assigned, encumbered or otherwise disposed of the Collateral; (d) there are no suits or actions commenced or threatened against Debtor with reference to the Collateral; and (e) Debtor is authorized to enter into this Intellectual Property Security Agreement and Assignment (the "Security Agreement").

8. COVENANTS OF DEBTOR. So long as any Obligations remains unpaid, Debtor will comply with the Credit Agreement and will:

(a) Defend the Collateral against the claims and demands of all other parties;

(b) At the request of Secured Party, at Debtor's expense, bring suit in the name of Debtor for infringement, provided that Secured Party may prosecute others for infringement and may join Debtor as party-plaintiff if Secured Party determines to do so in its sole discretion;

(c) Keep the Collateral free from all security interests and other encumbrances, except the security interest granted hereby;

(d) Not sell, transfer, assign, license, deliver, dispose of or renounce any rights in and to any Collateral or any interest therein other than in the ordinary course of Debtor's business without the prior written consent of Secured Party;

(e) Promptly notify Secured Party of any suit for infringement brought against Debtor and promptly furnish Secured Party copies of the documents related to such litigation;

(f) Give notice that any Mark is registered in the manner prescribed by Section 1111 of Title 15, United States Code, or by state or foreign law, if applicable;

(g) Give notice that any Copyright is registered in the manner prescribed by Section 401 of Title 17, United States Code, or by foreign law, if applicable;

(h) Give notice that any Patent is issued in the manner prescribed by Section 287 of Title 35, United States Code, or by foreign law, if applicable; or

(i) Give notice that Internet Property is registered with any domain name registrar or other entity responsible for the registration of such rights.

9. EVENTS OF DEFAULT. The occurrence of any of the following shall constitute an Event of Default hereunder:

(a) Any Event of Default pursuant to the Credit Agreement;

(b) Any representation made herein proves to be materially false;

(c) Breach of any covenant set forth herein, provided that Debtor shall have thirty (30) days after notice to cure any such Default that is subject to being cured in such time period and which does not have a material affect on the Loan or any Collateral.

10. REMEDIES. Upon that happening of any Event of Default, the Secured Party may exercise any one or more of the following remedies as it may elect in its sole discretion:

(a) Any rights and remedies provided under the Uniform Commercial Code and under any other applicable law, as the same may from time to time be in effect, in addition to those rights granted herein, in the Credit Agreement, and in any other Collateral Document now or hereafter in effect between Debtor and Secured Party;

(b) Secured Party may use or license others to use the Collateral and/or further assign the Collateral and/or its registrations together with the goodwill associated therewith;

(c) Secured Party may, but shall not be obligated to, remedy such default, and Debtor shall pay an amount equal to the costs of such remedy to Secured Party on demand as if such amount were advanced under the Revolving Commitment;

(d) Any remedies provided in the Credit Agreement.

Without in any way requiring notice to be given in the following time and manner, Debtor agrees that any notice by Secured Party of sale, disposition or other intended action hereunder or in connection herewith, whether required by the Uniform Commercial Code or otherwise, shall constitute reasonable notice to Debtor if such notice is mailed by regular or certified mail, postage prepaid, at least ten (10) days prior to such action, to Debtor's address specified above or to any other address which Debtor has specified in writing to Secured Party as the address to which notices hereunder shall be given to Debtor.

11. BINDING EFFECT. This Agreement shall be binding upon, inure to the benefit of and be enforceable by Debtor, Secured Party and their respective successors and assigns. Debtor may not assign, transfer, hypothecate or otherwise convey its rights, benefits, obligations or duties hereunder except as specifically permitted by the Credit Agreement.

12. GOVERNING LAW; SUBMISSION TO JURISDICTION; WAIVER OF RIGHT TO TRIAL BY JURY; AND ARBITRATION. Section 9.13, "Governing Law; Submission to Jurisdiction"; Section 9.14, "Waiver of Right to Trial by Jury"; and Section 9.15, "Arbitration" of the Credit Agreement are incorporated herein by reference as if fully set forth herein verbatim.

