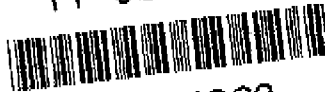


Form PTO-1594 (Rev. 07/05)
OMB Collection 0651-0027 (exp. 6/30/2008)

11-08-2006

U.S. DEPARTMENT OF COMMERCE
Patent and Trademark Office



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103334363

To the Director of the U. S. Patent and Trademark Office

2. Name and address of receiving party(ies) Yes
Additional names, addresses, or citizenship attached? No

1. Name of conveying party(ies):

Smart Commerce, Inc.

- Individual(s)
- General Partnership
- Corporation - State: Delaware
- Other

- Association
- Limited Partnership

Citizenship (see guidelines)

Additional names of conveying parties attached? Yes No

Name: Fifth Third Bank, a Michigan banking association
 Internal Address: _____
 Street Address: 1000 TOWN CENTER, STE 1500
 City: SOUTH FIELD
 State: MICHIGAN
 Country: USA Zip: 48075

- Association Citizenship _____
- General Partnership Citizenship _____
- Limited Partnership Citizenship _____
- Corporation Citizenship Michigan
- Other _____ Citizenship _____

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)

3. Nature of conveyance / Execution Date(s) :

Execution Date(s) October 17, 2006

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

4. Application number(s) or registration number(s) and Identification or description of the Trademark.
A. Trademark Application No.(s)
B. Trademark Registration No.(s)

ONEDOMAIN 2866661
IMART 2429214

Additional sheet(s) attached? Yes No

C. Identification or Description of Trademark(s) (and Filing Date if Application or Registration Number is unknown):

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

Name: Amber L. Slusser at Couzens Lansky

Internal Address: _____

Street Address: 39395 W. Twelve Mile Rd., Suite 200

City: Farmington Hills

State: Michigan Zip: 48331

Phone Number: 248-489-8600

Fax Number: 248-489-4156

Email Address: Amber.Slusser@couzens.com

6. Total number of applications and registrations involved:

2

7. Total fee (37 CFR 2.6(b)(6) & 3.41) \$ 65.00

- Authorized to be charged by credit card
- Authorized to be charged to deposit account
- Enclosed

8. Payment Information:

a. Credit Card Last 4 Numbers _____
Expiration Date _____

b. Deposit Account Number _____
Authorized User Name _____

9. Signature: _____

Signature

October 31, 2006

Date

Amber L. Slusser
Name of Person Signing

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

18

Documents to be recorded (including cover sheet) should be faxed to (571) 273-0140, or mailed to: Mail Stop Assignment Recordation Services, Director of the USPTO, P.O. Box 1450, Alexandria, VA 22313-1450

COLLATERAL ASSIGNMENT
OF
TRADEMARKS

WHEREAS, Smart Commerce, Inc., a Delaware corporation ("Assignor") is the owner of the entire right, title and interest in the following Trademarks:

1. ONEDOMAIN Registration Number 2866661
2. IMART Registration Number 2429214

And all associated goodwill, together with the right to bring suit and collect for past and future infringements thereof; and all income, royalties, damages and payments now and hereafter due and/or payable under and with respect thereto; and all other proceeds and products of the foregoing, including, without limitation, any rights pursuant to Assignor's agreements with any other party relating thereto (collectively, the "Trademark Rights"); and

WHEREAS, Assignor and Fifth Third Bank, a Michigan Banking Corporation ("Assignee"), are parties to a certain Security Agreement dated October 17, 2006 (together with any and all amendments now or hereafter made thereto, hereafter known as the "Security Agreement") which provides for the grant by Assignor to Assignee of a continuing security interest in certain of Assignor's assets, including without limitation the Trademark Rights; and

WHEREAS, Assignee has required, as a condition to the loans, advances or other financial accommodations to Assignor under the Security Agreement, that Assignor execute and deliver to Assignee this Collateral Assignment of Trademarks.

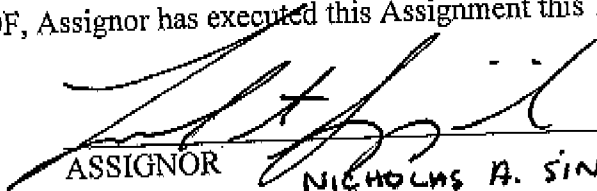
NOW THEREFORE, in view of the payment of One Dollar and 00/100 (\$1.00) and other legally sufficient and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by Assignor, Assignor DOES HEREBY assign and transfer to Assignee all right, title and interest in and to the Trademark Rights to secure the complete and timely satisfaction of all of the Liabilities (as defined in the Security Agreement and hereafter referred to as the "Liabilities").

1. Covenants and Warranties. Assignor represents, warrants and covenants that:
 - a. Assignor owns the entire right, title and interest in and to each of the Trademarks named above free and clear of any liens and encumbrances of every kind and nature and that no assignment, sale, agreement or encumbrance has been made or entered into which would conflict with this Assignment.
 - b. The Trademarks named above are subsisting, have not been adjudged invalid or unenforceable in whole or in part, and are not currently being challenged in any way;

- c. None of the Trademarks named above have lapsed or expired;
 - d. No claim has been made that the use of any of the Trademarks named above in the conduct of Assignor's business constitutes an infringement of any senior or dominant United States Trademark right or other intellectual property right; and
 - e. Assignor shall provide Assignee, upon request by the same, with all pertinent facts and documents relating to the Trademark Rights as may be known and accessible to Assignor, shall testify as to the same in any interference, litigation or proceeding relating thereto, and shall promptly execute and deliver to Assignee or its legal representatives any and all papers, instruments or affidavits required to apply for, obtain, maintain, issue and enforce the Trademark Rights.
2. Assignor hereby authorizes and empowers Assignee to invoke and claim for any Trademarks included within the Trademark Rights, the benefit of any rights to which Assignor might be entitled under applicable law and to invoke and claim such rights without further written or oral authorization from Assignor.
 3. This Assignment and all terms hereof shall be binding upon and inure to the benefit of the parties and their successors and assigns.

