

## 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
The Heat Factory, Inc.		05/21/2012	CORPORATION: CALIFORNIA
Heat Company, Inc.		05/21/2012	CORPORATION: DELAWARE
RECEIVING PARTY DATA			
Name:	Quad-C Funding, LLC		
Street Address:	100 Mill Plain Road		
City:	Danbury		
State/Country:	CONNECTICUT		
Postal Code:	06811		
Entity Type:	LIMITED LIABILITY COMPANY: DELAWARE		
PROPERTY NUMBERS Total: 7			
Property Type	Number	Word Mark	
Registration Number:	3193456	HEAT CENTER	
Registration Number:	1497585	HEAT FACTORY	
Registration Number:	1802795	FEET HEAT	
Registration Number:	3187316	NEVER BE COLD AGAIN	
Registration Number:	1800065	HANDIHEAT	
Registration Number:	2064494	STAY WARM	
Registration Number:	3911352	ECO WARMER	
CORRESPONDENCE DATA			
Fax Number:	2123727449		
<i>Correspondence will be sent to the e-mail address first; if that is unsuccessful, it will be sent via US Mail.</i>			
Phone:	(212)372-7427		
Email:	rkolosky@quadcfunding.com		
Correspondent Name:	Richard Kolosky		

OP \$190.00 3193456

Address Line 1: 100 Mill Plain Road  
Address Line 4: Danbury, CONNECTICUT 06811

NAME OF SUBMITTER:	Richard J. Kolosky
Signature:	/Richard J. Kolosky/
Date:	08/24/2012

**Total Attachments: 54**

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## LOAN AND SECURITY AGREEMENT

This **LOAN AND SECURITY AGREEMENT** is entered into as of July 7, 2010 by and between **The Heat Factory, Inc.**, a California corporation ("Borrower"), and **Crossroads Financial, LLC**, a Florida limited liability company ("Lender").

### RECITALS

A. Borrower has requested that Lender provide financial accommodations to Borrower as more fully set forth herein and in the Loan Documents.

B. The Obligations will be guaranteed by Guarantors.

NOW, THEREFORE, in consideration of the premises, and intending to be legally bound hereby, the Parties hereby agree as follows:

### AGREEMENT

#### 1. Certain Definitions and Index to Definitions.

1.1 **Accounting Terms.** Unless otherwise specified herein, all accounting terms used herein shall be interpreted, all accounting determinations hereunder shall be made, and all financial statements required to be delivered hereunder shall be prepared in accordance with GAAP consistently applied.

1.2 **Definitions.** All other terms contained in this Agreement that are not specifically defined herein shall have the meanings provided in the UCC to the extent the same are used herein. All references herein to the singular or plural shall also mean the plural or the singular, respectively. As used herein, the following terms shall have the following meanings:

1.2.1 "**Advances**" - see Section 2.1.1 hereof.

1.2.2 "**Agreement**" - this Loan and Security Agreement, together with all exhibits and schedules hereto, as the same now exists or may hereafter be amended, modified, supplemented, extended, renewed, restated, or replaced.

1.2.3 "**Allowable Amount**" - the lesser of (i) the Borrowing Base less Availability Reserves and (ii) the Maximum Amount.

1.2.4 "**Availability Reserves**" - as of any date of determination, such amounts as Lender may from time to time establish and revise reducing the amount of Advances which would otherwise be available to Borrower hereunder:

(a) To reflect events, conditions, contingencies or risks which, as determined by Lender, which may affect either (i) the Collateral or any other property which is

security for the Obligations or its value, (ii) the assets, business or prospects of Borrower or any Obligor, or (iii) the security interest and other rights of Lender in the Collateral (including the enforceability, perfection and priority thereof);

(b) In the amount of any Third Party Claim, until such time as Lender has determined in good faith that the Third Party Claim is unlikely to be asserted;

(c) To reflect Lender's belief that any collateral report or financial information furnished by or on behalf of Borrower or any Obligor to Lender is or may have been incomplete, inaccurate or misleading in any material respect; or

(d) In respect of any state of facts that Lender determined constitutes an Event of Default or may, with notice or passage of time or both, constitute an Event of Default.

1.2.5 "**Avoidance Claim**" - any claim that any payment received by Lender from or for the account of Borrower or on account of any Collateral is avoidable under the United States Bankruptcy Code or any other state or federal debtor relief statute.

1.2.6 "**Borrower**" - see Preamble hereof.

1.2.7 "**Borrowing Base**" – the lower of the following, when applied to Eligible Inventory:

(a) 50% of Inventory Cost;

(b) 75% of Net Liquidation Value, not to exceed, at any time;

1.2.8 "**Borrowing Base Certificate**" - a request for an Advance, in a form acceptable to Lender.

1.2.9 "**Business Day**" - any day which is not a Saturday, Sunday, or other day on which national banks are authorized or required to be closed.

1.2.10 "**Chosen State**" - Florida.

1.2.11 "**Clearance Days**" - Five (5) Business Days.

1.2.12 "**Clearance Day Payments**" - payments received by Lender, in whatever form and from whatever source in reduction of the Obligations.

1.2.13 "**Collateral**" – All Borrower's present and future Accounts, Chattel Paper, Goods (including Inventory and Equipment), Instruments, Investment Property, Documents, and General Intangibles, Letter of Credit Rights, Commercial Tort Claims, Deposit Accounts, and the proceeds thereof.

1.2.14 **“Average Unused Portion of Maximum Amount”** - the Maximum Amount less: (a) the average Advances outstanding during the immediately preceding month; and (b) the Availability Reserves.

1.2.15 **“Collateral Management Fee”** – 0.75% per month of the Loan Account balance to compensate Lender for the cost of monitoring the Collateral.

1.2.16 **“Complete Termination”** – Complete Termination occurs upon satisfaction of the following conditions:

(a) Payment in full of all Obligations;

(b) If Lender has issued or caused to be issued guarantees, commitments to third parties or letters of credit on behalf of Borrower, acknowledgement from any beneficiaries thereof that Lender or any other issuer has no outstanding direct or contingent liability therein.

(c) Borrower has executed and delivered to Lender a general release in the form of Exhibit 1.2.16 (c) attached hereto.

1.2.17 **“Contractual Termination Date”** – The end of the Initial Term or any Renewal Term, as the case may be.

1.2.18 **“Credit Accommodation”** - any advance or other extension of credit by Lender to or on behalf of Borrower hereunder.

1.2.19 **“Default Interest Rate Spread”** – 1% per month.

1.2.20 **“Default Waiver Fee”** - \$1,000.

1.2.21 **“Early Termination Date”** – the date on which an Early Termination Event occurs.

1.2.22 **“Early Termination Event”** – the occurrence of any of the following:

(a) Termination of this Agreement by Borrower;

(b) Borrower becomes a debtor in a case filed under the United States Bankruptcy Code or any similar state proceeding;

(c) Borrower repays or is required to repay the Obligations (whether by acceleration or otherwise) prior to the next Contractual Termination Date.

1.2.23 **“Early Termination Fee”** - \$10,000 per month for each month, or portion thereof, between the Early Termination Date and the next anniversary date of this Agreement.

1.2.24 **“Eligible Inventory”** – Finished goods Inventory of Borrower which is:

- (a) Subject to Lender’s first priority, perfected security interest;
- (b) Not owned by Borrower for more than 120 days, and
- (c) Otherwise acceptable to Lender in its sole discretion.

1.2.25 **“Event of Default”** - see Section 12 hereof.

1.2.26 **“Factor”** - CSNK Working Capital Finance Corp. dba Bay View Funding or any other entity that agrees, pursuant to a factoring agreement or otherwise, to purchase the Accounts of Borrower.

1.2.27 **“Factoring Documents”** – That certain Factoring Agreement between Factor and Borrower dated May 19, 2010, and all documents executed in connection therewith, or any other factoring or accounts receivable financing agreement or related documents executed by Borrower and Factor.

1.2.28 **“GAAP”** - means generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and pronouncements of the Financial Accounting Standards Board (or any successor authority) that are applicable as of the date of determination.

1.2.29 **“Guarantors”** - all individuals and entities now or hereafter guaranteeing the Obligations, including Christl Treptow.

1.2.30 **“Initial Term”** – One (1) year from the date hereof.

1.2.31 **“Interest Rate”** – 1.5% per month.

1.2.32 **“Inventory Cost”** – As determined by Lender, the lesser of (a) cost of Eligible Inventory, computed on a first-in-first-out basis in accordance with GAAP, or (b) market value of Eligible Inventory.

1.2.33 **“Key Employees”** – Christl Diane Treptow and David Tom Treptow.

1.2.34 **“Late Fee”**- means five percent (5%) of the amount of any payment of principal, fees, interest or any other amount due hereunder.

1.2.35 **“Loan Account”** – that portion of the Obligations which accrue interest hereunder, including the sum of the unpaid balances of:

(a) Advances;

(b) Other payments made by Lender arising hereunder for which Borrower is liable to Lender.

1.2.36 **“Loan Documents”** - this Agreement, together with any documents, instruments and agreements, executed and/or delivered in connection herewith, as the same now exist or may hereafter be amended, modified, supplemented, extended, renewed, restated or replaced.

1.2.37 **“Loan Fee”** – the Loan Fee Percent multiplied by the Maximum Amount at the time this fee accrues.

1.2.38 **“Loan Fee Percent”** - 1% per term.

1.2.39 **“Maturity Fee”** – means five percent (5%) of the amount of Obligations which remain unpaid and outstanding after the Termination Date.

1.2.40 **“Maximum Amount”** - \$1,500,000.00.

1.2.41 **“Minimum Monthly Line Fee”** – N/A.

1.2.42 **“Net Liquidation Value”** – The value of Eligible Inventory, as determined by Lender in the exercise of its reasonable sole discretion, which could be obtained upon liquidation under distress conditions.

1.2.43 **“Obligor”** – the Borrower or any Guarantor.

1.2.44 **“Obligations”** - all present and future obligations owing by Borrower to Lender whether arising hereunder or otherwise, and whether arising before, during or after the commencement of any bankruptcy case in which Borrower is a Debtor.

1.2.45 **“Over Advance Fee”**- a fee of .25% of the amount by which the Obligations exceed the Allowable Amount for each day that the Obligations exceed the Allowable Amount, with a minimum Over Advance Fee of \$25 per day.

1.2.46 **“Renewal Term”** - one year.

1.2.47 **“Subordinating Creditor”** – any creditor of the Borrower which has executed a Subordination Agreement.

1.2.48 **“Subordination Agreement”** - a subordination agreement in form and substance acceptable to Lender whereby a Subordinating Creditor subordinates, in favor of Lender, obligations owed to it by Borrower.



1.2.49 **“Termination Date”** - the earlier of (i) the Contractual Termination Date or (ii) the date on which Lender elects to terminate this Agreement pursuant to the terms herein.

