

TRADEMARK ASSIGNMENT

Electronic Version v1.1
 Stylesheet Version v1.1

SUBMISSION TYPE:	NEW ASSIGNMENT		
NATURE OF CONVEYANCE:	SECURITY INTEREST		
CONVEYING PARTY DATA			
Name	Formerly	Execution Date	Entity Type
Kivati Software, LLC		05/29/2008	LIMITED LIABILITY COMPANY: WASHINGTON
RECEIVING PARTY DATA			
Name:	Aequitas Commercial Finance, LLC		
Street Address:	5300 Meadows Road		
Internal Address:	Suite 400		
City:	Lake Oswego		
State/Country:	OREGON		
Postal Code:	97035		
Entity Type:	LIMITED LIABILITY COMPANY: OREGON		
PROPERTY NUMBERS Total: 4			
Property Type	Number	Word Mark	
Serial Number:	77444907	KIVATI	
Serial Number:	77445157	KIVATI SERVER	
Serial Number:	77445116	KIVATI STUDIO	
Serial Number:	77444991	VA	
CORRESPONDENCE DATA			
Fax Number:	(503)220-2480		
	<i>Correspondence will be sent via US Mail when the fax attempt is unsuccessful.</i>		
Phone:	(503) 294-9523		
Email:	pphartigan@stoel.com		
Correspondent Name:	Matti Neustadt-Storie/Stoel Rives LLP		
Address Line 1:	900 SW Fifth Avenue		
Address Line 2:	Suite 2600		
Address Line 4:	Portland, OREGON 97204		
ATTORNEY DOCKET NUMBER:	66369-7		

OP \$115.00 77444907

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TRADEMARK
REEL: 003818 FRAME: 0372

NAME OF SUBMITTER:	Patrick P. Hartigan/SR Paralegal
Signature:	/Patrick P. Hartigan/
Date:	07/17/2008

Total Attachments: 11

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SECURITY AGREEMENT

BORROWER: Kivatl Software, LLC
10900 NE 4th Street, Suite 2110
Bellevue, WA 98004
Telephone: (425) 467-9191

SECURED PARTY: Aequitas Commercial Finance, LLC
5300 Meadows Road, Suite 400
Lake Oswego, Oregon 97035
Telephone: (503) 419-3500

GRANTOR: Kivatl Software, LLC
10900 NE 4th Street, Suite 2110
Bellevue, WA 98004
Telephone: (425) 467-9191

THIS SECURITY AGREEMENT is entered into and made effective as of May 29, 2008 by and between Kivatl Software, LLC, a Washington limited liability company (the "Company" or "Grantor"), and Aequitas Commercial Finance, LLC, an Oregon limited liability company ("Secured Party").

SIMULTANEOUSLY ON THE DATE HEREOF, the Company, as borrower, and Secured Party, as lender, have entered into that certain Business Loan Agreement, of even date herewith (the "Loan Agreement") pursuant to which the Company has borrowed from Secured Party and has issued to Secured Party the Note, and this Agreement is subject to all of the terms thereof. Capitalized terms used herein which are not otherwise defined, if any, shall have the meanings ascribed to them in the Loan Agreement.

1. **GRANT OF SECURITY INTEREST.** For valuable consideration, Grantor grants to Secured Party a second priority lien on and security interest in all of its right, title and interest in and to the Collateral to secure the timely payment of the indebtedness and the punctual performance of Grantor's obligations under the Loan Agreement, the Note and the Related Documents, subject only to the lien of Silicon Valley Bank in respect of the SVB Loan, and agrees that Secured Party shall have the rights stated in this Agreement with respect to Collateral, in addition to all other rights which Secured Party may have by law.

2. **COLLATERAL DESCRIPTION.** The word "Collateral" as used in this Agreement means the following described property, whether now owned or hereafter acquired, whether now existing or hereafter arising, and wherever located, in which Grantor is giving to Secured Party a security interest for the payment of the indebtedness and performance of all other obligations under the Note, this Agreement and the Related Documents.

All goods, equipment, inventory, contract rights or rights to payment of money, leases, license agreements, franchise agreements, general intangibles (including payment intangibles) accounts (including health-care receivables), documents, instruments (including any promissory notes), chattel paper (whether tangible or electronic), cash, deposit accounts, fixtures, letters of credit rights (whether or not the letter of credit is evidence by a writing), commercial tort claims, securities, and all other investment property, supporting obligations, and financial assets, whether now owned or hereafter acquired, wherever located; and any copyright rights, copyright applications, copyright registrations and like protections in each work of authorship and derivative work, whether published or unpublished, now owned or later acquired; any patents, trademarks, service marks and applications therefor; trade styles, trade names, any trade secret rights, including any rights to unpatented inventions, know-how, operating manuals, license rights and agreements and confidential information, now owned or hereafter acquired; or any claims for damages by way of any past, present and future infringement of any of the foregoing.

In addition, the word "Collateral" also includes all the following, whether now owned or hereafter acquired, whether now existing or hereafter arising, and wherever located.