IN WITNESS WHEREOF, Assignor has executed this Assignment this 17th day of October, 2006.

Dated: 10/17/06


 ASSIGNOR NICHOLAS A. SINIGAGLIA
CFO
 CORPORATE CAPACITY

STATE OF North Carolina)

COUNTY OF Durham) ss.

Subscribed and sworn to before me this 17th day of October, 2006.

DARBY A DIETRICH
 NOTARY PUBLIC
 DURHAM COUNTY, NC
 My Commission Expires 05/20/2011


 Notary Public

SECURITY AGREEMENT

THIS AGREEMENT is made on October 17, 2006 by and between the Grantor, as herein defined, and Fifth Third Bank, a Michigan banking corporation ("Bank" or "Lender"), whose address is 1000 Town Center, Suite 1500, Southfield, Michigan 48075.

IN CONSIDERATION of loans, advances or other financial accommodations from Bank to the Grantor and/or Borrower, the Grantor agrees as follows:

1. **Definitions.** The following terms shall have the following meanings when used in this Agreement:
 - a. "Borrower and/or Grantor" means Smart Commerce, Inc., a Delaware corporation organized under the laws of the State of Delaware, whose chief executive office is 2530 Meridian Parkway, Durham, North Carolina 27713.
 - b. "Collateral" means the property and interests in property described in Section 3 below.
 - c. "Liabilities" means all loans, advances or other financial accommodations, including any renewals or extensions thereof, from Bank to Borrower and any and all liabilities and obligations of any and every kind and nature heretofore, now or hereafter owing from Borrower to Bank, however incurred or evidenced, whether primary, secondary, contingent or otherwise, whether arising under this Agreement, under any other security agreement(s), promissory note(s), guaranty(s), mortgage(s), lease(s), instrument(s), document(s), contract(s), letter(s) of credit or similar agreement(s) heretofore, now or hereafter executed by Borrower and delivered to Bank, or by oral agreement or by operation of law plus all interest, costs, expenses and reasonable attorney fees which may be made or incurred by Bank in the disbursement, administration or collection of such liabilities and obligations and in the protection, maintenance and liquidation of the Collateral.
 - d. "Loan Agreement" means that certain Business Loan Agreement dated 10/17 by and between Borrower and Bank.
2. **Grant of Security Interest.** Grantor hereby grants to Bank a continuing security interest in the Collateral and assigns all of Grantor's right, title and interest therein to secure the payment of the Liabilities.
3. **Collateral.** The Collateral covered by this Agreement is all the Grantor's property described below which it now owns or shall hereafter acquire or create immediately upon the acquisition or creation thereof:
 - a. The following property where an "X" or check mark has been placed in the applicable box (if none of the following boxes is checked, it is understood and agreed that Grantor grants Bank a security interest in all of Grantor's personal property as if the box adjacent to the paragraph entitled "All Assets" had been checked):
 - All Assets:** All personal property of the Grantor, including without limitation, all Accounts, including Health-Care-Insurance Receivables, Inventory, including without limitation raw materials, work in process, materials and finished goods leased by the Grantor as lessor or held for sale or lease or furnished or to be furnished under contracts of service or used or consumed in a business, Goods, Equipment, Securities, Investment Property, Deposit Accounts, Chattel Paper, including without limitation, Electronic Chattel Paper, Documents, Instruments, including without limitation, Promissory Notes, Letter of Credit Rights and proceeds of letters of credit, Supporting Obligations;

notes secured by real estate; Commercial Tort Claims and General Intangibles, including without limitation, Payment Intangibles and Software.

- Accounts.** All Accounts, including Health-Care-Insurance Receivables, and all Goods whose sale, lease or other disposition has given rise to Accounts and have been returned to, or repossessed or stopped in transit by, the Grantor, or rejected or refused by an Account Debtor.
- Inventory.** All Inventory, including without limitation raw materials, work in process, materials and finished goods leased by the Grantor as lessor or held for sale or lease or furnished or to be furnished under contracts of service or used or consumed in a business.
- Goods.** All Goods (other than Inventory), including without limitation, Equipment.
- Investment Property and Deposit Accounts.** All Securities, Investment Property and Deposit Accounts.
- Documents and Instruments.** All Chattel Paper, including without limitation, Electronic Chattel Paper; Documents; Instruments, including without limitation, Promissory Notes; Letter of Credit Rights and proceeds of letters of credit; Supporting Obligations; notes secured by real estate; Commercial Tort Claims and General Intangibles, including without limitation, Payment Intangibles and Software.

3 a.1 **Specific Property.** The following specifically described property of the Grantor:

- The Intellectual Property (as hereinafter defined), all now or hereafter existing, and owned by the Grantor and/or to the extent of any interest of Grantor therein.

For the purposes hereof, the following terms shall have the following meanings:

- (i) "Confidentiality Agreements" shall mean any contract, letter, document, instrument or similar agreement executed between Grantor and any third party (including, but not by way of limitation, all employee or contractor agreements), now or hereafter existing or by oral agreement or by operation of law which grants, retains or evidences rights in any Intellectual Property or any Product.
- (ii) "Governmental Regulation" shall mean, by way of example, but not by way of limitation, (x) any applicable law, regulation, ordinance or similar requirement of the United States, any foreign country, any state, county, city or other department, agency or subdivision of any of the foregoing, including any governmental body, quasi-governmental body, or other duly constituted authority (judicial, legislative, administrative or otherwise) (sometimes hereinafter referred to as "Governmental Agency"), Person and/or Issuer, having jurisdiction over, or applicable to, or affecting any of the Intellectual Property or Products (as defined herein), and the use thereof, or (y) any requirement, obligation, covenant, condition or undertaking under any purchase order or other similar contractual agreement relating to the manufacturing, purchasing or selling of any of the Products ("Contractual Obligation").