1.2.50 **“Third Party Claim”** – claims asserted against Lender by any person or entity relating in any way to the Lender’s relationship with Borrower.

1.2.51 **“UCC”** - The Uniform Commercial Code in effect in the Chosen State at the date on which a determination thereunder is to be made.

1.2.52 **“Unused Line Fee”** – N/A

## 2. **Credit Facilities.**

2.1 **Advances.** Subject to the terms and conditions of this Agreement, from the date on which this Agreement becomes effective until the Termination Date:

2.1.1 Lender, may, from time to time in its sole discretion, at the request of Borrower, make advances (“Advances”) to Borrower, so long as, before and after such Advance, the Obligations do not exceed the Allowable Amount. The fact that the Borrower is bound to various covenants herein, the breach of which may allow Lender to accelerate the due date of Borrower's Obligations hereunder, shall not be construed to constitute a commitment by Lender to make any Advances hereunder, all of which are in the sole discretion of Lender.

2.1.2 Lender may, in its discretion, from time to time, upon not less than five (5) days prior notice to Borrower, reduce the amount available under the Borrowing Base to the extent that Lender determines that the number of days of the turnover of the Inventory for any period has changed in any material respect, or (a) the liquidation value of the Eligible Inventory, or any category thereof, has decreased, or (b) the nature and quality of the Inventory has deteriorated.

## 2.2 **General Provisions.**

2.2.1 **Borrowing Base Certificate.** Each request from Borrower for a Credit Accommodation shall be accompanied by a Borrowing Base Certificate, completed and signed by Borrower.

2.2.2 **Crediting Borrower's Account.** All Credit Accommodations by Lender may be made by deposits or transfers to any demand deposit account of Borrower.

2.2.3 **Authorization for Credit Accommodations.** Subject to the terms and conditions of this Agreement, Lender is authorized to make Credit Accommodations:

(a) Upon telephonic, facsimile or other instructions received from anyone purporting to be an officer, employee or representative of Borrower; or

(b) At the sole discretion of Lender, and notwithstanding any other provision in this Agreement, if necessary to meet any Obligations, including but not limited to any interest not paid when due.

**2.3 Limitations on Credit Accommodations.** Notwithstanding anything to the contrary contained herein, Lender shall not be obligated to make a Credit Accommodation if, before or as a result thereof, the Obligations shall exceed the Allowable Amount.

### **3. Payments by Borrower.**

#### **3.1 In General.**

**3.1.1 Place of Payments.** All payments hereunder shall be made by Borrower to Lender at Lender's address set forth herein or at such other place as Lender may designate in writing.

**3.1.2 ACH Debits.** In order to satisfy any of the Obligations, Lender is hereby authorized by Borrower to initiate electronic debit entries through the ACH or other electronic payment system to any account maintained by Borrower. At the Lender's request, Borrower shall execute and deliver to Lender an authorization agreement for ACH debits.

**3.1.3** Borrower irrevocably waives the right to direct the application of any and all payments received at any time by Lender from or on behalf of Borrower and specifically waives any right to designate application of payments. Borrower irrevocably agrees that Lender shall have the exclusive right to determine the order and method of the application of payments against the then due and payable Obligations of Borrower in Lender's sole discretion and to revise such application prospectively or retroactively in Lender's sole discretion.

**3.2** Notwithstanding anything to the contrary contained in any Loan Document, the interest paid or agreed to be paid under the Loan Documents shall not exceed the maximum rate of non-usurious interest permitted by applicable law (the "Maximum Rate"). If Lender shall receive interest in an amount that exceeds the Maximum Rate, the excess interest shall be applied to the principal of the loans hereunder or, if it exceeds such unpaid principal, refunded to Borrower. In determining whether the interest contracted for, charged, or received by Lender exceeds the Maximum Rate, Lender may, to the extent permitted by applicable law, (a) characterize any payment that is not principal as an expense, fee, or premium rather than interest, (b) exclude voluntary prepayments and the effects thereof, and (c) amortize, prorate, allocate, and spread in equal or unequal parts the total amount of interest throughout the contemplated term of the Obligations hereunder.

#### **3.3 Interest and Fees.**

**3.3.1** Lender is authorized to debit the Loan Account for interest, fees and other charges due Lender hereunder as and when due.

### 3.3.2 Interest.

(a) Subject to Section 3.3.2 (b) hereof, interest on the Loan Account balance shall be payable monthly, in arrears, shall be computed at the Interest Rate computed on the basis of a 360 day year, and shall be due on the first day of each month following the accrual thereof.

(b) **Default Interest.** Immediately upon the occurrence of an Event of Default, the interest rates otherwise applicable shall be increased by the Default Interest Rate Spread.

### 3.3.3 Fees.

(a) **Audit Fee.** Borrower shall immediately pay to Lender Lender's out-of-pocket expenses in connection with each audit Lender performs or causes to be performed hereunder.

(b) **Collateral Management Fee.** Borrower shall pay the Collateral Management Fee to Lender monthly, prorated for partial months, in arrears, on the first (1st) day of each month following the accrual thereof.

(c) **Default Waiver Fee.** Borrower shall pay the Default Waiver Fee to Lender, immediately upon the waiver by Lender of any Event of Default hereunder, so long as the waiver was done at the Borrower's request.

(d) **Early Termination Fee.** Borrower shall pay to Lender the Early Termination Fee immediately upon the occurrence of an Early Termination Event. In addition, in the event that payment of the Obligations shall be accelerated for any reason whatsoever by Lender, the Early Termination Fee in effect as of the date of such acceleration shall be charged to Borrower on such date and such Early Termination Fee shall also be added to the outstanding balance of the Obligations in determining the payoff amount or the debt for the purposes of any judgment of foreclosure of any loan documents given to secure the Obligations.

(e) **Loan Fee.** Borrower shall pay the Loan Fee to Lender on the date hereof, and shall pay an additional Loan Fee on the first (1st) day of each Renewal Term.

(f) Immediately upon any increase in the Maximum Amount, Borrower shall pay to Lender a fee computed as the product of the Loan Fee Percent and the amount of the increase in the Maximum Amount.

(g) **Unused Line Fee.** Borrower shall pay the Unused Line Fee to Lender on the first (1st) day of each month during the term of this Agreement.

(h) **Minimum Monthly Fee.** Borrower shall pay to Lender any amount by which the sum of the fees and charges earned in any month (prorated for partial months) is less than the Minimum Monthly Fee, on the first (1st) day of the following month.

(i) **Attorneys' Fees.** Borrower shall pay to Lender all attorneys' fees and costs incurred in preparation of this Agreement and related documents.

(j) **Standard Fees.** Borrower shall pay to Lender fees for such services as Lender customarily charges. Lender shall have the right to change all or any of such fees upon ten days notice to Borrower.

(k) **Late Fee.** Borrower shall pay to Lender the Late Fee for each payment of principal, fees or interest or any other amount due hereunder which is not paid within five (5) days of its due date (or any check that does not clear), to cover the extra expense involved in handling delinquent payments, provided that collection of said Late Fee shall not be deemed a waiver by Lender of any of its other rights under this Agreement or any other instrument given to secure this indebtedness. The Borrower and Lender hereby agree that said fee is a fair and reasonable charge for the late payment and shall not be deemed a penalty. Additionally, Lender may exercise any and all other rights and remedies Lender has as outlined herein or in the other loan documents that secure the loan described herein.

(l) **Maturity Fee.** Borrower shall pay to Lender the Maturity Fee on the first day of each month in the event that any Obligations remain outstanding after the Termination Date, to cover the extra expense involved in handling a matured loan, provided that collection of said Maturity Fee shall not be deemed a waiver by Lender of any of its other rights under this Agreement or any other instrument given to secure this indebtedness. The Borrower and Lender hereby agree that said fee is a fair and reasonable charge for the failure to repay the Obligations on the Termination Date and shall not be deemed a penalty. Additionally, Lender may exercise any and all other rights and remedies Lender has as outlined herein or in the other loan documents that secure the loan described herein. The Maturity Fee shall be in addition to all other fees due to the Lender.

(m) **Over Advance Fee.** Borrower shall pay to Lender the Over Advance Fee for each day that the Obligations exceed the Allowable Amount.

**3.3.4 Application of Collections.** Lender shall, for the purpose of the computation of interest and the Collateral Management Fee due hereunder, add the Clearance Days to any Clearance Day Payments, which is acknowledged by the parties to constitute an integral aspect of the pricing of Lender's facility to Borrower, and shall apply irrespective of the characterization of whether receipts are owned by Borrower or Lender. Should any check or item of payment not be honored when presented for payment, then Borrower shall be deemed not to have made such payment, and interest shall be recalculated accordingly.

#### **4. Indemnification Protection.**

4.1 Notwithstanding payment in full of the Obligations and termination of this Agreement, in the event that (i) a Third Party Claim has been asserted against Lender, or (ii) Lender believes in good faith that a Third Party Claim may be asserted against Lender, Lender may retain its security interest or any funds of Borrower in the amount of the Third Party Claim together with Lender's good faith estimate of its costs to be incurred in the defense thereof, until such time as the Third Party Claim is withdrawn or satisfied, unless Lender receives Assurances (as defined below) regarding its exposure to the Third Party Claim.

4.2 For the purposes hereof, "Assurances" shall mean collateral, a guaranty or a letter of credit from an entity so that Lender reasonably believes in good faith that the likelihood of loss resulting from the Third Party Claim is remote.

#### **5. Grant of Security Interest.**

5.1 To secure the performance of the Obligations, Borrower grants to the Lender a security interest in the Collateral, and all proceeds and products thereof.

#### **6. Authorization to File Financing Statements.**

6.1 The Borrower irrevocably authorizes the Lender to file in any Uniform Commercial Code jurisdiction any initial financing statements and amendments thereto that:

6.1.1 Indicate the Collateral as all assets of the Borrower or words of similar effect, regardless of whether any particular asset comprised in the Collateral falls within the scope of Article 9 of the UCC, or as being of an equal or lesser scope or with greater detail;

6.1.2 Contain any other information required by part 5 of Article 9 of the UCC for the sufficiency or filing office acceptance of any financing statement or amendment, including (i) whether the Borrower is an organization, the type of organization, and any organization identification number issued to the Borrower and, (ii) in the case of a financing statement filed as a fixture filing or indicating Collateral to be as-extracted collateral or timber to be cut, a sufficient description of real property to which the Collateral relates;

6.1.3 Contain a notification that the Borrower has granted a negative pledge to the Lender, and that any subsequent lienor may be tortuously interfering with Lender's rights;

6.2 The Borrower agrees to furnish any of the foregoing information to the Lender promptly upon request;

6.3 The Borrower ratifies its authorization for the Lender to have filed any like initial financing statements or amendments thereto if filed prior to the date hereof; and

6.4 The Lender may add any supplemental language to any such financing statement as Lender may determine to be necessary or helpful in acquiring or preserving rights against third parties.