- a) All accessions, attachments, accessories, tools, parts, supplies, replacements of and additions to any of the collateral described herein, whether added now or later.
- b) All products and produce of any of the property described in this Collateral section.

- c) All accounts, general intangibles, instruments, rents, monies, payments and all other rights, arising out of a sale, lease or other disposition of any of the Collateral.
- d) All proceeds (including insurance proceeds) from the sale, destruction, loss or other disposition of any of the property described in this Collateral section, and sums due from a third party who has damaged or destroyed the Collateral or from the party's insurer, whether due to judgment, settlement or other process.
- e) All records and data relating to any of the property described in this Collateral section, whether in the form of a writing, photograph, microfilm, microfiche or electronic media, together with all of Grantor's right, title and interest in and to all computer software required to utilize, create, maintain and process any such records or data on electronic media.

3. CROSS-COLLATERALIZATION; FUTURE ADVANCES. In addition to all obligations under the Loan Agreement and the Note, this Agreement secures all obligations, debts and liabilities, plus interest thereon, of Grantor to Secured Party (or an affiliate of Secured Party), as well as all claims by Secured Party (or an affiliate of Secured Party) against Grantor, whether now existing or hereafter arising, whether related or unrelated to the purpose of the Loan Agreement or the Note, whether voluntary or otherwise, whether due or not due, direct or indirect, determined or undetermined, absolute or contingent, liquidated or unliquidated whether Grantor may be liable individually or jointly with others, whether obligated as guarantor, surety, accommodation party or otherwise, and whether recovery upon such amounts may be or hereafter barred by any statute of limitations, and whether the obligation to repay such amounts may be or hereafter may become otherwise unenforceable. In addition to all obligations under the Loan Agreement and the Note, this Agreement secures all future advances made by Secured Party to the Company and Grantor regardless of whether the advances are made (i) pursuant to a commitment, or (ii) for the same purposes.

4. GRANTOR'S REPRESENTATIONS AND WARRANTIES WITH RESPECT TO THE COLLATERAL. With respect to the Collateral, Grantor represents and promises to Secured Party that:

- a) **Perfection of Security Interest.** Grantor authorizes Secured Party to file one or more financing statements and such other documents as Secured Party may require and to take whatever other actions are requested by Secured Party to perfect and continue Secured Party's security interest in the Collateral. Upon request of Secured Party, Grantor will deliver to Secured Party any and all of the documents evidencing or constituting the Collateral, and will note Secured Party's interest upon any and all chattel paper if not delivered to Secured Party for possession by Secured Party. Grantor hereby appoints Secured Party as its irrevocable attorney-in-fact for the purpose of executing any documents necessary to perfect or to continue the security interest granted in this Agreement. Secured Party may at any time, and without further authorization from Grantor, file a carbon, photographic or other reproduction of any financing statement or of this Agreement for use as a financing statement. Grantor will reimburse Secured Party for all reasonable expenses for the perfection and the continuation of the perfection of Secured Party's security interest in such Grantor's Collateral. This is a continuing Security Agreement and will continue in effect even though all or any part of the indebtedness is paid in full and even though for a period of time Borrower or any Grantor may not be indebted to Secured Party. It shall be the sole responsibility of Secured Party to make all filings in the appropriate jurisdiction in order to perfect Secured Party's interest.
- b) **Notices to Secured Party.** Grantor will promptly notify Secured Party in writing at Secured Party's address shown above (or such other addresses as Secured Party may designate from time to time) prior to any (1) change in its name; (2) change in its assumed business name(s); (3) change in its management or, if such Grantor is a limited liability company, in its members or managers; (4) change in the authorized signer(s); (5) change in its principal office address; (6) change in its the state of organization; (7) conversion of such Grantor to a new or different type of business entity; or (8) change in any other aspect of such Grantor that directly or indirectly relates to any agreements between Grantor and Secured Party. No change in any Grantor's name or state of organization will take effect until after Secured Party has received notice.
- c) **No Violation.** The execution and delivery of this Agreement will not violate any law or agreement governing such Grantor or to which such Grantor is a party, and its certificate of formation, limited liability company agreement or other organizational documents do not prohibit any term or condition of this Agreement.
- d) **Enforceability of Collateral.** To the extent Collateral consists of accounts, chattel paper or general intangibles, as defined by the Uniform Commercial Code, the Collateral is enforceable in accordance with its terms, is genuine, and fully complies with all applicable laws and regulations concerning form, content and manner of preparation and execution, and all persons appearing to be obligated on the Collateral have authority and capacity to contract and are in fact obligated as they appear to be on the Collateral. At the

time any Account becomes subject to a security interest in favor of Secured Party, the Accounts shall be a good and valid account representing an undisputed, bona fide indebtedness incurred by the account debtor, for merchandise held subject to delivery instructions or previously shipped or delivered pursuant to a contract of sale, or for services previously performed by Grantor with or for the account debtor. So long as this Agreement remains in effect, Grantor shall not, without Secured Party's prior written consent, compromise, settle, adjust or extend payment under or with regard to any such Accounts. There shall be no setoffs, recoupment, or counterclaims against any of the Collateral, and no agreement shall have been made under which any deductions or discounts may be claimed concerning the Collateral except those disclosed to Secured Party in writing.

