

11-29-2007

EM011565079

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

RI



103464953

To the Director of the U. S. Patent and Trademark Office: Please record the attached documents or the new address(es) below.

**1. Name of conveying party(ies):**

Precept Brands, LLC

- ☐ Individual(s) ☐ Association  
☐ General Partnership ☐ Limited Partnership  
☐ Corporation- State: \_\_\_\_\_  
☒ Other Washington State Limited Liability Company

Citizenship (see guidelines) USA

Additional names of conveying parties attached? ☒ Yes ☐ No

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

Execution Date(s) July 17, 2007

- ☐ Assignment ☐ Merger  
☐ Security Agreement ☐ Change of Name  
☒ Other Subordination Agreement

**2. Name and address of receiving party(ies)**

Additional names, addresses, or citizenship attached? ☐ Yes  
☒ No

Name: Northwest Farm Credit Services, PCA

Internal

Address: 1700 South Assembly street

Street Address: 1700 South Assembly Street

City: Spokane

State: Washington

Country: USA Zip: 99224-2121

- ☐ Association Citizenship \_\_\_\_\_  
☐ General Partnership Citizenship \_\_\_\_\_  
☐ Limited Partnership Citizenship \_\_\_\_\_  
☐ Corporation Citizenship \_\_\_\_\_  
☒ Other PCA Citizenship USA

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)

**4. Application number(s) or registration number(s) and identification or description of the Trademark.**

A. Trademark Application No.(s)  
78/700,339 WB

B. Trademark Registration No.(s)  
3,132,567 WATERBROOK

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: Mark W. Hendricksen

Internal Address: 601 West First Avenue

Street Address: 601 West First Avenue

City: Spokane

State: Washington Zip: 99201-3828

Phone Number: 509-624-4276

Fax Number: 509-838-3424

Email Address: mhendricksen@wellsstjohn.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

11/28/2007 4800000078 78780339

b. Deposit Account Number 23-0925

Authorized User Name Wells St. John P.S.

**9. Signature:**

Signature

Date

Mark W. Hendricksen

Name of Person Signing

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

4

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

TRADEMARK  
REEL: 003671 FRAME: 0101

**SUBORDINATION AGREEMENT**

This Subordination Agreement (this "Agreement") is made effective July 9, 2007, by **NORTHWEST FARM CREDIT SERVICES, PCA** ("PCA") for the purpose of establishing lien priority for loans with common collateral, as described below.

**RECITALS**

**WHEREAS**, PCA is the holder of a loan to Waterbrook Winery, Inc., a Washington corporation ("Waterbrook"), designated as Loan No. 54029-241, evidenced as follows:

Note dated February 14, 2007, in the face amount of \$2,600,000.00 and secured by a Security Agreement and License of Intellectual Property dated February 14, 2007, recorded with the United States Patent and Trademark Office on February 27, 2007, in Reel 003495, page 0630, and also secured by a General Business Security Agreement dated February 14, 2007, evidenced by a UCC-1 Financing Statement filed on February 21, 2007, as filing No. 2007-052-1794-3, with the Department of Licensing, Washington, covering in whole or in part the property described in Exhibit A attached hereto and incorporated herein by this reference (the "Property").

**WHEREAS**, Precept Brands LLC ("Borrower") has applied for a loan from PCA to be designated as Loan No. 54721-811 and evidenced as follows:

Note dated July 6, 2007, in the face amount of \$15,000,000.00 and secured by a Security Agreement and License of Intellectual Property dated July 6, 2007, recorded with the United States Patent and Trademark Office on September 19, 2007, in Reel 003628, Page 0466-0490, and also secured by a General Business Security Agreement dated July 6, 2007, evidenced by a UCC-1 Financing Statement filed on July 18, 2007, as filing No. 2007-199-6199-3, with the Department of Licensing, Washington, covering in whole or in part the Property.

**NOW, THEREFORE**, in consideration of PCA making Loan No. 54721-811 to Borrower, PCA agrees as follows:

PCA's interest in the Property under Waterbrook's Loan No. 54029-241 is subordinate to PCA's interest in the Property under Borrower's Loan No. 54721-811, and any and all subsequent loans made by PCA to Borrower, including all interest, advances or charges made or accruing under all such loans (together, the "Senior Debt").

In the event Borrower shall default in the obligations to PCA under the Senior Debt prior to satisfaction of Waterbrook's Loan No. 54029-241, the proceeds from any foreclosure sale, less expenses of the sale, shall be distributed first to the Senior Debt, with the balance of the proceeds, if any, distributed to Waterbrook's Loan No. 54029-241.

This Agreement does not affect Lender's right to enforce any Loan documents, for either Waterbrook's Loan No. 54029-241 or the Senior Debt, in accordance with their terms and this Agreement and does not alter the relative priority of liens on any collateral other than the Property.

This Agreement shall be for the benefit of and binding upon the heirs, personal representatives, successors and assigns of all parties to this Agreement.

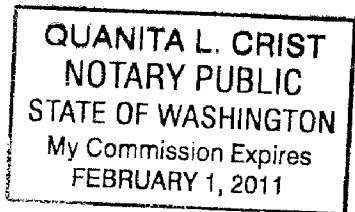
In Witness Whereof, PCA has caused this Agreement to be duly executed as of the date hereinabove first set forth.

**NORTHWEST FARM CREDIT SERVICES, PCA**

By: Ken Ballard  
Authorized Agent

STATE OF Washington )  
 ) ss.  
County of Franklin )

On this 1<sup>st</sup> day of November, 2007, before me personally appeared Ken Ballard, known to me to be an authorized agent of Northwest Farm Credit Services, PCA, the association that executed the within instrument, and acknowledged to me that such association executed the same as its free act and deed; and on oath stated that he/she was authorized to executed said instrument.



Quanita Crist  
Notary Public for the State of Washington  
Residing at Kennewick  
My commission expires 2/1/2011  
Printed Name Quanita Crist

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**SUBORDINATION AGREEMENT - 2**  
**Precept Brands LLC; Customer No. 54721**

**EXHIBIT A TO  
SUBORDINATION AGREEMENT**

**TRADEMARKS**

**WATERBROOK      U.S. Trademark Registration No. 3,132,567**

**WB                      U.S. Trademark Application No. 78/700339**

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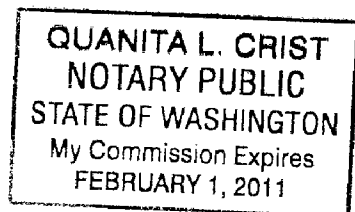
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**NORTHWEST FARM CREDIT SERVICES, PCA**

By: Ken Ballard  
Authorized Agent

STATE OF Washington )  
 ) ss.  
County of Franklin )

On this 1<sup>st</sup> day of November, 2007, before me personally appeared Ken Ballard, known to me to be an authorized agent of Northwest Farm Credit Services, PCA, the association that executed the within instrument, and acknowledged to me that such association executed the same as its free act and deed; and on oath stated that he/she was authorized to executed said instrument.



Quanita Crist  
Notary Public for the State of Washington  
Residing at Kennewick  
My commission expires 2/1/2011  
Printed Name Quanita Crist

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**SUBORDINATION AGREEMENT - 2**  
**Precept Brands LLC; Customer No. 54721**

**TRADEMARK**  
**REEL: 003671 FRAME: 0106**

**EXHIBIT A TO  
SUBORDINATION AGREEMENT**

**TRADEMARKS**

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**WB                      U.S. Trademark Application No. 78/700339**

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