**7. Representations and Warranties by Borrower.**

7.1 There are no actions or proceedings pending by or against Borrower before any court or administrative agency and Borrower does not have knowledge or belief of any pending, threatened, or imminent litigation, governmental investigations, or claims, complaints, actions, or prosecutions involving Borrower or any Guarantor of the Obligations, except for ongoing collection matters in which Borrower is the plaintiff.

7.2 All financial statements relating to Borrower that have been delivered by Borrower to Lender have been prepared in accordance with GAAP and fairly present Borrower's financial condition as of the date thereof and Borrower's results of operations for the period then ended. There has not been a material adverse change in the financial condition of Borrower since the date of the latest financial statements submitted to Lender on or before the date hereof.

7.3 Borrower agrees to maintain books and records and its records pertaining to the Collateral in accordance with GAAP and in such additional detail, form and scope, as Lender shall reasonably require.

7.4 Borrower certifies that, to the best of Borrower's knowledge, Borrower has not been designated, and is not owned or controlled, by a "suspected terrorist" as defined in Executive Order 13224. Borrower hereby acknowledges that Lender seeks to comply with all applicable laws concerning money laundering and related activities. In furtherance of those efforts, Borrower hereby represents, warrants and agrees that: (i) none of the cash or property that Borrower will pay or will contribute to Lender has been or shall be derived from, or related to, any activity that is deemed criminal under United States law; and (ii) no contribution or payment by Borrower to Lender, to the extent that they are within Borrower's control shall cause Lender to be in violation of the United States Bank Secrecy Act, the United States International Money Laundering Control Act of 1986 or the United States International Money Laundering Abatement and Anti-Terrorist Financing Act of 2001. Borrower shall promptly notify Lender if any of these representations ceases to be true and accurate. Borrower shall provide Lender any additional information regarding Borrower that Lender deem necessary or convenient to ensure compliance with all applicable laws concerning money laundering and similar activities. Borrower understands and agrees that if at any time it is discovered that any of the foregoing representations are incorrect, or if otherwise required by applicable law or regulation related to money laundering similar activities, Lender may undertake appropriate actions to ensure compliance with applicable law or regulation, including but not limited to segregation and/or redemption of Lender' investment in Borrower. Borrower further understands that Lender may release confidential information about Borrower and, if applicable, any underlying beneficial owners, to proper authorities if Lender, in its sole discretion, determines that it is in the best

interests of Lender in light of relevant rules and regulations under the laws set forth in subsection (ii) above.

**8. Authorization to Lender.**

8.1 The Borrower irrevocably authorizes Lender to take any and all appropriate action and to execute any and all documents and instruments, in the name of Borrower, that may be necessary or desirable to accomplish the purposes of this Agreement including the filing on behalf of Borrower:

8.1.1 With such governmental authorities as are appropriate such documents (including, without limitation, applications, certificates, and tax returns) as may be required for purposes of having Borrower qualified to transact business in a particular state or geographic location.

8.1.2 Any Correction Statement under Section 9-518 of the Uniform Commercial Code that Lender reasonably deems necessary to preserve its rights hereunder.

8.2 Borrower authorizes Lender to accept, endorse and deposit on behalf of Borrower any checks tendered by an account debtor "in full payment" of its obligation to Borrower. Borrower shall not assert against Lender any claim arising therefrom, irrespective of whether such action by Lender effects an accord and satisfaction of Borrower's claims, under §3-311 of the Uniform Commercial Code, or otherwise.

**9. Power of Attorney.**

9.1 Borrower irrevocably appoints Lender, or any person(s) designated by Lender, as its attorney-in-fact, which appointment is coupled with an interest and shall remain in full force and effect until all Obligations of Borrower to Lender have been fully satisfied and discharged, with full power, at Borrower's sole expense, to exercise at any time after the occurrence of an Event of Default, except in connection with 9.1.1 below, which shall be effective at any time after the date hereafter in connection with payments received in the Lock Box (as defined below), in Lender's discretion all or any of the following powers:

9.1.1 receive, take, endorse, assign, deliver, accept and deposit, in the name of Lender or Borrower, any and all cash, checks, commercial paper, drafts, remittances and other instruments and documents relating to the Collateral or the proceeds thereof;

9.1.2 Change Borrower's address on all invoices and statements of Account mailed or to be mailed to Borrower's customers and to substitute thereon the designated address;

9.1.3 Receive and open all mail addressed to Borrower, or to Borrower's trade name at Lender's address, or any other designated address;

9.1.4 Take or bring, in the name of Lender or Borrower, all steps, actions, suits or proceedings deemed by Lender necessary or desirable to effect collection of or other realization upon any Collateral;

9.1.5 Create a "doing business as" entity (a "d/b/a") with a name similar to Borrower and open any deposit accounts under such name;

9.1.6 Execute on behalf of Borrower any UCC-1 and/or UCC-3 Financing Statement(s) and/or any notices or other documents necessary or desirable to carry out the purpose and intent of this Agreement, and to do any and all things reasonably necessary and proper to carry out the purpose and intent of this Agreement;

9.1.7 Change the address for delivery of Borrower's mail to Lender and to receive and open mail addressed to Borrower;

9.1.8 Endorse and take any action with respect to bills of lading covering any inventory;

9.1.9 execute, file and serve, in its own name or in the name of Borrower, mechanics lien or similar notices, or claims under any payment or performance bond for the benefit of Borrower; and

9.1.10 Pay any sums necessary to discharge any lien or encumbrance which is senior to Lender's security interest in the Collateral, which sums shall be included as Obligations hereunder, and which sums shall accrue interest at the Default Rate until paid in full.

**9.2 Release.** Borrower hereby releases and exculpates Lender, its officers, employees, agents, designees, attorneys, and accountants from any liability arising from any acts under this Agreement or in furtherance thereof, whether of omission or commission, and whether based upon any error of judgment or mistake of law or fact, except for gross negligence or willful misconduct. In no event shall Lender have any liability to Borrower for lost profits or other special or consequential damages.

## **10. Affirmative Covenants.**

10.1 Until full payment of the Obligations and termination of this Agreement, Borrower shall:

10.1.1 At such times as Lender may request and in the manner specified by Lender, Borrower shall deliver to Lender original invoices, agreements, proof of rendition of services and delivery of goods and other documents evidencing or relating to the transactions which gave rise to any of the Collateral, together with customer statements, schedules describing the Collateral and confirmatory assignments to Lender thereof, in form and substance satisfactory to Lender, and duly executed by Borrower.



10.1.2 At all times, tender the proceeds of all Accounts as well as all other proceeds from the sale of Inventory to Factor.

10.1.3 Immediately advise Lender, in writing, of the assertion of any Third Party Claim.

10.1.4 Furnish to Lender, in form and substance satisfactory to Lender:

(a) Weekly, delivered each Monday, a report summarizing all inventory, including a detailed synopsis and description of the inventory warehoused by Borrower at the time the report is generated.

(b) Copies of any reports provided by Borrower to Factor under the Factoring Documents, and such other reporting regarding Accounts and/or credit card receipts, as Lender may from time to time request.

(c) As soon as possible after the end of each fiscal year of Borrower, and in any event within 90 days thereafter:

(i) A complete copy of Borrower's financial statements, including but not limited to (a) the management letter, if any, (b) the balance sheet as of the close of the fiscal year, and (c) the income statement for such year, together with a statement of cash flows, prepared by a Borrower, and

(ii) A statement certified by the chief financial officer of Borrower that Borrower is in compliance with all the terms, conditions, covenants and warranties of this Agreement.

(iii) No later than 30 days after the close of each month (an "Accounting Period"):

(iv) Borrower's balance sheet as of the close of such Accounting Period and its income statement for that portion of the then current fiscal year through the end of such Accounting Period certified by Borrower's chief financial officer as being complete, correct, and fairly representing its financial condition and results of operations;

(d) Tax Returns. Copies of each of Borrower's:

(i) Federal income tax returns, and any amendments thereto, within ten (10) days of the filing thereof with the Internal Revenue Service; and

(ii) Federal payroll tax returns within ten (10) days of filing, together with proof, satisfactory to Lender, with proof that all taxes have been paid.

(e) Copies of the following for each Guarantor:

(i) Federal income tax returns within ten days of the filing thereof;

(ii) Annual financial statements within thirty days of the end of each calendar year.

(f) Inventory Reports. A listing of all Borrower's Inventory, based upon a physical count taken by Borrower every three (3) months and whenever requested by Lender.

#### 10.1.5 Inspections.

(a) During usual business hours, permit Lender, without notice to Borrower, to periodically:

(i) Have access to all premises where Collateral is located for the purposes of inspecting (and removing, if after the occurrence of an Event of Default) any of the Collateral,

(ii) To inspect, audit, make copies of, and make extracts from Borrower's records as Lender may request,

(iii) To have a third party selected by Lender examine and inspect the Collateral, at the sole cost of Borrower.

(b) Without expense to Lender, Lender may use any of Borrower's personnel, equipment, including computer equipment, programs, printed output and computer readable media, supplies and premises for the collection of accounts and realization on other Collateral as Lender, in its sole discretion, deems appropriate.

10.1.6 Indemnification. Indemnify and save Lender harmless from any and all liability with respect to any Third Party Claim, including the costs incurred in the defense thereof.

10.1.7 Enforcement of Judgments. Reimburse Lender for all costs and expenses, including attorneys' fees, which Lender incurs in enforcing any judgment rendered in connection with this Agreement. This provision is severable from all other provisions hereof and shall survive, and not be deemed merged into, such judgment.

#### 10.1.8 Taxes and Expenses Regarding Borrower's Assets.

(a) Make timely payment when due without extension of all taxes, assessments or contributions required of Borrower. If Borrower fails to make any such payment

or deposit or furnish proof of such payment immediately upon Lender's request, Lender may, in its sole discretion and without notice to Borrower:

(i) Make payment of the same or any part thereof; or

(ii) Set up such reserves against the Obligations as Lender deems necessary to satisfy the liability therefore, or both.

(b) Lender may conclusively rely on statements of the amount owing or other official statements issued by the appropriate governmental agency. Any payment made by Lender shall constitute neither:

(i) An agreement by Lender to make similar payments in the future; nor

(ii) A waiver by Lender of any default under the Loan Documents. Lender need not inquire into, nor contest the validity of, any expense, tax, security interest, encumbrance or lien, and the receipt of the usual official notice requiring the payment thereof shall be conclusive evidence that the same was validly due and owing.

10.1.9 Give Lender written notice immediately upon forming an intention to change its name, state of organization or form of business organization.