- e) **Location of the Collateral.** Except in the ordinary course of Grantor's business, Grantor agrees to keep the Collateral (or to the extent the Collateral consists of intangible property such as accounts or general intangibles, the records concerning the Collateral) at its address shown above or at such other locations as are acceptable to Secured Party. Upon Secured Party's request, Grantor will deliver to Secured Party in form satisfactory to Secured Party a schedule of real properties and Collateral locations relating to Grantor's operations, including without limitation the following: (1) all real property Grantor owns or is purchasing; (2) all real property Grantor is renting or leasing; (3) all storage facilities Grantor owns, rents, leases or uses; and (4) all other properties where Collateral is or may be located.
- f) **Removal of the Collateral.** Except in the ordinary course of Grantor's business, including the sales of inventory, Grantor shall not remove the Collateral from its existing location without Secured Party's prior written consent. To the extent that the Collateral consists of vehicles or other titled property, Grantor shall not take or permit any action which would require application for certificates of title for the vehicles outside the State of Washington or the State of Oregon without Secured Party's prior written consent. Grantor shall, whenever requested, advise Secured Party of the exact location of the Collateral.
- g) **Transactions Involving Collateral.** Except for inventory sold or accounts collected in the ordinary course of Grantor's business, or as otherwise provided for in this Agreement, Grantor shall not sell, offer to sell, or otherwise transfer or dispose of the Collateral. While Grantor is not in default under this Agreement, it may sell inventory, but only in the ordinary course of its business and only to buyers who qualify as a buyer in the ordinary course of business. A sale of inventory in the ordinary course of Grantor's business does not include a transfer in partial or total satisfaction of a debt or any bulk sale. Grantor shall not pledge, mortgage, encumber or otherwise permit the Collateral to be subject to any lien, security interest, encumbrance or charge, other than the security interest provided for in this Agreement or Permitted Liens (as defined in the Loan Agreement), without the prior written consent of Secured Party. This includes security interests even if junior in right to the security interests granted under this Agreement. Unless waived by Secured Party, all proceeds from any disposition of the Collateral (for whatever reason) shall be held in trust for Secured Party and shall not be commingled with any other funds; provided, however, that this requirement shall not constitute consent by Secured Party to any sale or other disposition. Upon receipt, Grantor shall immediately deliver any such proceeds to Secured Party.
- h) **Title.** Grantor represents and warrants to Secured Party that it holds good and marketable title to the Collateral, free and clear of all liens and encumbrances except for the lien of this Agreement and Permitted Liens (as defined in the Loan Agreement). No financing statement covering any of the Collateral is on file in any public office other than those which reflect the security interest created by this Agreement or to which Secured Party has specifically consented. Grantor shall defend Secured Party's rights in the Collateral against the claims and demands of all other persons.
- i) **Repairs and Maintenance.** Grantor agrees to keep and maintain, and to cause others to keep and maintain, the Collateral in good order, repair and condition at all times while this Agreement remains in effect. Grantor further agrees to pay when due all claims for work done on, or services rendered or material furnished in connection with the Collateral so that no lien or encumbrance may ever attach to or be filed against the Collateral.
- j) **Inspection of Collateral.** With two (2) days' prior written notice from Secured Party, Secured Party and Secured Party's designated representatives and agents shall have the right at all reasonable times to examine and inspect the Collateral wherever located.
- k) **Taxes, Assessments and Liens.** Grantor will pay when due all taxes, assessments and liens upon the Collateral, its use or operation, upon this Agreement, upon any promissory note or notes evidencing the indebtedness, or upon any other of the Related Documents. Grantor may withhold any such payment or may elect to contest any lien if it is in good faith conducting an appropriate proceeding to contest the

obligation to pay and so long as Secured Party's interest in the Collateral is not jeopardized in Secured Party's sole opinion. If the Collateral is subjected to a lien which is not discharged within fifteen (15) days, Grantor shall deposit with Secured Party cash, a sufficient corporate surety bond or other security satisfactory to Secured Party in an amount adequate to provide for the discharge of any lien plus any interest, costs, attorneys' fees or other charges that could accrue as a result of foreclosure or sale of the Collateral. In any contest Grantor shall defend itself and Secured Party and shall satisfy any final adverse judgment before enforcement against the Collateral. Grantor shall name Secured Party as an additional obligee under any surety bond furnished in the contest proceedings. Grantor further agrees to furnish Secured Party with evidence that such taxes, assessments, and governmental and other charges have been paid in full and in a timely manner. Grantor may withhold any such payment or may elect to contest any lien if it is in good faith conducting any appropriate proceeding to contest the obligation to pay and so long as Secured Party's interest in the Collateral is not jeopardized.