- (iii) "Intellectual Property" shall mean the Products; and the following, whether or not in connection with any of the Products: all present and future, information, materials, formulae, processes, "know-how", inventions (whether or not patentable), copyrights (registered or unregistered) and all receivables and intangibles related thereto, trademarks and logos (registered or unregistered) and their associated goodwill, all rights of whatever form in and to any and all domain names, trade dress rights, trade secrets, Patent Rights (as defined herein) concepts, ideas, techniques, processes, works of authorship (including, but not limited to, sweepstakes, promotions, contests and related documentation), discoveries, enhancements, derivative works, upgrades, compilations, collective works, applications, improvements, adaptations, modifications, changes and variations, including all drawings, engineering drawings, designs, specifications models, mock-ups, prototypes, functional models, development environments, computer software programs including technology platforms, technology interfaces and promotional software modules (and enhancements, upgrades and modifications thereof), user and other manuals, flow charts, source codes and object codes, merchandising procedures, customer and supplier information and lists (past, present and prospective) research, research notes, and memoranda and records, research, business plans, business and operational strategies, pricing policies, financial information, market analyses, market productions, consulting and sales methods and techniques, product costs, profit margins, goodwill, employees and employee compensation, and all copies, summaries, outlines and other representations thereof, and which the Assignor directly or indirectly (by way of Third Party Agreements or otherwise) owns or has any right, title or interest in, specifically including but not by way of limitation, those items of property set forth in Section 5(o), (p), (q) and (r) of this Agreement.
- (iv) "License(s)" shall mean any contract, letter, document, instrument or similar agreement whereby Grantor grants, retains or receives legal permission to or from any third party to make use of any of the Intellectual Property or Products, or any portion thereof, in whole or in part.
- (v) "Issuer" shall mean any Person, now or hereafter, by way of example, but not by way of limitation, duly authorized, empowered, directed, appointed, constituted, delegated, or otherwise acting, to, by way of example, but not by way limitation, enact, administer, promulgate, issue, direct, enforce, revoke, suspend, terminate or condition any Governmental Regulation, specifically including, but not by way of limitation, any Contractual Obligation.
- (vi) "Patent Rights" shall mean, all patents listed in any exhibits and/or Section 5 of the Agreement, and all patents which may have or will be obtained in respect of the Products and all corresponding inventions set forth therein; any applications for U.S. and foreign patents which may have been or will be filed in connection therewith; any corresponding applications for patents and patents therefor in all other areas of the world; and any improvements, modifications, reissues, extensions, substitutions, confirmations, divisions, continuations, and continuations-in-part of any of the foregoing, together with the right to bring suit and collect for past, present and future infringements thereof; and all income, royalties, damages and payments now and hereafter due and/or payable under and with respect thereto, including, without limitation, damages and payments for

past or future infringements thereof; and all other proceeds and products of the foregoing, including, without limitation, any rights pursuant to Grantor's agreements (including Third Party Agreements) with any other party relating thereto.

- (vii) "Person" shall mean any individual, company, corporation, trust, limited liability company, firm or other entity.
- (viii) "Products" shall mean any and all goods and/or services products; programs; promotional campaigns or marketing solutions that at any time are, will be or have been developed, manufactured, marketed, conceived, considered, pursued or sold by the Assignor together with all other Intellectual Property applicable thereto.
- (ix) "Third Party Agreements" shall mean all Licenses, Confidentiality Agreements, website host agreements, domain name registration agreements and other agreements of any kind between Assignor and a third party that relate in any way to the Intellectual Property or Products.

Together with:

- All Proceeds (whether Cash Proceeds or Noncash Proceeds) of the foregoing property, including without limitation proceeds of insurance payable by reason of loss or damage to the foregoing property and of eminent domain or condemnation awards.
- All products of, additions and accessions to, and substitutions, betterments and replacements for the foregoing property.
- All sums at any time credited by or due from Bank to Grantor.
- All property in which the Grantor has an interest now or at any time hereafter coming into the possession or under the control of Bank or in transit by mail or carrier to or from Bank or in possession of or under the control of any third party acting on Bank's behalf without regard to whether Bank received the same in pledge, for safekeeping, as agent for collection or transmission or otherwise or whether Bank has conditionally released the same (excluding, nevertheless, any of the foregoing property of the Grantor which now or any time hereafter is in possession or control of Bank under any written trust agreement wherein Bank is trustee and Grantor is trustor).

Terms used and not otherwise defined in this Agreement shall have the meaning given such terms in the Michigan Uniform Commercial Code. In the event the meaning of any term defined in the Michigan Uniform Code is amended after the date of this Agreement, the meaning of such term as used in this Agreement shall be that of the more encompassing of: (i) the definition contained in the Michigan Uniform Commercial Code prior to the amendment; and (ii) the definition contained in the Michigan Uniform Commercial Code after the amendment.