#### 10.1.10 Maintenance of Insurance.

(a) The Borrower will maintain with financially sound and reputable insurers insurance with respect to its properties and business against such casualties and contingencies as shall be in accordance with general practices of businesses engaged in similar activities in similar geographic areas. Such insurance shall be in such minimum amounts that the Borrower will not be deemed a co-insurer under applicable insurance laws, regulations, and policies and otherwise shall be in such amounts, contain such terms, be in such forms and be for such periods as may be reasonably satisfactory to the Lender. In addition, all such insurance shall be payable to the Lender under a Lender Loss Payable Endorsement. Without limiting the foregoing, the Borrower will:

(i) Keep all of its physical property insured with casualty or physical hazard insurance on an "all risks" basis, with broad form flood and earthquake coverage and electronic data processing coverage, with a full replacement cost endorsement and an "agreed amount" clause in an amount equal to 100% of the full replacement cost of such property;

(ii) Maintain all such workers' compensation or similar insurance as may be required by law; and

(iii) Maintain, in amounts and with deductibles equal to those generally maintained by businesses engaged in similar activities in similar geographic areas, general public liability insurance against claims of bodily injury, death, or property damage occurring, on, in or about the properties of the Borrower; business interruption insurance; and product liability insurance.

(b) In the event that Borrower fails to maintain such insurance, Lender may obtain such insurance at Borrower's expense, and, after an Event of Default, to adjust or settle any claim or other matter under or arising pursuant to such insurance or to amend or cancel such insurance.

10.1.11 Borrower hereby permits Lender at any time after the occurrence of an Event of Default to access electronically information concerning any accounts maintained by Borrower with any bank or other financial institution so long as such access is in furtherance of, or to monitor compliance with, the terms of this Agreement, and Borrower shall provide Lender with all necessary access codes, passwords and the like to carry out the provisions hereof.

10.2 Borrower waives any claim it may now have against Lender arising out of any unauthorized filing of any Financing Statement by Lender.

11. **Negative Covenants.** Borrower will not:

11.1 **Negative Pledge.** Hereafter grant any lien upon the Collateral except in favor of Lender.

11.2 **Mergers, etc.** Enter into any acquisition, merger, consolidation, reorganization, or recapitalization, or reclassify its capital stock, or liquidate, wind up, or dissolve itself (or suffer any liquidation or dissolution), or convey, sell, assign, lease, transfer, or otherwise dispose of, in one transaction or a series of transactions, all or any substantial part of its business, property, or assets, whether now owned or hereafter acquired, or acquire by purchase or otherwise all or substantially all of the properties, assets, stock, or other evidence of beneficial ownership of any entity.

11.3 **Transfer of Assets.** Enter into any transaction not in the ordinary and usual course of Borrower's business, including the sale, lease, or other disposition of, moving, relocation, or transfer, whether by sale or otherwise, of any of Borrower's properties, assets (other than sales of Inventory to buyers in the ordinary course of Borrower's business as currently conducted).

11.4 **Suspension of Business.** Suspend or go out of a substantial portion of its business.

11.5 **No Dividends or Distributions.** Borrower will not make any distribution or declare or pay any dividends (in cash or in stock) on, or purchase, acquire, redeem or retire any of its common stock, membership or partnership interests, of any class, whether now or hereafter outstanding. Absent an Event of Default, Borrower may, upon prior written notice to Lender,

make distributions to its shareholders or members in the ordinary and usual course of Borrower's business to satisfy such shareholder's or member's tax liability on income of Borrower which is allocated to such shareholder or member.

**11.6 Sale of Inventory to Non-Credit Approved Customers.** The Borrower will not sell Inventory to customers who are not then credit approved by the Factor, and shall not exceed the approved credit limits for each provided by Factor; provided, however, that Borrower may sell Inventory to Mill's Fleet Farm, Mid States and to consumers without factoring such receivables so long as the proceeds of such sales are sent directly to a lock box owned and controlled by Lender (the "Lock Box").

**11.7 Leased Locations or Warehouses.** The Borrower will not store or locate any Inventory or other Collateral in any leased premises or third party warehouse unless the landlord or warehouseman, as the case may be, of such leased premises or warehouse, as the case may be, enter into a Landlord Waiver or Warehouseman's Waiver, as the case may be, in favor of and in form acceptable to Lender.

**11.8 Sales Below Cost.** The Borrower shall not sell Inventory to any customer below the Borrower's cost without the prior written consent of Lender.

**12. Events of Default.** Each of the following events or conditions shall constitute an "Event of Default":

12.1 Borrower defaults in the performance of any payment obligation due hereunder;

12.2 Borrower defaults under the Factoring Documents or the Factoring Documents are terminated.

12.3 Any entity shall have or acquire right in the Collateral which are superior to Lender's rights, other than as a result of Lender's intentional acts;

12.4 Borrower fails to cure the breach of any Obligation other than a payment obligation within five (5) days after notice thereof is sent by Lender to Borrower;

12.5 Borrower is in default with respect to any present or future agreement with Lender;

12.6 The Obligations at any time exceed the Allowable Amount, and such default is not cured within one business day after its occurrence;

12.7 An order for relief is entered against any Obligor by any United States Bankruptcy Court; or any Obligor does not generally pay its debts as they become due (within the meaning of 11 U.S.C. 303(h) as at any time amended, or any successor statute thereto); or any Obligor makes an assignment for the benefit of creditors; or any Obligor applies for or consents to the appointment of a custodian, receiver, trustee, or similar officer for it or for all or any substantial

part of its assets, or such custodian, receiver, trustee, or similar officer is appointed without the application or consent of any Obligor; or any Obligor institutes (by petition, application, answer, consent, or otherwise) any bankruptcy, insolvency, reorganization, moratorium, arrangement, readjustment of debt, dissolution, liquidation or similar proceeding relating to it under the laws of any jurisdiction; or any such proceeding shall be instituted (by petition, application, or otherwise) against any Obligor; or any judgment, writ, warrant of attachment, execution, or similar process shall be issued or levied against a substantial portion of the property of any Obligor;

12.8 An adverse change occurs with respect to the financial condition or operations of Borrower which results in a material impairment of the prospect of repayment of the Obligations;

12.9 A sale, hypothecation or other disposition is made of twenty (20%) percent or more of the beneficial interest in any class of voting stock of Borrower;

12.10 Any Guarantor defaults in the performance of its obligations to Lender or shall notify Lender of its intention to rescind, modify, terminate or revoke the its guaranty or it shall cease to be in full force and effect for any reason whatsoever;

12.11 Any of the Key Employees fails to devote one hundred (100%) percent of their efforts in furtherance of the business affairs of Borrower for any one month, or ceases to be employed by Borrower in the capacity that such employee held as of the date of this Agreement;

12.12 Any provision of this Agreement or any of the Loan Documents ceases, for any reason, to be valid and binding on Borrower.

### 13. Remedies.

13.1 Upon the occurrence of any Event of Default all Obligations shall accrue interest at the Default Rate and Lender may:

13.1.1 Declare this Agreement terminated;

13.1.2 Declare all Obligations to be immediately due and payable, without presentment, demand, protest, or notice of any kind, all of which are hereby expressly waived by Borrower;

13.1.3 Take or bring, in the name of Lender or Borrower, all steps, actions, suits or proceedings deemed by Lender necessary or desirable to effect collection of or other realization upon any Collateral;

13.1.4 Change the address for delivery of Borrower's mail to Lender and to receive and open mail addressed to Borrower;

13.1.5 Execute, file and serve, in its own name or in the name of Borrower, mechanics lien or similar notices, or claims under any payment or performance bond for the benefit of Borrower.

13.1.6 Engage a consulting, turnaround or similar firm to (a) conduct an operational assessment of Borrower, and/or (b) take day-to-day operational and administrative control of the business of the Borrower. Borrower shall (a) bear all fees, costs and other expenses associated with such services and (b) cooperate with such firm in carrying out such services.

13.2 BORROWER WAIVES ANY REQUIREMENT THAT LENDER INFORM BORROWER BY AFFIRMATIVE ACT OR OTHERWISE OF ANY ACCELERATION OF BORROWER'S OBLIGATIONS HEREUNDER. FURTHER, LENDER'S FAILURE TO CHARGE OR ACCRUE INTEREST OR FEES AT ANY "DEFAULT" OR "PAST DUE" RATE SHALL NOT BE DEEMED A WAIVER BY LENDER OF ITS CLAIM THERETO.

14. **Standards for Exercising Remedies.** To the extent that applicable law imposes duties on the Lender to exercise remedies in a commercially reasonable manner, the Borrower acknowledges and agrees that it is not commercially unreasonable for the Lender:

14.1 To not incur expenses to prepare Collateral for disposition or otherwise to complete raw material or work in process into finished goods or other finished products for disposition;

14.2 To fail to obtain third party consents for access to Collateral to be disposed of, or to obtain or, if not required by other law, to fail to obtain governmental or third party consents for the collection or disposition of Collateral to be collected or disposed of;

14.3 To fail to exercise collection remedies against any persons obligated on Collateral or to remove liens or encumbrances on or any adverse claims against Collateral;

14.4 To exercise collection remedies against any persons obligated on Collateral directly or through the use of collection agencies and other collection specialists;

14.5 To advertise dispositions of Collateral through publications or media of general circulation, whether or not the Collateral is of a specialized nature;

14.6 To hire one or more professional auctioneers to assist in the disposition of Collateral, whether or not the collateral is of a specialized nature;

14.7 To dispose of Collateral by using Internet sites that provide for the auction of assets of the types included in the Collateral or that have the reasonable capability of doing so, or that match buyers and sellers of assets;

14.8 To dispose of assets in wholesale rather than retail markets;

14.9 To disclaim all disposition warranties; or

14.10 To purchase insurance or credit enhancements to insure the Lender against risks of loss, collection or disposition of Collateral or to provide to the Lender a guaranteed return from the collection or disposition of Collateral.

14.11 Borrower acknowledges that the purpose of this Section 14 is to provide non-exhaustive indications of what actions or omissions by the Lender would not be commercially unreasonable in the Lender's exercise of remedies against the Collateral and that other actions or omissions by the Lender shall not be deemed commercially unreasonable solely on account of not being indicated in this Section. Without limitation upon the foregoing, nothing contained herein shall be construed to grant any rights to the Borrower or to impose any duties on the Lender that would not have been granted or imposed by this Agreement or by applicable law in the absence of this Section 14.

**15. Proceeds and Expenses of Dispositions.**

15.1 Borrower shall pay to the Lender on demand any and all expenses, including reasonable attorneys' fees and disbursements, incurred or paid by the Lender in protecting, preserving, defending priority or enforcing the Lender's rights under or in respect of any of the Obligations or any of the Collateral. After deducting all of said expenses, the residue of any proceeds of collection or sale of the Obligations or Collateral shall, **to the extent actually received in cash**, be applied to the payment of the Obligations in such order or preference as the Lender may determine, notwithstanding contrary instructions received by Lender from the Borrower or any other third party.

**16. Liquidation Success Premium.**

16.1 If Borrower shall substantially cease operating as a going concern, and the proceeds of Collateral created after the occurrence of an Event of Default (the "Default") are in excess of the Obligations at the time of Default, Borrower shall pay to Lender a liquidation success premium of ten percent of the amount of such excess.