- l) **Compliance with Governmental Regulations.** Grantor shall comply promptly with all laws, ordinances, rules and regulations of all governmental authorities, now or hereafter in effect, applicable to the ownership, production, disposition, or use of the Collateral, including all laws or regulations relating to the undue erosion of highly-erodible land or relating to the conversion of wetlands for the production of an agricultural product or commodity. Grantor may contest in good faith any such law, ordinance or regulation and withhold compliance during any proceeding, including appropriate appeals, so long as Secured Party's interest in the Collateral, in Secured Party's sole opinion, is not jeopardized.
- m) **Hazardous Substances.** Grantor represents and warrants that the Collateral never has been, and never will be so long as this Agreement remains a lien on the Collateral, used in violation of any Environmental Laws or for the generation, manufacture, storage, transportation, treatment, disposal, release or threatened release of a Hazardous Substance. The representations and warranties contained herein are based on Grantor's due diligence in investigating the Collateral for Hazardous Substances. Grantor hereby (1) releases and waives any future claims against Secured Party for indemnity or contribution in the event Grantor becomes liable for cleanup or other costs under any Environmental Laws, and (2) agrees to indemnify and hold harmless Secured Party against any and all claims and losses resulting from a breach of this provision of this Agreement. This obligation to indemnify shall survive the payment of the Indebtedness and the satisfaction of this Agreement.
- n) **Maintenance of Casualty Insurance.** Grantor shall procure and maintain all risk insurance, including without limitation fire, theft and liability coverage together with such other insurance as Secured Party may reasonably require with respect to the Collateral, in form, amounts, coverages and basis reasonably acceptable to Secured Party and issued by a company or companies reasonably acceptable to Secured Party. Grantor, upon request of Secured Party, will deliver to Secured Party from time to time the policies or certificates of insurance in form satisfactory to Secured Party, including stipulations that coverages will not be cancelled or diminished without at least thirty (30) days' prior written notice to Secured Party and not including any disclaimer of the insurer's liability for failure to give such a notice. Each insurance policy also shall include an endorsement providing that coverage in favor of Secured Party will not be impaired in any way by any act, omission or default of Grantor or any other person. In connection with all policies covering assets in which Secured Party holds or is offered a security interest, Grantor will provide Secured Party with such loss payable or other endorsements as Secured Party may require. If Grantor at any time fails to obtain or maintain any insurance as required under this Agreement, Secured Party may (but shall not be obligated to) obtain such insurance as Secured Party deems appropriate, including if Secured Party so chooses "single interest insurance," which will cover only Secured Party's interest in the Collateral.
- o) **Application of Insurance Proceeds.** Grantor shall promptly notify Secured Party of any loss or damage to the Collateral. Secured Party may make proof of loss if Grantor fails to do so within fifteen (15) days of the casualty. All proceeds of any insurance on the Collateral, including accrued proceeds thereon, shall be held by Secured Party as part of the Collateral. If Secured Party consents to repair or replacement of the damaged or destroyed Collateral, Secured Party shall, upon satisfactory proof of expenditure, pay or reimburse Grantor from the proceeds for the reasonable cost of repair or restoration. If Secured Party does not consent to repair or replacement of the Collateral, Secured Party shall retain a sufficient amount of the proceeds to pay all of the Indebtedness, and shall pay the balance to Grantor. Any proceeds which have not been disbursed within six (6) months after their receipt and which Grantor has not committed to the repair or restoration of the Collateral shall be used to prepay the Indebtedness.
- p) **Insurance Reserves.** Secured Party may require Grantor to maintain with Secured Party reserves for payment of insurance premiums, which reserves shall be created by monthly payments from Grantor of a sum estimated by Secured Party to be sufficient to produce, at least fifteen (15) days before the premium

due date, amounts at least equal to the insurance premiums to be paid. If fifteen (15) days before payment is due, the reserve funds are insufficient, Grantor shall upon demand pay any deficiency to Secured Party. The reserve funds shall be held by Secured Party as a general deposit and shall constitute a non-interest bearing account which Secured Party may satisfy by payment of the insurance premiums required to be paid by Grantor as they become due. Secured Party does not hold the reserves funds in trust for Grantor, and Secured Party is not the agent of Grantor for payment of the insurance premiums required to be paid by Grantor. The responsibility for the payment of premiums shall remain Grantor's sole responsibility.

- q) **Insurance Reports.** Grantor, upon request of Secured Party, shall furnish to Secured Party reports on each existing policy of insurance showing such information as Secured Party may reasonably request including the following: (1) the name of the insurer; (2) the risk insured; (3) the amount of the policy; (4) the property insured; (5) then current value of the basis of which insurance has been obtained and the manner of determining that value; and (6) the expiration date of the policy. In addition, Grantor shall upon request by Secured Party (however not more often than annually) have an independent appraiser satisfactory to Secured Party determine, as applicable, the cash value or replacement cost of the Collateral.

WARNING

Unless Grantor provides Secured Party with evidence of the insurance coverage as required herein, Secured Party may purchase insurance at Grantor's expense to protect Secured Party's interest. This insurance may, but need not, also protect Grantor's interest. If the Collateral becomes damaged, the coverage Secured Party purchases may not pay any claim Grantor makes or any claim made against Grantor. Grantor may later cancel this coverage by providing evidence that Grantor has obtained property coverage elsewhere.