4. **Perfection of Security Interest.** Grantor hereby irrevocably authorizes Bank to file financing statement(s) and other instruments of recordation describing the Collateral in all public offices deemed necessary by Bank, and to take any and all actions, including, without limitation, filing all financing statements, continuation financing statements and all other documents that Bank may reasonably determine to be necessary to perfect and maintain Bank's security interests in the Collateral. Grantor shall have possession of the Collateral, except where expressly otherwise provided in this Agreement or where Bank chooses to perfect its security interest by possession, whether or not in addition to the filing of a financing statement. Where Collateral is in the possession of a third party, Grantor will join with Bank in notifying the third party of Bank's security interest and obtaining an acknowledgement

from the third party that it is holding the Collateral for the benefit of Bank. Grantor will cooperate with Bank in obtaining control with respect to Collateral consisting of Deposit Accounts, Investment Property, Letter-of-Credit Rights and Electronic Chattel Paper. Grantor will not create any Chattel Paper without placing a legend on the Chattel Paper acceptable to Bank indicating that Bank has a security interest in the Chattel Paper. Grantor shall pay the cost of filing or recording all financing statement(s) and other documents. Grantor agrees to promptly execute and deliver to Bank all financing statements, continuation financing statements; assignments, certificates of title; applications for vehicle titles, affidavits, reports, notices, schedules of Accounts, designations of Inventory, letters of authority and all other documents that Bank may reasonably request in form satisfactory to Bank to perfect and maintain Bank's security interests in the Collateral. In order to fully consummate all of the transactions contemplated hereunder, Grantor shall make appropriate entries on its books and records disclosing Bank's security interests in the Collateral.

5. Warranties and Representations. Grantor warrants and represents, except as may be otherwise disclosed in an attachment to this Agreement: (a) Grantor has rights in or the power to transfer the Collateral and its title to the Collateral is free and clear of all liens or security interests, except Bank's security interests, except Bank's security interest and Permitted Liens (as defined in the Loan Agreement), (b) all Chattel Paper constituting Collateral evidences a perfected security interest in the goods covered by it free from all other liens and security interests, except Bank's security interest and Permitted Liens, (c) no financing statements, other than that of Bank or with respect to leases or Permitted Indebtedness, are on file covering the Collateral or any of it, (d) if Inventory is represented or covered by documents of title, Grantor is the owner of the documents free of all liens and security interests other than Bank's security interest, warehousemen's charges, if any, not delinquent, and Permitted Liens, (e) the Grantor's exact legal name and the address of the Grantor's chief executive office are as set forth in the first paragraph of this Agreement; (f) if the Grantor is a registered organization, the form of its organization and the State under which it is organized are as set forth in the first paragraph of this Agreement; (g) each Account, Chattel Paper and General Intangible constituting Collateral is genuine and enforceable against the account debtor according to its terms, and it, and the transaction out of which it arose, substantially complies with all applicable laws and regulations; the amount represented by Grantor to Bank as owing by each account debtor is the amount actually owing and is not subject to setoff, credit, allowance or adjustment except any discount for prompt payment or such discounts typical of, or consistent with, Grantor's past practices, nor has any account debtor returned a material amount of goods or disputed a material liability, there has been no default according to the terms of any such Collateral, except for such defaults that would not result in a material adverse effect on Grantor's business, and no step has been taken to foreclose the security interest it evidences or to otherwise enforce its payment; (h) the execution and delivery of this Agreement and any instruments evidencing Liabilities will not violate nor constitute a breach of Grantor's Articles of Incorporation, By-Laws, or any agreement or restriction of any type whatsoever to which Grantor is a party or is subject, except for such breaches that would not result in a material adverse effect on Grantor's business; (i) all financial statements of Grantor delivered or to be delivered by Grantor to the Bank have been prepared in accordance with generally accepted accounting principles applied on a consistent basis throughout the periods covered thereby, except as otherwise noted therein, and fairly present the financial conditions and results of operations of Grantor, on the bases therein stated, as of the respective dates thereof; since the date of said financial statements there has been no material adverse change in the financial condition of Grantor; (j) to the knowledge of Grantor, there are no actions or proceedings which are threatened or pending against Grantor which could reasonably be expected to result in any material adverse change in Grantor's financial condition or which could reasonably be expected to materially effect the Collateral; (k) Grantor has duly filed all federal, state, and other governmental tax returns which Grantor is required by law to file, and will continue to file same during such time as any of the Liabilities hereunder remain owing to Bank, and all such taxes required to be paid have been paid, in full; and (l) Grantor's Patent Rights, trademark rights, and rights in Copyright material to its business, have not been adjudged invalid or unenforceable in whole or in part, and are not currently being challenged in any way; (m) Grantor's Patent Rights, trademark rights, and rights in Copyright material to its business have not lapsed or expired; (n) Grantor's Patent Rights, trademark rights, and rights in Copyright material to its business are not the subject of a claim threatened in writing that their use constitutes an infringement of any senior or dominant United States or foreign patent or other third party intellectual property right, (o) Borrower has an ownership interest in the registered

trademark ONEDOMAIN (R/N 2866661) and IMART (R/N 2429214) and an ownership interest in the unregistered trademarks IMART (word plus design of two interlocking circles), Direct Marketing Architecture, Direct Selling Architecture, Direct Architecture and Loyalty Marketplace; (p) Borrower has an exclusive ownership interest in the domain name www.imart.com, and has no other domain names material to its business as of the execution date; (q) Borrower claims an exclusive proprietary interest in the source code known as the "One Domain Template Website System," "iMart Direct Architecture," "iMart Direct Marketing Architecture," "iMart Direct Selling Architecture," and "Loyalty Marketplace" and no other source code and related technology material to its business as of the execution date.; (r) Borrower has a registered copyright entitled "website/IDSA/teaminfo.com" (R/N TX-5-822-684) and a registered copyright entitled "Admin/IDSA/teaminfo.com (R/N TX-5-822-685) and a registered copyright entitled "One Domain Template Website System" (R/N TX-6-120-614) and no other registered copyrights or material eligible for copyright protection material to its business as of the execution date.