**17. Fees and Expenses.** Borrower agrees to reimburse Lender on demand for:

17.1 The actual amount of all costs and expenses, including attorneys' fees, which Lender has incurred or may incur in:

17.1.1 Negotiating, preparing, or administering this Agreement and any documents prepared in connection herewith;



17.1.2 Any way arising out of or in connection with this Agreement, including based on tort, and whether or not arising out of a dispute which does not involve Lender;

17.1.3 Protecting, preserving or enforcing any lien, security interest or other right granted by Borrower to Lender or arising under applicable law, whether or not suit is brought, including but not limited to the defense of any Avoidance Claims;

17.2 The actual costs, including photocopying (which, if performed by Lender's employees, shall be at the rate of \$.10/page), travel, and attorneys' fees and expenses incurred in complying with any subpoena or other legal process attendant to any litigation in which Borrower is a party; or

17.3 The actual amount of all costs and expenses, including attorneys' fees, which Lender may incur in enforcing this Agreement and any documents prepared in connection herewith, or in connection with any federal or state insolvency proceeding commenced by or against Borrower, including those (i) arising out the automatic stay, (ii) seeking dismissal or conversion of the bankruptcy proceeding or (iii) opposing confirmation of Borrower's plan thereunder.

#### 18. **Termination.**

18.1 This Agreement shall become effective upon the execution and delivery hereof by Borrower and Lender and shall continue in full force and effect until the end of the Initial Term.

18.2 This Agreement shall be automatically extended for successive Renewal Terms unless (i) Borrower has given Lender at least sixty (60) days' and no more than ninety (90) days prior written notice, or (ii) Lender has given Borrower at least sixty (60) days' prior written notice, of their respective intention to have this Agreement terminate at the end of a Contractual Termination Date.

18.3 Upon the Termination Date, the unpaid balance of the Obligations shall be due and payable without demand or notice.

#### 19. **Revocation of Borrower's Right to Sell Inventory Free and Clear of Lender's Security Interest.**

19.1 Lender may, upon the occurrence of an Event of Default, revoke Borrower's right to sell Inventory free and clear of Lender's security interest therein.

20. **No Lien Termination without Release** In recognition of the Lender's right to have its attorneys' fees and other expenses incurred in connection with this Agreement secured by the Collateral, notwithstanding payment in full of all Obligations by Borrower, Lender shall not be required to record any terminations or satisfactions of any of Lender's liens on the Collateral

unless and until Complete Termination has occurred. Borrower understands that this provision constitutes a waiver of its rights under §9-513 of the UCC.

**21. Account Stated.**

21.1 Lender shall render to Borrower a statement setting forth the transactions arising hereunder. Each statement shall be considered correct and binding upon Borrower, absent manifest error, as an account stated, except to the extent that Lender receives, within thirty (30) days after the mailing of such statement, written notice from Borrower of any specific exceptions by Borrower to that statement.

**22. Retention of Records.**

22.1 Lender shall retain any documents, schedules, invoices or other papers delivered by Borrower only for such period as Lender, at its sole discretion, may determine necessary, after which time Lender may destroy such records without notice to or consent from Borrower.

**23. Notices to Third Parties.**

23.1 Lender shall have the right at any time to give any Guarantor or Subordinating Creditor notice of any fact or event relating to this Agreement, as Lender may deem necessary or desirable in Lender's sole discretion, including, without limitation, Borrower's financial condition. Borrower shall provide to each Guarantor and Subordinating Creditor a copy of each notice, statement or report required to be given to Lender hereunder.

**24. Information to Participants.**

24.1 Lender may furnish any financial or other information concerning Borrower, or any of its subsidiaries, heretofore or hereafter provided by Borrower to Lender, pursuant to this Agreement or otherwise, to any prospective or actual purchaser of any participation or other interest in any loans made by Lender to Borrower (whether under this Agreement or otherwise), or to any prospective purchaser of any securities issued or to be issued by Lender.

**25. Entire Agreement.**

25.1 No promises of any kind have been made by Lender or any third party to induce Borrower to execute this Agreement. No course of dealing, course of performance or trade usage, and no parole evidence of any nature, shall be used to supplement or modify any terms of this Agreement.

**26. Notice.**

26.1 All notices required to be given to any party other than Lender shall be deemed given upon the first to occur of (i) deposit thereof in a receptacle under the control of the United

States Postal Service, (ii) transmittal by electronic means to a receiver under the control of such party, (iii) delivery to an overnight courier, or (iv) actual receipt by such party or an employee or agent of such party. All notices to Lender shall be deemed given upon actual receipt by a responsible officer of Lender.

26.2 The addresses of the parties are as set forth below or as may otherwise be specified from time to time in a writing sent by one party to the other in accordance with the provisions hereof:

**BORROWER**

Address: 2390 Oak Ridge Way  
Vista, CA 92081  
Attention: Christl Treptow  
Phone Number: 760-734-5300  
Fax Number: 760-727-8721

**LENDER**

Address: 2201 NW Corporate Blvd, Suite 201  
Boca Raton, Florida 33431  
Officer: Lee Haskin  
Phone Number: 561-988-7098  
Fax Number: 561-994-5558

27. **Counterparts.**

27.1 This Agreement may be signed in any number of counterparts, each of which shall be an original, with the same effect as if all signatures were upon the same instrument. Delivery of an executed counterpart of the signature page to this Agreement by facsimile shall be effective as delivery of a manually executed counterpart of this Agreement, and any party delivering such an executed counterpart of the signature page to this Agreement by facsimile to any other party shall thereafter also promptly deliver a manually executed counterpart of this Agreement to such other party, provided that the failure to deliver such manually executed counterpart shall not affect the validity, enforceability, or binding effect of this Agreement.

28. **Amendment and Waiver.**

Only a writing signed by all parties hereto may amend this Agreement. No failure or delay in exercising any right hereunder shall impair any such right that Lender may have, nor shall any waiver by Lender hereunder be deemed a waiver of any default or breach subsequently occurring. Lender's rights and remedies herein are cumulative and not exclusive of each other or of any rights or remedies that Lender would otherwise have. In case any provision (or any part of any provision) contained in this Agreement shall for any reason be held to be invalid, illegal or

unenforceable in any respect, such invalidity, illegality or enforceability shall not affect any other provision (or remaining part of the affected provision) of this Agreement, but this Agreement shall be construed as if such invalid, illegal or unenforceable provision (or part thereof) had never been contained herein, but only to the extent it is invalid, illegal or unenforceable.

29. **Governing Law.**

29.1 This Agreement and all transactions contemplated hereunder and/or evidenced hereby shall be governed by, construed under, and enforced in accordance with the internal laws of the Chosen State.

30. **Venue.**

30.1 Any suit, action or proceeding arising hereunder, or the interpretation, performance or breach hereof, shall, if Lender so elects, be instituted in any court sitting in the Chosen State, in the city in which Lender's chief executive office is located, or if none, any court sitting in the Chosen State (the "Acceptable Forums"). Borrower agrees that the Acceptable Forums are convenient to it, and submits to the jurisdiction of the Acceptable Forums and waives any and all objections to jurisdiction or venue. Should such proceeding be initiated in any other forum, Borrower waives any right to oppose any motion or application made by Lender to transfer such proceeding to an Acceptable Forum.

31. **Jury Trial Waiver.**

**31.1 IN RECOGNITION OF THE HIGHER COSTS AND DELAY WHICH MAY RESULT FROM A JURY TRIAL, THE PARTIES HERETO WAIVE ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION (A) ARISING HEREUNDER, OR (B) IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF THE PARTIES HERETO OR ANY OF THEM WITH RESPECT HERETO, IN EACH CASE WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER SOUNDING IN CONTRACT OR TORT OR OTHERWISE; AND EACH PARTY FURTHER WAIVES ANY RIGHT TO CONSOLIDATE ANY SUCH ACTION IN WHICH A JURY TRIAL HAS BEEN WAIVED WITH ANY OTHER ACTION IN WHICH A JURY TRIAL CANNOT BE OR HAS NOT BEEN WAIVED; AND EACH PARTY HEREBY AGREES AND CONSENTS THAT ANY SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION SHALL BE DECIDED BY COURT TRIAL WITHOUT A JURY, AND THAT ANY PARTY HERETO MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS SECTION WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF THE PARTIES HERETO TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY.**

32. **Service Of Process.**

32.1 Borrower agrees that Lender may effect service of process upon Borrower by regular mail at the address set forth herein or at such other address as may be reflected in the records of Lender, or at the option of Lender by service upon Borrower's agent for the service of process.

33. **Assignment.**

33.1 Lender may assign its rights and delegate its duties hereunder. Upon such assignment, Borrower shall be deemed to have attorned to such assignee and shall owe the same obligations to such assignee and shall accept performance hereunder by such assignee as if such assignee were Lender.

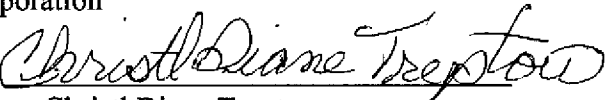
34. **Time of the Essence**

34.1 It is agreed that time is of the essence in all matters herein.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered by their respective officers thereunto duly authorized as of the date first above written.

**BORROWER:**

**THE HEAT FACTORY, INC.**, a California Corporation

By:   
Name: Christl Diane Treptow  
Title: President

**LENDER:**

**CROSSROADS FINANCIAL, LLC**, a Florida limited liability company

By:   
Name: Lee Haskin  
Its: Managing Member

EXHIBIT 1.2.16 (c)  
GENERAL RELEASE

FOR GOOD AND VALUABLE CONSIDERATION, the receipt and adequacy of which are hereby acknowledged, the undersigned and each of them (collectively "Releasor") hereby forever releases, discharges and acquits **Crossroads Financial, LLC** ("Releasee"), its parent, directors, shareholders, agents and employees, of and from any and all claims of every type, kind, nature, description or character, and irrespective of how, why, or by reason of what facts, whether heretofore existing, now existing or hereafter arising, or which could, might, or may be claimed to exist, of whatever kind or name, whether known or unknown, suspected or unsuspected, liquidated or unliquidated, each as though fully set forth herein at length, to the extent that they arise out of or are in any way connected to or are related to that certain Loan and Security Agreement dated July 7, 2010.

Releasor agrees that the matters released herein are not limited to matters that are known or disclosed.

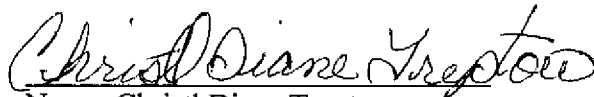
Releasor acknowledges that factual matters now unknown to it may have given or may hereafter give rise to Claims which are presently unknown, unanticipated and unsuspected, and it acknowledges that this Release has been negotiated and agreed upon in light of that realization and that it nevertheless hereby intends to release, discharge and acquit the Releasee from any such unknown Claims.

Acceptance of this Release shall not be deemed or construed as an admission of liability by any party released.