Grantor is responsible for the cost of any insurance purchased by Secured Party. The cost of this insurance may be added to the Note balances. If the cost is added to the Note balances, the interest rate on the Notes will apply to this added amount. The effective date of coverage may be the date Grantor's prior coverage lapsed or the date Grantor failed to provide proof of coverage.

The coverage Secured Party purchases may be considerably more expensive than insurance Grantor can obtain on Grantor's own and may not satisfy any need for property damage coverage or any mandatory liability insurance requirements imposed by applicable law.

5. BORROWER'S RIGHT TO POSSESSION AND TO COLLECT ACCOUNTS. Until default and except as otherwise provided below with respect to accounts and above in the paragraph titled "Transactions Involving Collateral", Grantor may have possession of the tangible personal property and beneficial use of all the Collateral and may use it in any lawful manner not inconsistent with this Agreement or the Related Documents, provided that Grantor's right to possession and beneficial use shall not apply to any collateral where possession of the Collateral by Secured Party is required by law to perfect Secured Party's security interest in such Collateral. Unless otherwise notified by Secured Party, Grantor may collect any of the Collateral consisting of accounts. At any time and even though no Event of Default exists, Secured Party may exercise its rights to collect the accounts and to notify account debtors to make payments directly to Secured Party for the application to the Indebtedness. If Secured Party at any time has possession of any Collateral, whether before or after an Event of Default, Secured Party shall be deemed to have exercised reasonable care in the custody and preservation of the Collateral if Secured Party take such action for that purpose as Grantor shall request or as Secured Party, in Secured Party's sole discretion, shall deem appropriate under the circumstances, but failure to honor any request by Grantor shall not itself be deemed to be a failure to exercise reasonable care. Secured Party shall not be required to take any steps necessary to preserve any rights in the Collateral against prior parties, nor to protect, preserve or maintain any security interest given to secure the Indebtedness.

6. LENDER'S EXPENDITURES. If any action or proceeding is commenced that would materially affect Secured Party's interest in the Collateral or if Grantor fails to comply with any provision of this Agreement or any Related Documents, including but not limited to Grantor's failure to discharge or pay when due any amounts Grantor is required to discharge or pay under this Agreement or any Related Documents, Secured Party on Grantor's behalf may (but shall not be obligated to) take any action that Secured Party deems appropriate, including but not limited to discharging and paying all taxes, liens, security interests, encumbrances and other claims, at any time levied or placed on the Collateral and paying all costs for insuring, maintaining and preserving the Collateral. All such expenditures incurred or paid by Secured Party for such purposes will then bear interest at the rate charged under

the Note from the date incurred or paid by Secured Party to the date of repayment by Grantor. All such expenses will become a part of the Indebtedness and, at Secured Party's option, will (A) be payable on demand; (B) be added to the balance of the Note and be apportioned among and be payable with any installment payments to become due during either (1) the term of any applicable insurance policy; or (2) the remaining term of the Note; or (3) be treated as a balloon payment which will be due and payable at the Note's maturity. The Agreement also will secure payment of these amounts. Such right shall be in addition to all other rights and remedies to which Secured Party may be entitled upon Default.

7. PREFERENCE PAYMENTS. Any monies Secured Party pays because of an asserted preference in Grantor's bankruptcy will become a part of the Indebtedness and, at Secured Party's option, shall be payable by Grantor as provided in this Agreement.

8. DEFAULT. An Event of Default under the Loan Agreement shall constitute an Event of Default under this Agreement.

9. RIGHTS AND REMEDIES ON DEFAULT. If an Event of Default occurs under this Agreement, the Loan Agreement or any other Related Document, at any time thereafter, Secured Party shall have all the rights of a secured party under the Oregon Uniform Commercial Code. In addition, and without limitation, Secured Party may exercise any one or more of the following rights and remedies:

- a) **Accelerate Indebtedness.** Secured Party may declare the entire Indebtedness, including any prepayment charge which Borrower would be required to pay, immediately due and payable, without notice of any kind to Borrower or any Grantor. In the case of an Event of Default of the type described in the "Insolvency" subsection above, such acceleration shall be automatic and not optional.
- b) **Assemble Collateral.** Secured Party may require any Grantor to deliver to Secured Party all or any portion of the Collateral and any and all certificates of title and other documents relating to the Collateral. Secured Party may require any Grantor to assemble the Collateral and make it available to Secured Party at a place to be designated by Secured Party. Secured Party also shall have full power to enter upon the property of any Grantor to take possession of and remove the Collateral. If the Collateral contains other goods not covered by this Agreement at the time of repossession, Grantor agrees Secured Party may take such other goods, provided that Secured Party makes reasonable efforts to return them to such Grantor after repossession.
- c) **Sell the Collateral.** Secured Party shall have full power to sell, lease, transfer or otherwise deal with the Collateral or proceeds thereof in Secured Party's own name or that of Grantor. Secured Party may sell the Collateral at public auction or private sale. Unless the Collateral threatens to decline speedily in value or is of a type customarily sold on a recognized market, Secured Party will give Grantor, and other persons as required by law, reasonable notice of the time and place of any public sale, or the time after which any private sale or any other disposition of the Collateral are to be made. However, no notice need be provided to any person who, after an Event of Default occurs, enters into and authenticates an agreement waiving that person's right to notification of sale. The requirements of reasonable notice shall be met if such notice is given at least ten (10) days before the time of the sale or disposition. All expenses relating to the disposition of the Collateral, including without limitation the expenses of retaking, holding, insuring, preparing, for sale and selling the Collateral, shall become a part of the Indebtedness secured by this Agreement and shall be payable on demand, with interest at the Note rate from the date of expenditure until repaid.
- d) **Appoint Receiver.** Secured Party shall have the right to have a receiver appointed to take possession of all or any part of the Collateral, with the power to protect and preserve the Collateral, to operate the Collateral preceding foreclosure or sale, and to collect the rents from the Collateral and apply the proceeds, over and above the cost of the receivership, against the Indebtedness. The receiver may serve without bond if permitted by law. Secured Party's right to the appointment of a receiver shall exist whether or not the apparent value of the Collateral exceeds the Indebtedness by a substantial amount. Employment by Secured Party shall not disqualify a person from serving as a receiver.
- e) **Collect Revenues, Apply Accounts.** Secured Party, either itself or through a receiver, may collect the payments, rents, income and revenues from the Collateral. Secured Party may at any time in Secured Party's discretion transfer any Collateral into Secured Party's own name or that of Secured Party's nominee and receive the payments, rents, income and revenues therefrom and hold the same as security for the Indebtedness or apply it to payment of the Indebtedness in such order of preference as Secured Party may determine. Insofar as the Collateral consists of accounts, general intangibles, insurance policies,

instruments, chattel paper, choses in action or similar property, Secured Party may demand, collect, receipt for, settle, compromise, adjust, sue for, foreclose or realize on the Collateral as Secured Party may determine, whether or not Indebtedness or Collateral is then due. For these purposes, Secured Party may, on behalf of and in the name of Grantor, receive, open and dispose of mail addressed to Grantor; change any address to which mail and payments are to be sent; and endorse notes, checks, drafts, money orders, documents of title, instruments and items pertaining to payment, shipment, or storage of any Collateral. To facilitate collection, Secured Party may notify account debtors and obligors on any Collateral to make payments directly to Secured Party.

- f) **Obtain Deficiency.** If Secured Party chooses to sell any or all of the Collateral, Secured Party may obtain a judgment against Grantor for any deficiency remaining on the Indebtedness due to Secured Party after application of all amounts received from the exercise of the rights provided in this Agreement. Grantor shall be liable for a deficiency even if the transaction described in this subsection is a sale of accounts or chattel paper.
- g) **Other Rights and Remedies.** Secured Party shall have all the rights and remedies of a secured creditor under the provisions of the Uniform Commercial Code, as may be amended from time to time. In addition, Secured Party shall have and may exercise any or all other rights and remedies it may have available at law, in equity, or otherwise.
- h) **Election of Remedies.** Except as may be prohibited by applicable law, all of Secured Party's rights and remedies, whether evidenced by this Agreement, the Related Documents, or by any other writing, shall be cumulative and may be exercised singularly or concurrently. Election by Secured Party to pursue any remedy shall not exclude pursuit of any other remedy, and an election to make expenditures or to take action to perform an obligation of Grantor under this Agreement, after Grantor's failure to perform, shall not affect Secured Party's right to declare a default and exercise its remedies.

10. **MISCELLANEOUS PROVISIONS.** The following miscellaneous provisions are a part of this Agreement:

- a) **Amendments.** This Agreement, together with any Related Documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Agreement. No alteration of or amendment to this Agreement shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.
- b) **Attorneys' Fees; Expenses.** Grantor agrees to pay upon demand all of Secured Party's reasonable costs and expenses, including Secured Party's attorneys' fees and Secured Party's legal expenses, incurred in connection with the enforcement of this Agreement. Secured Party may hire or pay someone else to help collect this Agreement, and Grantor shall pay the costs and expenses of such enforcement. This includes, subject to any limits under applicable law, Secured Party attorneys' fees (including fees of in-house counsel) and Secured Party's legal expenses, whether or not there is a lawsuit, including attorneys' fees, expenses for arbitration or bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), and appeals. If not prohibited by applicable law, Grantor also will pay any court costs, in addition to all other sums provided by law.
- c) **Caption Headings.** Caption headings in this Agreement are for convenience purposes only and are not to be used to interpret or define the provisions of this Agreement.
- d) **Assignments.** Grantor acknowledges that Secured Party may sell and assign Borrower's interest in the Indebtedness, the payments due under the Loan Agreement, the Note, and any Related Documents, and the Collateral, in whole or in part, or sell participations therein, to an assignee (the "Assignee") which may be represented by a bank or trust company acting as a trustee of such Assignee. GRANTOR ACKNOWLEDGES THAT ANY ASSIGNMENT OR TRANSFER BY LENDER OR ANY ASSIGNEE SHALL NOT MATERIALLY CHANGE ANY GRANTOR'S OBLIGATIONS UNDER THIS AGREEMENT. Any Assignee shall be entitled to enforce all the rights so assigned but be under no obligation to Grantors to perform any of Secured Party's obligations under this Agreement, the sole remedy of Grantor being against Secured Party with Grantor's right against Secured Party being unaffected except as provided herein. Grantor agrees that upon notice of assignment of the Indebtedness, they shall pay directly to the Assignee, unconditionally, all amounts which become due hereunder. Grantor specifically covenant and agree that it will not assert against any Assignee any claims by way of abatement, defense, set-off, counterclaim, recoupment or otherwise which Grantor may have against Secured Party or any third party, and GRANTOR SHALL NOT ASSERT AGAINST SUCH ASSIGNEE IN ANY ACTION FOR PAYMENTS OR OTHER MONEYS PAYABLE HEREUNDER ANY DEFENSE EXCEPT THE DEFENSE OF PAYMENT TO SUCH