6. **Covenants.** Grantor covenants and agrees that while any of the Liabilities remain unperformed and unpaid it will: (a) preserve its legal existence and not, in one transaction or a series of related transactions, merge into or consolidate with any other entity, or sell all or substantially all of its assets; (b) not change the state where it is organized; (c) neither change its name, form of business entity nor address of its chief executive office without giving written notice to Bank thereof at least thirty (30) days prior to the effective date of such change, and Grantor agrees that all documents, instruments, and agreements reasonably requested by Bank in response to such change shall be prepared, filed, and recorded at Grantor's expense prior to the effective date of such change; (d) not use the Collateral, nor permit the Collateral to be used, for any unlawful purpose, whatever; (e) maintain the Collateral in condition and repair consistent with past practices; and (f) indemnify and hold Bank harmless against claims of any persons or entities not a party to this Agreement concerning disputes arising over Grantor's use, operation or ownership of the Collateral.

7. **Insurance, Taxes, Etc.** Grantor has the risk of loss of the Collateral. Grantor shall: (a) pay promptly all taxes, levies, assessments, judgments, and charges of any kind upon or relating to the Collateral, to Grantor's business, and to Grantor's ownership or use of any of its assets, income, or gross receipts (except to the extent being contested in good faith); (b) at its own expense, keep and maintain all of the Collateral fully insured against loss or damage by fire, theft, explosion and other risks in such amounts, with such companies, under such policies and in such form as shall be reasonably satisfactory to Bank, which policies shall expressly provide that loss thereunder shall be payable to Bank as its interest may appear (and Bank shall have a security interest in the proceeds of such insurance and may apply any such proceeds which may be received by it toward payment of the Liabilities, whether or not due, in such order of application as Bank may determine); and (c) maintain at its own expense public liability and property damage insurance in such amounts, with such companies, under such policies and in such form as shall be reasonably satisfactory to Bank, and, upon Bank's request, shall furnish Bank with such policies and evidence of payment of premiums thereon. If Grantor at any time hereafter should fail to obtain or maintain any of the policies required above or pay any premium in whole or in part relating thereto, or shall fail to pay any such tax, assessment, levy, or charge or to discharge any such lien, claim, or encumbrance, then Bank, without waiving or releasing any obligation or default of Grantor hereunder, may at any time hereafter (but shall be under no obligation to do so) make such payment or obtain such discharge or obtain and maintain such policies of insurance and pay such premiums, and take such action with respect thereto as Bank deems advisable. All sums so disbursed by Bank, including reasonable attorney fees, court costs, expenses, and other charges relating thereto, shall be part of the Liabilities, secured hereby, and payable upon demand together with interest at the highest rate payable in connection with any of the Liabilities from the date when advanced until paid.

8. **Collection of Accounts.** Grantor covenants and agrees that while any of the Liabilities remain unperformed and unpaid it will comply with Section 2.4.13, Lock Box Provisions, of the Loan Agreement.

9. **Care, Custody, and Dealings with Collateral.** Bank shall have no liability to Grantor with respect to Bank's care and custody of any Collateral in Bank's possession and shall have no duty to sell, surrender, collect or protect the same or to preserve rights against prior parties or to take any action with respect thereto beyond the

custody thereof, exercising that reasonable custodial care which it would exercise in holding similar interests for its own account. Bank shall only be liable for its acts of gross negligence. Bank is hereby authorized and empowered to take the following steps after an Event of Default: (a) to deal directly with issuers, entities, owners, transfer agents and custodians to effect changes in the registered name of any such Collateral, to effect substitutions and replacements thereof necessitated by any reason (including by reason of recapitalization, merger, acquisition, debt restructuring or otherwise), to execute and deliver receipts therefor and to take possession thereof; (b) to communicate and deal directly with payors of instruments (including securities, promissory notes, letters of credit, certificates of deposits and other instruments), which may be payable to or for the benefit of Grantor at any time, with respect to the terms of payment thereof; (c) in the Grantor's name, to agree to any extension of payment, any substitution of Collateral or any other action or event with respect to the Collateral; (d) to notify parties who have an obligation to pay or deliver anything of value (including money or securities) with respect to the Collateral to pay or deliver the same directly to Bank on behalf of Grantor and to receive and receipt for any such payment or delivery in Grantor's name as an addition to the Collateral; (e) to surrender renewable certificates or any other instruments or securities forming a portion of the Collateral which may permit or require reissuance, renewal or substitution at any time and to immediately take possession of and receive directly from the issuer, maker or other obligor, the substituted instrument or securities; (f) to exercise any right which Grantor may have with respect to any portion of the Collateral, including rights to seek and receive information with respect thereto; and (g) to do or perform any other act and to enjoy all other benefits with respect to the Collateral as Grantor could in its own name.

10. **Disposition of Collateral.** Bank does not authorize, and Grantor agrees not to make any sales or leases of any of the Collateral, license any of the Collateral, or grant any other security interest in any of the Collateral; provided, however, that until such time as Bank shall notify Grantor of the revocation of such power and authority, Grantor (a) may only in the ordinary course of its business, at its own expense, sell, lease or furnish under contracts of service any of the inventory normally held by Grantor for such purpose; (b) may use and consume any raw materials, work in process or materials, the use and consumption of which is necessary in order to carry on Grantor's business; and (c) will at its own expense, endeavor to collect, as and when due, all accounts due with respect to any of the Collateral, including the taking of such action with respect to such collection as Bank may reasonably request or, in the absence of such request, as Grantor may deem advisable. A sale in the ordinary course of business does not include a transfer in partial or total satisfaction of a debt. To the extent Grantor uses any proceeds of any of the Liabilities to purchase Collateral, Grantor's repayment of the Liabilities shall apply on a "first-in-first-out" basis so that the portion of the Liabilities used to purchase a particular item of Collateral shall be deemed paid in the chronological order the Grantor purchased the Collateral.