Releasor acknowledges that either (a) it has had advice of counsel of its own choosing in negotiations for and the preparation of this release, or (b) it has knowingly determined that such advice is not needed.

DATED: 7-8-10

**THE HEAT FACTORY, INC.**



Name: Christl Diane Treptow

Title: President

**POWER OF ATTORNEY**

THIS POWER OF ATTORNEY is dated this 7th day of July, 2010 from The Heat Factory, Inc., a California corporation, with an address of 2390 Oak Ridge Way, Vista, CA 92081 ("Borrower"), in favor of **Crossroads Financial, LLC**, a Florida limited liability company ("Lender")

Borrower irrevocably appoints Lender, or any person(s) designated by Lender, as its attorney-in-fact, which appointment is coupled with an interest and shall remain in full force and effect until all obligations of Borrower to Lender have been fully satisfied and discharged, with full power, at Borrower's sole expense, to exercise at any time in Lender's discretion all or any of the following powers, which may be exercised by the Lender, or any person(s) designated by Lender:

To endorse, receive, take, assign, deliver, accept and deposit, in the name of Lender or Borrower, any and all cash, checks, commercial paper, drafts, remittances and other instruments and documents relating to, inter alia, all accounts receivable of the Borrower.

Borrower hereby instructs any bank or any other party receiving a copy of this Power of Attorney to act in accordance with the instructions of Lender regarding the above, without the necessity of contacting the Borrower, and the Borrower does hereby indemnify all third parties receiving and acting on this Power of Attorney for and against any claims or liabilities, including reasonable attorneys' fees, arising out of or relating to your accepting this Power of Attorney and allowing Lender to exercise the powers set forth herein.

This Power of Attorney is in addition to and not in substitution of any power of attorney granted to Lender under its loan documents with Borrower.

THE HEAT FACTORY

By:   
President

STATE OF California §

§

COUNTY OF Orange §

The foregoing instrument was acknowledged before me this 07 day of 07, 2010, by Christl Diane Treptow as President of The Heat Factory, Inc., who is personally known to me or produced Kevin Lewis as identification.

Witness my hand and official seal.

My commission expires: 05/08/2013

[Signature]

(Notary Public)



## **INTELLECTUAL PROPERTY SECURITY AGREEMENT**

This Intellectual Property Security Agreement (the "Agreement") is made as of July 7, 2010, by and between The Heat Factory, a California corporation (the "Grantor"), and Crossroads Financial, LLC, a Florida limited liability company (the "Secured Party").

### **RECITALS**

A. Secured Party has extended certain financing to Grantor (the "Loan") pursuant to the terms of that certain Loan and Security Agreement dated of even date herewith, between Secured Party and Debtor (the "Loan Agreement").

B. In order to induce Secured Party to enter into the Loan Agreement and extend financing to Grantor, Grantor has agreed to grant a security interest in certain intangible property owned by Grantor to Secured Party for purposes of securing the obligations of Grantor to Secured Party. Capitalized terms used herein and not otherwise defined shall have the same meaning ascribed to such terms in the Loan Agreement.

NOW, THEREFORE, THE PARTIES HERETO AGREE AS FOLLOWS:

1. Grant of Security Interest. As collateral security for the prompt and complete payment and performance of all of Grantor's present or future indebtedness, obligations and liabilities to Secured Party, Grantor hereby grants a security interest and mortgage to Secured Party, as security, in and to Grantor's entire right, title and interest in, to and under the following (all of which shall collectively be called the "Intellectual Property Collateral"):

(a) Any and all copyright rights, copyright applications, copyright registrations and like protections in each work or authorship and derivative work thereof, whether published or unpublished and whether or not the same also constitutes a trade secret, now or hereafter existing, created, acquired or held, including without limitation those set forth on Exhibit A attached hereto (collectively, the "Copyrights");

(b) Any and all trade secrets, and any and all intellectual property rights in computer software and computer software products now or hereafter existing, created, acquired or held;

(c) Any and all design rights which may be available to Grantor now or hereafter existing, created, acquired or held;

(d) All patents, patent applications and like protections including without limitation improvements, divisions, continuations, renewals, reissues, extensions and continuations-in-part of the same, including without limitation the patents and patent applications set forth on Exhibit B attached hereto (collectively, the "Patents");

(e) Any trademark and servicemark rights, whether registered or not, applications to register and registrations of the same and like protections, and the entire goodwill

of the business of Grantor connected with and symbolized by such trademarks, including without limitation those set forth on Exhibit C attached hereto (collectively, the "Trademarks");

(f) Any and all claims for damages by way of past, present and future infringement of any of the rights included above, with the right, but not the obligation, to sue for and collect such damages for said use or infringement of the intellectual property rights identified above;

(g) All licenses or other rights to use any of the Copyrights, Patents or Trademarks, and all license fees and royalties arising from such use to the extent permitted by such license or rights; and

(h) All amendments, renewals and extensions of any of the Copyrights, Trademarks or Patents; and

(i) All proceeds and products of the foregoing, including without limitation all payments under insurance or any indemnity or warranty payable in respect of any of the foregoing.

2. Authorization and Request. Grantor authorizes and requests, if necessary, that the Register of Copyrights and the Commissioner of Patents and Trademarks record this security agreement.

3. Covenants and Warranties. Grantor represents, warrants, covenants and agrees as follows:

(a) Grantor is the sole owner of the Intellectual Property Collateral;

(b) Performance of this Agreement does not conflict with or result in a breach of any agreement to which Grantor is party or by which Grantor is bound;

(c) During the term of this Agreement, Grantor will not transfer or otherwise encumber any interest in the Intellectual Property Collateral, except for non-exclusive licenses granted by Grantor in the ordinary course of business or as set forth in this Agreement;

(d) Each of the Patents is valid and enforceable, and no part of the Intellectual Property Collateral has been judged invalid or unenforceable, in whole or in part, and no claim has been made that any part of the Intellectual Property Collateral violates the rights of any third party;

(e) Grantor shall promptly give Secured Party written notice of any applications or registrations of any additional intellectual property rights filed with the United States Patent and Trademark Office, including the date of such filing and the registration or application numbers, if any.

(f) Grantor shall (i) give Secured Party not less than thirty (30) days prior written notice of the filing of any applications or registrations of any additional intellectual

property rights with the United States Copyright Office, including the title of such intellectual property rights to be registered, as such title will appear on such applications or registrations, and the date such applications or registrations will be filed, and (ii) prior to the filing of any such applications or registrations, shall execute such documents as Secured Party may reasonably request for Secured Party to maintain its perfection in such intellectual property rights to be registered by Grantor, and upon the request of Secured Party, shall file such documents simultaneously with the filing of any such applications or registrations. Upon filing any such applications or registrations with the United States Copyright Office, Grantor shall promptly provide Secured Party with a copy of such applications or registrations, without the exhibits, if any, thereto, evidence of the filing of any documents requested by Secured Party to be filed for Secured Party to maintain the perfection and priority of its security interest in such intellectual property rights, and the date of such filing.

(g) Grantor shall promptly advise Secured Party of any material change in the composition of the Intellectual Property Collateral, including but not limited to any subsequent ownership right of the Grantor in or to any Trademark, Patent or Copyright not specified in Exhibits A, B and C to this Agreement;

(h) Grantor shall promptly execute, deliver or file such additional instruments and documents and take such further actions as Secured Party may reasonably request from time to time to perfect, continue the perfection or maintain the priority of Secured Party's security interest in the Intellectual Property Collateral;

(i) This Agreement creates in favor of Secured Party, and in the case of after acquired Intellectual Property Collateral, at the time Grantor first has rights in such after acquired Intellectual Property Collateral this Agreement will create in favor of Secured Party, a valid and perfected first priority security interest in the Intellectual Property Collateral in the United States securing the payment and performance of the obligations evidenced by the Loan Agreement;

(j) All information heretofore, herein or hereafter supplied to Secured Party by or on behalf of Grantor with respect to the Intellectual Property Collateral is accurate and complete in all material respects;

(k) Grantor shall not enter into any agreement that would materially impair or conflict with Grantor's obligations hereunder without Secured Party's prior written consent. Grantor has not and will not permit the inclusion in any contract to which it becomes a party of any provisions that could or might in any way limit the creation of a security interest in Grantor's property, including the Intellectual Property Collateral; and

(l) Upon any executive officer of Grantor obtaining actual knowledge thereof, Grantor will promptly notify Secured Party in writing of any event that materially adversely affects the value of any Intellectual Property Collateral, the ability of Grantor to dispose of any Intellectual Property Collateral or the rights and remedies of Secured Party in relation thereto, including the levy of any legal process against any of the Intellectual Property Collateral.

4. Further Assurances; Attorney-in-Fact.

(a) On a continuing basis, Grantor will make, execute, acknowledge and deliver, and file and record in the proper filing and recording places in the United States, all such instruments, including appropriate financing and continuation statements and collateral agreements and filings with the United States Patent and Trademark Office and the Register of Copyrights, and take all such action as may reasonably be deemed necessary or advisable, or as requested by Secured Party, to perfect Secured Party's security interest in all Copyrights, Patents and Trademarks and otherwise to carry out the intent and purposes of this Agreement, or for assuring and confirming to Secured Party the grant or perfection of a security interest in, all Intellectual Property Collateral.

(b) Grantor hereby irrevocably appoints Secured Party as Grantor's attorney-in-fact, with full authority in the place and stead of Grantor and in the name of Grantor, from time to time in Secured Party's discretion, to take any action and to execute any instrument which Secured Party may deem necessary or advisable to accomplish the purposes of this Agreement, including (i) to modify, in its sole discretion, this Agreement without first obtaining Grantor's approval of or signature to such modification by amending Exhibit A, Exhibit B and Exhibit C, thereof, as appropriate, to include reference to any right, title or interest in any Copyrights, Patents or Trademarks acquired by Grantor after the execution hereof or to delete any reference to any right, title or interest in any Copyrights, Patents or Trademarks in which Grantor no longer has or claims any right, title or interest, (ii) to file, in its sole discretion, one or more financing or continuation statements and amendments thereto, relative to any of the Intellectual Property Collateral without the signature of Grantor where permitted by law, and (iii) after the occurrence of an Event of Default, to transfer the Intellectual Property Collateral into the name of Secured Party or a third party to the extent permitted under the California Uniform Commercial Code.

5. Events of Default. The occurrence of any of the following shall constitute an Event of Default under the Agreement:

(a) An Event of Default occurs under the Loan Agreement, any other agreement between Grantor and Secured Party; or

(b) Grantor breaches any warranty or agreement made by Grantor in this Agreement and, as to any breach that is capable of cure, Grantor fails to cure such breach within five (5) days of the occurrence of such breach.