13. ENTIRE AGREEMENT; AMENDMENT. This Agreement and the Credit Agreement, together with the Schedules hereto and thereto, contains the entire agreement of the parties with respect to the subject matter hereof and supersedes all prior drafts and communications relating to such subject matter. Neither this Agreement nor any provision hereof may be modified, amended or waived except by the written agreement of the parties, as provided in the Credit Agreement. Notwithstanding the foregoing, Secured Party unilaterally may re-execute this Agreement or modify, amend or supplement the Schedules hereto as provided in Section 6 hereof. To the extent that any provision of this Agreement conflicts with any provision of the Credit Agreement, the provision giving Secured Party greater rights or remedies shall govern, it being understood that the purpose of this Agreement is to add to, and not detract from, the rights granted to Secured Party under the Credit Agreement.

14. COUNTERPARTS. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute but one and the same agreement. Delivery of an executed counterpart of this Agreement by facsimile shall be equally as effective as delivery of a manually executed counterpart. Any party hereto delivering a counterpart of this Agreement by facsimile shall also deliver a manually executed counterpart, but the failure to so deliver a manually executed counterpart shall not affect the validity, enforceability, or binding effect hereof.

15. NO INCONSISTENT REQUIREMENTS. Debtor acknowledges that this Agreement and the other documents, agreements and instruments entered into or executed in connection herewith

may contain covenants and other terms and provisions variously stated regarding the same or similar matters, and Debtor agrees that all such covenants, terms and provisions are cumulative and all shall be performed and satisfied in accordance with their respective terms.

16. SEVERABILITY. If one or more provisions contained in this Agreement shall be invalid, illegal or unenforceable in any respect in any jurisdiction or with respect to any party, such invalidity, illegality or unenforceability in such jurisdiction or with respect to such party shall, to the fullest extent permitted by applicable law, not invalidate or render illegal or unenforceable any such provision in any other jurisdiction or with respect to any other party, or any other provisions of this Agreement.

17. NOTICES. All notices and other communications hereunder shall be in writing and shall be mailed, sent or delivered in accordance with the Credit Agreement to the Person on Schedule 9.2.

18. CONTROLLING DOCUMENT. To the extent that this Agreement conflicts with or is in any way incompatible with the Credit Agreement or any other Loan Document concerning the Obligations, the terms of any applicable promissory note shall control over any other Loan Document, and if such promissory note does not address an issue, then each other Loan Document shall control to the extent that it deals most specifically with an issue.

19. NOTICE OF FINAL AGREEMENT. **THIS WRITTEN SECURITY AGREEMENT AND THE OTHER LOAN DOCUMENTS REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.**

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement, as of the date first above written.

DEBTOR:

Towne Services, Inc., a Georgia corporation

By: *Shrend M. Hays*

Title: *Chief Financial Officer*

SECURED PARTY:

BANK OF AMERICA, N.A.

By: *Bryan Walker*

Title: *SVP*

SCHEDULE A-1

**REGISTERED COPYRIGHTS
AND COPYRIGHT REGISTRATIONS**

**Towne Services, Inc.
SCHEDULE A-1**

**REGISTERED COPYRIGHTS
AND COPYRIGHT RESTRICTIONS**

NONE

Lou : 845220v1

SCHEDULE A-2

APPLICATIONS FOR COPYRIGHT REGISTRATIONS

SCHEDULE A-2
Applications for Copyright Registrations

NONE

Lot:845182V1

SCHEDULE B

PATENTS AND PATENT APPLICATIONS

SCHEDULE B
Patents and Patent Applications

NONE

LOU: 845164v1

SCHEDULE C

TRADEMARKS

Towne Services, Inc.
SCHEDULE C
TRADEMARKS

Mark	Filed	Serial No.	Reg. Date	Reg. No.	Next Action	Action Date
Towne Credit	Sept. 17, 1996	75-167672	March 30, 1999	2236046	Affidavit of Use**	March 30, 2005
Towne Finance	Nov. 21, 1996	75-226962	March 23, 1999	2234921	Affidavit of Use**	March 23, 2005
Towne Services	Oct. 17, 1996	75-188003	Dec. 8, 1998	2209544	Affidavit of Use**	Dec. 8, 2004

* Record release of Fleet National Bank security agreement

** Record release of Sirrom Investments, Inc. and Fleet National Bank security agreements

Lou: 845091v1

SCHEDULE D

INTERNET PROPERTY

Towne Services, Inc.

SCHEDULE D

INTERNET PROPERTY

None

LOU 845194v1