11. **Information.** Grantor shall permit Bank or its agents upon reasonable request to have access to, and to inspect, all the Collateral (and Grantor's other assets, if any) and may from time to time verify Accounts, inspect, check, make copies of, or extracts from the books, records, and files of Grantor, and Grantor will make same available at any time for such purposes. In addition, Grantor shall promptly supply Bank with such other financial or other information concerning its affairs and assets as Bank may request from time to time.

12. **Remedies Upon Default.** Immediately upon the occurrence of an Event of Default as defined in the Loan Agreement, subject to any cure or grace period therein contained (an "Event of Default"), Bank may, in addition to and not in lieu of or substitution for, all other rights and remedies provided by law, without notice, except as expressly required by law, declare the entire unpaid and outstanding principal balance of the Liabilities, and all accrued interest, together with all other indebtedness of the Grantor to Bank, to be due and payable in full forthwith and Bank may exercise from time to time any rights and remedies including the right to immediate possession of the Collateral available to it under applicable law. Bank may directly contact third parties and enforce against them all rights which arise with respect to the Collateral and to which Grantor or Bank would be entitled. Grantor waives any right it may have to require Bank to pursue any third person for any of the Liabilities. Bank shall have the right to hold any property then in, upon or in any way affiliated to said Collateral at the time of repossession even though not covered by this Agreement until return is demanded in writing by the Grantor. Grantor agrees, upon the occurrence of an Event of Default, to assemble at its expense all the Collateral and make it available to Bank at a convenient place.

acceptable to Bank. Grantor agrees to pay all costs of Bank of collection of the Liabilities, and enforcement of rights hereunder, including reasonable attorney fees and legal expenses, including participation in Bankruptcy proceedings, and expense of locating the Collateral and expenses of any repairs to any realty or other property to which any of the Collateral may be affixed or be a part. If any notification of intended disposition of any of the Collateral is required by law, such notification, if mailed, shall be deemed reasonably and properly given if sent at least ten (10) days before such disposition, postage pre-paid, addressed to the Grantor either at the address shown above or at any other address of the Grantor appearing on the records of Bank and to such other parties as may be required by the Michigan Uniform Commercial Code. Grantor acknowledges that Bank may be unable to effect a public sale of all or any portion of the Collateral because of certain legal and/or practical restrictions and provisions which may be applicable to the Collateral and, therefore, may be compelled to resort to one or more private sales to a restricted group of offerees and purchasers. Grantor consents to any such private sale so made even though at places and upon terms less favorable than if the Collateral were sold at public sale. Bank shall have no obligation to clean-up or otherwise prepare the Collateral for sale. Bank may comply with any applicable state or federal law requirements in connection with a disposition of the Collateral and compliance will not be considered to adversely affect the commercial reasonableness of any sale of the Collateral. Bank may specifically disclaim any warranties as to the Collateral. If Bank sells any of the Collateral upon credit, Grantor will be credited only with payments actually made by the purchaser, received by Bank and applied to the indebtedness of the purchaser. In the event the purchaser fails to pay for the Collateral, Bank may resell the Collateral and the Grantor shall be credited with the proceeds of sale. Bank shall have no obligation to marshal any assets in favor of the Grantor. Grantor waives the right to jury trial in any proceeding instituted with respect to the Collateral. Out of the net proceeds from sale or disposition of the Collateral, Bank shall retain all the Liabilities then owing to it and the actual cost of collection (including reasonable attorney fees) and shall tender any excess to Grantor or its successors or assigns. If the Collateral shall be insufficient to pay the entire Liabilities, Grantor shall pay to Bank the resulting deficiency upon demand. Grantor expressly waives any and all claims of any nature, kind or description which it has or may hereafter have against Bank or its representatives, by reason of taking, selling or collecting any portion of the Collateral. Grantor consents to releases of the Collateral at any time (including prior to default) and to sales of the Collateral in groups, parcels or portions, or as an entirety, as Bank shall deem appropriate. Grantor expressly absolves Bank from any loss or decline in market value of any Collateral by reason of delay in the enforcement or assertion or nonenforcement of any rights or remedies under this Agreement. Grantor agrees that Bank shall, upon the occurrence of an Event of Default, have the right to peacefully retake any of the Collateral. Grantor waives any right it may have in such instance to a judicial hearing prior to such retaking.

13. **General.** Time shall be deemed of the essence of this Agreement. Bank shall be deemed to have exercised reasonable care in the custody and preservation of any Collateral in its possession if it takes such action for that purpose as Grantor requests in writing, but failure of Bank to comply with any such request shall not of itself be deemed a failure to exercise reasonable care, and failure of Bank to preserve or protect any rights with respect to such Collateral against any prior parties or to do any act with respect to the preservation of such Collateral not so requested by Grantor shall not be deemed a failure to exercise reasonable care in the custody and preservation of such Collateral. This Agreement has been delivered in Michigan and shall be construed in accordance with the laws of the State of Michigan. Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement. The rights and privileges of Bank hereunder shall inure to the benefit of its successors and assigns, and this Agreement shall be binding on all heirs, personal representatives, assigns and successors of Grantor and all persons who become bound as a debtor to this Agreement. Grantor hereby expressly authorizes and appoints Bank to act as its attorney-in-fact for the sole purpose of executing any and all financing statements or other documents deemed necessary to perfect the security interest herein contemplated. This Agreement shall become null and void at such time as the Liabilities are fully paid and Bank's obligation to fund all loans has been terminated by written agreement of Bank and Borrower, and Bank shall promptly release, discharge and terminate any and all security interests, liens and encumbrances granted to Bank pursuant to this Agreement.