6. Remedies. Upon the occurrence and continuance of an Event of Default, Secured Party shall have a nonexclusive, royalty free license to use the Copyrights, Patents and Trademarks to the extent reasonably necessary to permit Secured Party to exercise its rights and remedies upon the occurrence of an Event of Default. Grantor will pay any expenses (including reasonable attorneys' fees) incurred by Secured Party in connection with the exercise of any of Secured Party's rights hereunder, including without limitation any expense incurred in disposing of the Intellectual Property Collateral. All of Secured Party's rights and remedies with respect to the Intellectual Property Collateral shall be cumulative.

7. Notices. All notices, demands and other communications which are required to be given, served or sent pursuant to this Agreement will be in writing and will be delivered

personally, by facsimile, or sent by air courier or first class certified or registered mail, return receipt requested and postage prepaid to the addresses listed on the signature page hereto.

8. Course of Dealing. No course of dealing, nor any failure to exercise, nor any delay in exercising any right, power or privilege hereunder shall operate as a waiver thereof.

9. Amendments. This Agreement may be amended only by a written instrument signed by both parties hereto.

10. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute the same instrument.


11. Choice of Law and Jurisdiction; Jury Waiver. This Agreement shall be governed by the laws of the State of Florida, without regard for choice of law provisions.

**[Signatures appear on following page]**

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year first above written.

**GRANTOR:**

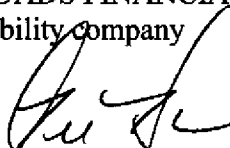
**The Heat Factory, Inc.,** a California corporation

By:   
Name: CHRISTL TREPTOW  
Title: PRESIDENT

Address:  
2390 Oak Ridge Way  
Vista, CA 92081

**SECURED PARTY:**

**CROSSROADS FINANCIAL, LLC,** a Florida limited liability company

By:   
Name: Lee Haskin  
Its: Managing Member

Address:  
2201 NW Corporate Blvd., Suite 201  
Boca Raton, Florida 33431

**EXHIBIT A**

**Copyrights**

Description	Registration Number/ Registration Date	Application Number/ Date Filed

**EXHIBIT B**

**Patents**

Title	US Patent Number/ Registration Date
Footbed	#6,701,639

Title	US Patent Number/ Registration Date
Headwear	#5,395,400

Title	US Patent Number/ Registration Date
Gloves	#5,509,143

Title	US Patent Number/ Registration Date
Gloves	#5,617,583

Title	US Patent Number/ Registration Date
Gloves	#5,774,894

Title	US Patent Number/ Registration Date
Kidney Belt	#5,928,275

Title	US Patent Number/ Registration Date
IV Warmer	#7,094,219

Title	US Patent Number/ Registration Date
Pocket Socks	Patent Pending



**EXHIBIT C**

**Trademarks**

Description	Registration Number/ Registration Date	Serial Number/ Date Filed
Heat Factory – U.S.		

Description	Registration Number/ Registration Date	Serial Number/ Date Filed
Heat Factory - Canada		

Description	Registration Number/ Registration Date	Serial Number/ Date Filed
Handi Heat		

Description	Registration Number/ Registration Date	Serial Number/ Date Filed
Stay Warm		

Description	Registration Number/ Registration Date	Serial Number/ Date Filed
Never Be Cold Again		

Description	Registration Number/ Registration Date	Serial Number/ Date Filed
Feet Heat		

Description	Registration Number/ Registration Date	Serial Number/ Date Filed
Depot de Chaleur		

Description	Registration Number/ Registration Date	Serial Number/ Date Filed
Eco-Warmer		

Description	Registration Number/ Registration Date	Serial Number/ Date Filed
Eco-Heat		

Description	Registration Number/ Registration Date	Serial Number/ Date Filed
Heat Center		

Description	Registration Number/ Registration Date	Serial Number/ Date Filed
RN #87438		



May 21, 2012

By Email to DAVID@HEATFACTORY.COM  
and Federal Express Overnight Delivery

Heat Factory, Inc.  
1958 Kellogg Avenue  
Carlsbad, California 92008

Attention: David Treptow

RE: Heat Factory, Inc.  
Notice of Default

Dear David:

Reference is made to that certain Loan and Security Agreement dated as of July 7, 2010 and that certain Intellectual Property Security Agreement dated as of July 7, 2010 (collectively, the "Loan Agreement"), between The Heat Factory, Inc., as borrower ("HFI" or "Borrower") and Quad-C Funding, LLC, as lender and servicing agent ("Lender") with respect to that credit facility made by Lender to Borrower. Capitalized terms used and not otherwise defined herein have the meanings assigned to them in the Loan Agreement.

This is to advise you that Borrower is in default on its payment obligations under the terms of the Loan Agreement. Specifically, Borrower has failed to pay the monthly interest on the Loan Account balance since January 31, 2012 and monthly interest payments in the amount of \$108,852.35 are currently past due and immediately owing. Please be advised that Borrower's failure to perform its payment obligations constitutes an Event of Default under Section 12.1 of the Loan Agreement.

Additionally, by its express terms the Loan Agreement terminated on July 7, 2011, and Borrower has failed to repay Borrower's Obligations to Lender. The amount of principal and interest owing under the Loan Agreement is not less than \$1,219,550.15. Please be advised that Borrower's failure to perform its payment obligations constitutes an Event of Default under Section 12.1 of the Loan Agreement. Lender expressly reserves the right to collect from Borrower all sums now owing, or hereafter arising, under the Loan Agreement whether or not specifically enumerated above.

Additionally, we have been informed of HFI's default under the Factoring Documents and the termination of that certain Factoring Agreement between Factor and HFI. Please be advised that, in addition to the defaults in payment discussed above, this also constitutes an Event of Default under Section 12.2 of the Loan Agreement.



Quad-C Funding, LLC, 100 Mill Plain Road, Danbury, CT 06811

Furthermore, you have advised us that Borrower presently lacks the funds to meet its payroll obligations or to satisfy expenses associated with the fulfillment of certain pending purchase orders. Because of these issues, as well as the Events of Default identified above, an adverse change has occurred with respect to Borrower's financial condition and with respect to Borrower's operations which results in a material impairment of the prospect of repayment of Borrower's Obligations to Lender. Please be advised that this constitutes an Event of Default under Section 12.8 of the Loan Agreement.

If Borrower has not cured the foregoing defaults within five (5) days of date of this notice, we will take all appropriate steps to enforce our security interests including, but not limited to, repossession of our collateral pursuant to Cal. Comm. Code § 9609, sale of such collateral at a public or private sale pursuant to Cal. Comm. Code § 9610, strict foreclosure of such collateral pursuant to Cal. Comm. Code § 9622, and providing notice to Borrower's account debtors pursuant to Cal. Comm. Code § 9607. In the meantime, Lender must reserve all of its rights and remedies which may arise now or hereafter from or relating to the Events of Default described herein and any other additional Events of Default that may now exist (in addition to those events expressly enumerated herein) or hereafter arise.

If you have any questions regarding this notice, or the nature of Borrower's default, please contact me immediately.

Sincerely,

QUAD-C FUNDING, LLC

By:

A handwritten signature in black ink, appearing to read 'Richard Kolosky', written over a horizontal line.

Richard Kolosky  
Chief Operating Officer

cc: Christl Diane Treptow  
1215 Countrywood Lane  
Vista, California 92081  
Email: CHRIS@HEATFACTORY.COM

# UCC FINANCING STATEMENT

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

<b>A. NAME &amp; PHONE OF CONTACT AT FILER [optional]</b>
<b>B. SEND ACKNOWLEDGMENT TO: (Name and Address)</b> UCC DIRECT SERVICES 2727 ALLEN PARKWAY HOUSTON, TX 77019 USA

DOCUMENT NUMBER: 25041150002  
FILING NUMBER: 10-7232328664  
FILING DATE: 05/19/2010 12:05  
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<b>1. DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (1a or 1b) - do not abbreviate or combine names</b>					
OR	1a. ORGANIZATION'S NAME THE HEAT FACTORY, INC.				
	1b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX	
1c. MAILING ADDRESS 2390 Oak Ridge Way		CITY Vista	STATE CA	POSTAL CODE 92081	COUNTRY USA
1d. SEE INSTRUCTIONS	ADD'L DEBTOR INFO	1e. TYPE OF ORGANIZATION Corporation	1f. JURISDICTION OF ORGANIZATION CA	1g. ORGANIZATIONAL ID#, if any <input type="checkbox"/> NONE C1143584	

<b>2. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (2a or 2b) - do not abbreviate or combine names</b>					
OR	2a. ORGANIZATION'S NAME				
	2b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX	
2c. MAILING ADDRESS		CITY	STATE	POSTAL CODE	COUNTRY
2d. SEE INSTRUCTIONS	ADD'L DEBTOR INFO	2e. TYPE OF ORGANIZATION	2f. JURISDICTION OF ORGANIZATION	2g. ORGANIZATIONAL ID#, if any <input type="checkbox"/> NONE	

<b>3. SECURED PARTY'S NAME (or NAME of TOTAL ASSIGNEE of ASSIGNOR S/P) - Insert only one secured party name (3a or 3b)</b>					
OR	3a. ORGANIZATION'S NAME Crossroads Financial NC, LLC				
	3b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX	
3c. MAILING ADDRESS 128 S. Tryon Street Suite 850		CITY Charlotte	STATE NC	POSTAL CODE 28202	COUNTRY USA

**4. This FINANCING STATEMENT covers the following collateral:**  
All assets of the Debtor, now existing and hereafter arising, wherever located.

NOTICE-PURSUANT TO AN AGREEMENT BETWEEN DEBTOR AND SECURED PARTY, DEBTOR HAS AGREED NOT TO FURTHER ENCUMBER THE COLLATERAL DESCRIBED HEREIN, THE FURTHER ENCUMBERING OF WHICH MAY CONSTITUTE THE TORTIOUS INTERFERENCE WITH SECURED PARTY'S RIGHTS BY SUCH ENCUMBRANCER.