ASSIGNEE. Upon Secured Party's request, Grantor will acknowledge to any assignee receipt of Secured Party's notice of assignment.

- e) **GOVERNING LAW.** This Agreement will be governed by, construed and enforced in accordance with the substantive laws of the State of Oregon, without reference to its conflicts of law provisions. This Agreement has been accepted by Secured Party in the State of Oregon. If there is a lawsuit relating to this Security Agreement, the parties agree to submit to the jurisdiction of the courts of Multnomah County, Oregon.
- f) **No Waiver by Secured Party.** Secured Party shall not be deemed to have waived any rights under this Agreement unless such waiver is given in writing and signed by Secured Party. No delay or omission on the part of Secured Party in exercising any right shall operate as a waiver of such right or any other right. A waiver by Secured Party of a provision of this Agreement shall not prejudice or constitute a waiver of Secured Party's right otherwise to demand strict compliance with that provision or any other provision of this Agreement. No prior waiver by Secured Party, nor any course of dealing between Secured Party and any Grantor shall constitute a waiver of any of Secured Party's rights or of any of Grantor's obligations as to any future transactions. Whenever the consent of Secured Party is required under this Agreement, the granting of such consent by Secured Party in any instance shall not constitute continuing consent to subsequent instances where such consent is required and in all cases such consent may be granted or withheld in the sole discretion of Secured Party.
- g) **Notices.** Any notice required to be given under the Agreement shall be given in writing, and shall be effective when actually delivered, when deposited with a reputable overnight courier for next business day delivery, or, if mailed, when deposited in the United States mail, as first class, certified or registered mail with postage prepaid, directed to the addresses shown near the beginning of this Agreement. Any party may change its address for notices under this Agreement by giving formal written notice to the other parties, specifying that the purpose of the notice is to change the party's address. Unless otherwise provided or required by law, if there is more than one Grantor, any notice given by Secured Party to any Grantor is deemed to be notice given to Grantor.
- h) **Severability.** If a court of competent jurisdiction finds any provision of this Agreement to be illegal, invalid, or unenforceable as to any circumstance, that finding shall not make the offending provision illegal, invalid, or unenforceable as to any other circumstance. If feasible, the offending provision shall be considered modified so that it becomes legal, valid, and enforceable. If the offending provision cannot be so modified, it shall be considered deleted from this Agreement. Unless otherwise required by law, the illegality, invalidity, or unenforceability of any provision of this Agreement shall not affect the legality, validity or enforceability of any other provision of this Agreement.
- i) **Waiver of Co-Obligor's Rights.** If more than one person is obligated for the Indebtedness, Grantor irrevocably waives, disclaims and relinquishes all claims against such other person which Grantor has or would otherwise have by virtue of payment of the Indebtedness or any part thereof, specifically including but not limited to all rights of indemnity, contribution or exoneration.
- j) **Successors and Assigns.** Subject to any limitations stated in this Agreement on transfer of Grantor's interest, this Agreement shall be binding upon and inure to the benefit of the parties, their successors and assigns. If ownership of the Collateral becomes vested in a person other than Grantor, Secured Party, without notice to such Grantor, may deal with such Grantor's successors with reference to this Agreement and the Indebtedness by way of forbearance or extension without releasing such Grantor from the obligations of this Agreement or liability under the Indebtedness.
- k) **Survival of Representations and Warranties.** All representations, warranties and agreements made by Grantor in this Agreement and the Related Documents shall survive the execution and delivery of this Agreement, shall be continuing in nature, and shall remain in full force and effect until such time as the Indebtedness shall be paid in full.
- l) **Time is of the Essence.** Time is of the essence in the performance of this Agreement.

11. **JURY WAIVER.** ALL PARTIES TO THIS AGREEMENT HEREBY WAIVE THE RIGHT TO ANY JURY TRIAL IN ANY ACTION, PROCEEDING OR COUNTERCLAIM BROUGHT BY ANY PARTY AGAINST ANY OTHER PARTY.