14. **No Waiver.** Any delay on the part of Bank in exercising any power, privilege or right hereunder, or under any other instrument executed by Grantor to Bank in connection herewith shall not operate as a waiver thereof, and no single or partial exercise thereof, or the exercise of any other power, privilege or right shall preclude other or further exercise thereof, or the exercise of any other power, privilege or right. The waiver of Bank of any default by Grantor shall not constitute a waiver of any subsequent defaults, but shall be restricted to the default so waived. All rights, remedies and powers of Bank hereunder are irrevocable and cumulative, and not alternative or exclusive, and shall be in addition to all rights, remedies, and powers given hereunder or in or by any other instruments, or by the Michigan Uniform Commercial Code, or any laws now existing or hereafter enacted. The Grantor acknowledges that this is the entire agreement between the parties except to the extent that writings signed by the party to be charged are specifically incorporated herein by reference either in this Agreement or in such writings, and acknowledges receipt of a true and complete copy of this Agreement.

15. **Special Provisions/Additional Agreements.** With respect to the Collateral described in Section 3 a.1 hereof, and without limiting the generality of the other provisions hereof, the Grantor agrees as follows:

(a) **Indemnification.**

The Grantor agrees to indemnify, defend, and hold harmless Bank and its representatives from and against any and all suits, demands, liabilities, claims, actions, expenses, losses and damages of any kind or nature whatsoever, including costs of litigation and reasonable attorney's fees, arising from any third-party claim that the Intellectual Property violates any third party's trade secrets or infringes upon any third party's copyright, patent, trademark or similar proprietary right anywhere in the world. Grantor shall promptly notify Bank in writing of each such claim after Grantor learns of it. Grantor shall be allowed to control the defense and settlement of such claim; provided that Bank can be represented by counsel of its choice at its own expense; and provided further, that without Bank's prior written consent, Grantor shall not enter into, and Bank shall not be bound by, any settlement that would involve a remedy other than money damages payable by Grantor.

(b) **Product Liability Insurance.**

The Grantor agrees that it will obtain, at its own expense, product liability insurance from a recognized insurance company providing adequate protection (in an amount determined from time to time by Lender) for the Lender and the Grantor, against any claims, suits, losses or damages arising out of any alleged defects in the Products. Grantor shall be entitled to a copy of then prevailing certificate of insurance required by the preceding sentence.

(c) **Quality Control.**

Grantor shall maintain the quality of the Products produced and sold by it at a quality standard for good and merchantable Products and in compliance with good manufacturing practices and in accordance with any Governmental Regulation. Lender shall have the right at reasonable times during the term of this Agreement, and any extension or renewal thereof, to inspect products produced by Grantor and should any such Product or Products not meet the standard of quality. Should Grantor receive notice from any issuer that any Product is not, or may not be, in conformity with any Governmental Regulation, Grantor will so notify Bank in writing within three days of receipt thereof and Grantor shall not sell such Product or Products and shall notify Lender of what action it proposes to take.

(d) Records.

Grantor shall maintain accurate records and accounts of all transactions sufficient for verification, which involve Products, and which may be necessary to conduct any recall. Lender shall have reasonable access at reasonable times to Grantor's books and records to the extent necessary to verify all the foregoing and Lender shall be entitled to make copies thereof at Grantor's expense.

(e) Preservation of Intellectual Property.

Notwithstanding anything contained herein to the contrary, this Section 15(e) shall only apply to those items of Intellectual Property owned by Grantor that Grantor has determined, in the exercise of sound business judgment, are material to its business.

1. Grantor shall use its commercially reasonable efforts to: (a) prosecute any patent application included in the Patent Rights; (b) make application on unpatented but patentable inventions, as appropriate, giving due consideration to value, importance, cost and opinion of counsel as to patentability; and (c) preserve and maintain all Patent Rights. Any expenses incurred in connection with such applications shall be borne by Grantor. Grantor shall not abandon any patent or patent application included in the Patent Rights (other than in favor of a continuing application based on such patent application) without the written consent of Bank, not to be unreasonably withheld. Grantor shall notify Bank in writing within five days of learning of any potential infringement of the Patent Rights.
2. Grantor shall use its commercially reasonable efforts to: (a) register all additions to copyrights, including derivative or collective works; (b) employ copyright notices in compliance with applicable legal requirements or as permitted to maximize the protection and enforcement of the copyrights; and (c) monitor infringement of the copyrights and forthwith advise Bank in writing of any such infringement so discovered within five days of learning of such infringement.
3. Grantor shall use its commercially reasonable efforts to: (a) register and maintain the registration of all trademarks; (b) continue to use all trademarks as legally required so as to preserve its exclusive rights therein and employ trademark notices in compliance with applicable legal requirements or as permitted to maximize the protection and enforcement of the trademarks including the maintenance of all domain names held exclusively in the name of Borrower at any time during the term of this Agreement; (c) monitor infringements of the trademarks and forthwith advise Bank in writing of any infringement so discovered within five days of learning of such infringement; and (d) prosecute any infringement of the trademarks forthwith.
4. Grantor shall advise Bank in writing of any new copyrightable material (whether registered or not) including any copyrightable material which is not registered as of the date hereof but is later registered; new or modified trademarks (whether registered or not); all Patent Rights obtained during the term hereof; all technology platforms or Intellectual Property developed or conceived during the term hereof; and all domain names exclusively held by Borrower during the term hereof.

5. Grantor shall not enter into any Third Party Agreement or other agreement, either oral or written, that has not been negotiated on an arm's length basis and does not otherwise contain reasonable and customary business terms and conditions, or that is otherwise materially inconsistent with Grantor's obligations under this Security Agreement or take any action, or permit any action to be taken by others subject to its control (including licensees) or fail to take any action if doing so or not doing so would materially impair the validity or enforcement of the Bank's rights in and to the Intellectual Property. Grantor shall notify Bank in writing within 5 days of learning of any action or inaction on the part of any third party that would materially impair the validity or enforcement of Bank's rights in and to the Intellectual Property. ANY AGREEMENT PERTAINING TO THE INTELLECTUAL PROPERTY ENTERED INTO AFTER THE DATE HEREOF BETWEEN SMARTONLINE AND SMART COMMERCE MUST BE TERMINABLE AT WILL BY THE BANK UPON THE OCCURANCE OF AN EVENT OF DEFAULT UNDER THE LOAN AGREEMENT AFTER NOTICE AND CURE, IF AND AS APPLICABLE.
6. Grantor shall not grant to any other Person, by license, sublicense, assignment or otherwise, any rights in and to any of the Intellectual Property outside of the ordinary course of business, unless consented thereto in writing by Bank, and upon such terms and conditions as Bank may reasonably require.
7. Grantor shall use its commercially reasonable efforts to obtain a Confidentiality Agreement from each person or entity, including, without limitation, each employee or contractor, who has or may have any access to, or interest in, any Intellectual Property.
8. Grantor shall use its commercially reasonable efforts to institute and prosecute litigation to enforce the terms and conditions of any Third Party Agreement in order to prevent use of any Intellectual Property in contravention with the terms of a Third Party Agreement and shall notify Bank in writing within five days of learning of such unauthorized use. If Grantor fails to institute such proceedings or gives Bank notice that Grantor does not intend to act, Bank may institute such proceedings in Grantor's name or on its own behalf and, if necessary or appropriate, proceed in the name of Grantor, at Grantor's own cost and expense.
- If Grantor fails to comply with the foregoing, Bank may do so in Grantor's name, or in Bank's name but at Grantor's expense, and Grantor shall reimburse Bank for all expenses, including reasonable attorney's fees, incurred by Bank in protecting, defending and maintaining the Intellectual Property. All recoveries from such proceedings shall be applied to the Liabilities. In addition, Grantor hereby authorizes and empowers Bank, in connection with Bank's exercise of its rights under this paragraph, to invoke and claim for any applications or patents included within the Patent Rights, the benefit of any rights to which Grantor might be entitled under international law or under the laws of any particular country, such as, without limitation, the right of priority provided under the International Convention for the Protection of Industrial Property, as amended, and to invoke and claim such rights without further written or oral authorization from Grantor.
9. Grantor shall make all payments and do all other things necessary or prudent to renew and maintain its domain name registrations and shall advise Bank in writing of any change in the domain name registrar or domain name registry information.

(f) Additional Remedies In the Event of Default.

Upon an Event of Default, Grantor shall deliver, and Bank shall be deemed the sole and exclusive owner of, the Intellectual Property, and Grantor shall cease and desist, at the request of Bank, in order to protect the rights of Bank, from using any Intellectual Property, or deriving any benefit therefrom.

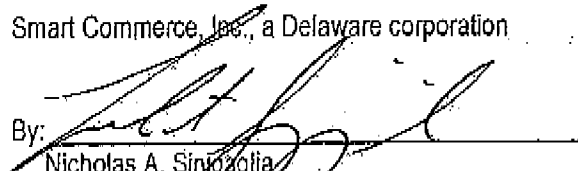
After the occurrence of an Event of Default and so long as such Event of Default has not been waived, and after the provision by Bank of written notice to Grantor of Bank's intention to enforce its rights and claims in the Intellectual Property, Bank shall have the right, but shall in no way be obligated, to:

1. Bring suit and take other action in its own name to enforce or otherwise protect, preserve or realize upon the Intellectual Property. If Bank shall commence any such suit or take any such action, Grantor shall at the request of Bank, do any and all lawful acts and execute any and all proper documents required by Bank in aid of such action. Grantor shall, upon demand, reimburse and indemnify Bank for all reasonable costs and expenses incurred by Bank in the exercise of its rights hereunder;
2. Present this document to any third party who shall regard it as a Power of Attorney for purposes of the endorsement or signature of Grantor's name on all applications, documents, papers, government filings, transfer of ownership documents and instruments necessary or desirable for Bank to give effect to the provisions of this Security Agreement and the intent of the parties hereto;
3. Take any other actions with respect to the Intellectual Property consistent with this Security Agreement that Bank deems in the best interest of Bank;
4. Grant or issue any exclusive or nonexclusive license of the Intellectual Property to anyone; or
5. Assign, pledge, convey or otherwise transfer title in or dispose of the Intellectual Property to anyone.

IN WITNESS WHEREOF, this Security Agreement was executed and delivered by the undersigned on the date stated in the first paragraph above.

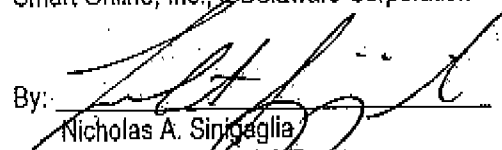
Grantor:

Smart Commerce, Inc., a Delaware corporation

By: 
Nicholas A. Sinigaglia
Its: Chief Financial Officer

Accepted and Agreed
(with respect to the last sentence of Section 15(e) 5 only)

Smart Online, Inc., a Delaware Corporation

By: 
Nicholas A. Sinigaglia
Its: Chief Financial Officer