12. **DEFINITIONS.** The following capitalized words and terms shall have the following meanings when used in this Agreement. Unless specifically stated to the contrary, all references to dollar amounts shall mean amounts in lawful

money of the United States of America. Words and terms used in the singular shall include the plural, and the plural shall include the singular, as the context may require. Words and terms not otherwise defined in this Agreement shall have the meanings attributed to such terms in the Uniform Commercial Code. Accounting words and terms not otherwise defined in this Agreement shall have the meanings assigned to them in accordance with generally accepted accounting principles as in effect on the date of this Agreement:

- a) **Account.** The word "Account" means a trade account, account receivable, other receivable, or other right to payment for goods sold or services rendered owing to any Grantor.
- b) **Agreement.** The word "Agreement" means this Security Agreement, as this Security Agreement may be amended or modified from time to time, together with all exhibits and schedules attached to the Security Agreement from time to time.
- c) **Borrower.** The word "Borrower" means the person designated as such on the first page of this Agreement and all other persons and entities signing the Note in whatever capacity.
- d) **Collateral.** The word "Collateral" means all of Grantor's respective right, title and interest in and to all the Collateral as described in Section 2 of this Agreement.
- e) **Environmental Laws.** The words "Environmental Laws" mean any and all state, federal and local statutes, regulations and ordinances relating to the protection of human health or the environment, including without limitation the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, 42 U.S.C. Section 9601, et seq. ("CERCLA"), the Superfund Amendments and Reauthorization Act of 1986, Pub. L. No. 99-499 ("SARA"), the Hazardous Materials Transportation Act, 49 U.S.C. Section 1808, et seq., the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, et seq., or other applicable state or federal laws, rules, or regulations adopted pursuant thereto or intended to protect human health or the environment.
- f) **Event of Default.** The words "Event of Default" has the meaning contemplated in Section 8 of this Agreement.
- g) **Hazardous Substances.** The words "Hazardous Substances" mean materials that, because of their quality, concentration or physical, chemical or infectious characteristics, may cause or pose a present or potential hazard to human health or the environment when improperly used, treated, stored, disposed of, generated, manufactured, transported or otherwise handled. The words "Hazardous Substances" are used in their very broadest sense and include without limitation any and all hazardous or toxic substances, materials or waste as defined by or listed under the Environmental Laws. The term "Hazardous Substances" also includes, without limitation, petroleum and petroleum by-products or any fraction thereof and asbestos.
- h) **Indebtedness.** The word "Indebtedness" means the indebtedness evidenced by the Note and any Related Documents, including all principal and interest together with all other indebtedness and costs and expenses for which Borrower or any Grantor is responsible under this Agreement, the Loan Agreement, or under any of the Related Documents. The word "Indebtedness" also includes all other obligations, debts and liabilities of any Grantor to Secured Party, as well as all claims by Secured Party against any Grantor, that are now or hereafter existing, voluntary or involuntary, due or not due, absolute or contingent, liquidated or unliquidated; whether such Grantor may be liable individually or jointly with others; whether such Grantor may be obligated as a guarantor, surety or otherwise; whether recovery upon such Indebtedness may be or hereafter may become barred by any statute of limitations; and whether such Indebtedness may be or hereafter may become otherwise unenforceable.
- i) **Note.** The word "Note" means the Note dated of even date herewith made by Grantor in favor of Lender in the original principal amount of \$1,500,000, together with all renewals of, extensions of, modifications of, refinancings of, consolidations of, and substitutions for the note or credit agreement.
- j) **Property.** The word "Property" means all of Grantor's respective right, title and interest in and to all the Property as described in the "Collateral Description" section of this Agreement.
- k) **Related Documents.** The words "Related Documents" has the meaning given in the Loan Agreement.

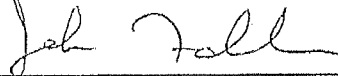
[Signature Page Follows]

GRANTOR ACKNOWLEDGES HAVING READ ALL OF THE PROVISIONS OF THIS SECURITY AGREEMENT AND HEREBY AGREES TO ITS TERMS.

BORROWER:

KIVATI SOFTWARE, LLC,
a Washington limited liability company

By: Resolute Solutions Corporation,
Its Manager

By: 

Name: John Fallou
Title: Chief Executive Officer

LENDER:

AEQUITAS COMMERCIAL FINANCE, LLC
an Oregon limited liability company

By: _____
Name: Robert J. Jesenik
Title: President

GRANTOR ACKNOWLEDGES HAVING READ ALL OF THE PROVISIONS OF THIS SECURITY AGREEMENT AND HEREBY AGREES TO ITS TERMS.

BORROWER:

KIVATI SOFTWARE, LLC,
a Washington limited liability company

By: Resolute Solutions Corporation,
Its Manager

By: _____
Name: John Fallou
Title: Chief Executive Officer

LENDER:

AEQUITAS COMMERCIAL FINANCE, LLC
an Oregon limited liability company

By: _____
Name: Robert J. Jasehik
Title: President