<b>5. ALT DESIGNATION:</b> <input type="checkbox"/> LESSEE/LESSOR <input type="checkbox"/> CONSIGNEE/CONSIGNOR <input type="checkbox"/> BAILEE/BAILOR <input type="checkbox"/> SELLER/BUYER <input type="checkbox"/> AG. LIEN <input type="checkbox"/> NON-UCC FILING	
<input type="checkbox"/> 6. This FINANCING STATEMENT is to be filed [for record] (or recorded) in the REAL ESTATE RECORDS Attach Addendum [if applicable]	<b>7. Check to REQUEST SEARCH REPORT(S) on Debtor(s)</b> [ADDITIONAL FEE] [optional] <input type="checkbox"/> All Debtors <input type="checkbox"/> Debtor 1 <input type="checkbox"/> Debtor 2
<b>8. OPTIONAL FILER REFERENCE DATA</b> CA-0-41845015	

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**UCC FINANCING STATEMENT ADDENDUM**

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

<b>9. NAME OF FIRST DEBTOR (1a or 1b) ON RELATED FINANCING STATEMENT</b>			
9a. ORGANIZATION'S NAME THE HEAT FACTORY, INC.			
OR	9b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME, SUFFIX

10. MISCELLANEOUS:			

DOCUMENT NUMBER: 25041150002  
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<b>11. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (1a or 1b) - do not abbreviate or combine names</b>				
11a. ORGANIZATION'S NAME				
OR	11b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX
11c. MAILING ADDRESS		CITY	STATE	POSTAL CODE COUNTRY
11d. SEE INSTRUCTIONS	ADD'L DEBTOR INFO	11e. TYPE OF ORGANIZATION	11f. JURISDICTION OF ORGANIZATION	11g. ORGANIZATIONAL ID#, if any <input type="checkbox"/> NONE

<b>12. <input type="checkbox"/> ADDITIONAL SECURED PARTY'S or <input type="checkbox"/> ASSIGNOR S/P'S NAME - insert only one name (12a or 12b)</b>				
12a. ORGANIZATION'S NAME				
OR	12b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX
12c. MAILING ADDRESS		CITY	STATE	POSTAL CODE COUNTRY

<p>13. This FINANCING STATEMENT covers <input type="checkbox"/> timber to be cut or <input type="checkbox"/> as-extracted collateral, or is filed as a <input type="checkbox"/> fixture filing.</p> <p>14. Description of real estate:</p> <p>15. Name and address of RECORD OWNER of above-described real estate (if Debtor does not have a record interest):</p>	<p>16. Additional collateral description:</p> <p>IN THE EVENT THAT ANY ENTITY IS GRANTED A SECURITY INTEREST IN DEBTOR'S ACCOUNTS, INVENTORY, CHATTEL PAPER OR GENERAL INTANGIBLES CONTRARY TO THE ABOVE, THE SECURED PARTY ASSERTS A CLAIM TO ANY PROCEEDS THEREOF RECEIVED BY SUCH ENTITY</p> <p>17. Check <u>only</u> if applicable and check <u>only</u> one box.          Debtor is a <input type="checkbox"/> Trust or <input type="checkbox"/> Trustee acting with respect to property held in trust or <input type="checkbox"/> Decedent's Estate</p> <p>18. Check <u>only</u> if applicable and check <u>only</u> one box.  <input type="checkbox"/> Debtor is a TRANSMITTING UTILITY  <input type="checkbox"/> Filed in connection with a Manufactured-Home Transaction - effective 30 years  <input type="checkbox"/> Filed in connection with a Public-Finance Transaction - effective 30 years</p>
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**TRADEMARK**  
**REEL: 004849 FRAME: 0234**

# UCC FINANCING STATEMENT AMENDMENT

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

**A. NAME & PHONE OF CONTACT AT FILER [optional]**

**B. SEND ACKNOWLEDGMENT TO: (Name and Address)**  
 UCC DIRECT SERVICES  
 2727 ALLEN PARKWAY  
 HOUSTON, TX 77019  
 USA

DOCUMENT NUMBER: 25581480002  
 FILING NUMBER: 10-72376086  
 FILING DATE: 07/08/2010 13:44  
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 THE ABOVE SPACE IS FOR CA FILING OFFICE USE ONLY

**1a. INITIAL FINANCING STATEMENT FILE #**  
 10-7232328664

**1b.**  This FINANCING STATEMENT AMENDMENT is to be filed [for record] (or recorded) in the REAL ESTATE RECORDS.

**2.**  **TERMINATION:** Effectiveness of the Financing Statement identified above is terminated with respect to security interest(s) of the Secured Party authorizing this Termination.

**3.**  **CONTINUATION:** Effectiveness of the Financing Statement identified above with respect to security interest(s) of the Secured Party authorizing this Continuation Statement is continued for the additional period provided by applicable law.

**4.**  **ASSIGNMENT (full or partial):** Give name of assignee in item 7a or 7b and address of assignee in item 7c; and also give name of assignor in item 9.

**5. AMENDMENT (PARTY INFORMATION):** This Amendment affects  Debtor or  Secured Party of record. Check only one of these. Also check one of the following three boxes and provide appropriate information in items 6 and/or 7.  
 **CHANGE** name and/or address: Please refer to the detailed instructions in regards to changing the name/address of a party.  **DELETE** name: Give record name to be deleted in item 6a or 6b.  **ADD** name: Complete item 7a or 7b, and also item 7c

**6. CURRENT RECORD INFORMATION:**

**6a. ORGANIZATION'S NAME**  
 OR  
**6b. INDIVIDUAL'S LAST NAME**      **FIRST NAME**      **MIDDLE NAME**      **SUFFIX**

**7. CHANGED (NEW) OR ADDED INFORMATION:**

**7a. ORGANIZATION'S NAME**  
 OR  
**7b. INDIVIDUAL'S LAST NAME**      **FIRST NAME**      **MIDDLE NAME**      **SUFFIX**

**7c. MAILING ADDRESS**      **CITY**      **STATE**      **POSTAL CODE**      **COUNTRY**  
 2201 NW Corporate Blvd, Suite 201      Boca Raton      FL      33431-      USA

**7d. SEE INSTRUCTIONS**      **ADD'L DEBTOR INFO**      **7e. TYPE OF ORGANIZATION**      **7f. JURISDICTION OF ORGANIZATION**      **7g. ORGANIZATIONAL ID#, if any**  
 NONE

**8. AMENDMENT (COLLATERAL CHANGE):** check only one box.  
 Describe collateral  deleted or  added, or give entire  restated collateral description, or describe collateral  assigned.

**9. NAME of SECURED PARTY of RECORD AUTHORIZING THIS AMENDMENT** (name of assignor, if this is an Assignment). If this is an Amendment authorized by Debtor which adds collateral or adds the authorizing Debtor, or if this is a Termination authorized by a Debtor, check here  and enter name of DEBTOR authorizing this amendment.

**a. ORGANIZATION'S NAME**  
 OR  
**b. INDIVIDUAL'S LAST NAME**      **FIRST NAME**      **MIDDLE NAME**      **SUFFIX**

**10. OPTIONAL FILER REFERENCE DATA**  
 CA-0-42306749

FILING OFFICE COPY

# UCC FINANCING STATEMENT AMENDMENT

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

A. NAME & PHONE OF CONTACT AT FILER [optional]

B. SEND ACKNOWLEDGMENT TO: (Name and Address)

UCC DIRECT SERVICES  
2727 ALLEN PARKWAY  
HOUSTON, TX 77019  
USA

DOCUMENT NUMBER: 25709590002  
FILING NUMBER: 10-72389263  
FILING DATE: 07/21/2010 09:49  
IMAGE GENERATED ELECTRONICALLY FOR XML FILING  
THE ABOVE SPACE IS FOR CA FILING OFFICE USE ONLY

1a. INITIAL FINANCING STATEMENT FILE #  
10-7232328664

1b.  This FINANCING STATEMENT AMENDMENT is to be filed [for record] (or recorded) in the REAL ESTATE RECORDS.

2.  **TERMINATION:** Effectiveness of the Financing Statement identified above is terminated with respect to security interest(s) of the Secured Party authorizing this Termination.

3.  **CONTINUATION:** Effectiveness of the Financing Statement identified above with respect to security interest(s) of the Secured Party authorizing this Continuation Statement is continued for the additional period provided by applicable law.

4.  **ASSIGNMENT (full or partial):** Give name of assignee in item 7a or 7b and address of assignee in item 7c; and also give name of assignor in item 9.

5. **AMENDMENT (PARTY INFORMATION):** This Amendment affects  Debtor or  Secured Party of record. Check only one of these. Also check one of the following three boxes and provide appropriate information in items 6 and/or 7.

**CHANGE** name and/or address: Please refer to the detailed instructions in regards to changing the name/address of a party.  **DELETE** name: Give record name to be deleted in item 6a or 6b.  **ADD** name: Complete item 7a or 7b, and also item 7c

6. **CURRENT RECORD INFORMATION:**

6a. ORGANIZATION'S NAME			
OR	6b. INDIVIDUAL'S LAST NAME		
	FIRST NAME	MIDDLE NAME	SUFFIX

7. **CHANGED (NEW) OR ADDED INFORMATION:**

7a. ORGANIZATION'S NAME			
OR	7b. INDIVIDUAL'S LAST NAME		
	FIRST NAME	MIDDLE NAME	SUFFIX

7c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY
2390 Oak Ridge Way	Vista	CA	92081-	USA

7d. SEE INSTRUCTIONS	ADD'L DEBTOR INFO	7e. TYPE OF ORGANIZATION	7f. JURISDICTION OF ORGANIZATION	7g. ORGANIZATIONAL ID#, if any
			CA	<input checked="" type="checkbox"/> NONE

8. **AMENDMENT (COLLATERAL CHANGE):** check only one box.  
Describe collateral  deleted or  added, or give entire  restated collateral description, or describe collateral  assigned.

9. **NAME of SECURED PARTY of RECORD AUTHORIZING THIS AMENDMENT** (name of assignor, if this is an Assignment). If this is an Amendment authorized by Debtor which adds collateral or adds the authorizing Debtor, or if this is a Termination authorized by a Debtor, check here  and enter name of DEBTOR authorizing this amendment.

a. ORGANIZATION'S NAME			
OR	b. INDIVIDUAL'S LAST NAME		
	FIRST NAME	MIDDLE NAME	SUFFIX

10. **OPTIONAL FILER REFERENCE DATA**  
CA-0-42369855

FILING OFFICE COPY



# UCC FINANCING STATEMENT AMENDMENT

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

A. NAME & PHONE OF CONTACT AT FILER [optional]

B. SEND ACKNOWLEDGMENT TO: (Name and Address)

UCC DIRECT SERVICES  
2727 ALLEN PARKWAY  
HOUSTON, TX 77019  
USA

DOCUMENT NUMBER: 25717520002  
FILING NUMBER: 10-72390342  
FILING DATE: 07/21/2010 16:15  
IMAGE GENERATED ELECTRONICALLY FOR XML FILING  
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1a. INITIAL FINANCING STATEMENT FILE #  
10-7232328664

1b.  This FINANCING STATEMENT AMENDMENT is to be filed [for record] (or recorded) in the REAL ESTATE RECORDS.

2.  **TERMINATION:** Effectiveness of the Financing Statement identified above is terminated with respect to security interest(s) of the Secured Party authorizing this Termination.

3.  **CONTINUATION:** Effectiveness of the Financing Statement identified above with respect to security interest(s) of the Secured Party authorizing this Continuation Statement is continued for the additional period provided by applicable law.

4.  **ASSIGNMENT (full or partial):** Give name of assignee in item 7a or 7b and address of assignee in item 7c; and also give name of assignor in item 9.

5. **AMENDMENT (PARTY INFORMATION):** This Amendment affects  Debtor or  Secured Party of record. Check only one of these. Also check one of the following three boxes and provide appropriate information in items 6 and/or 7.

**CHANGE** name and/or address: Please refer to the detailed instructions in regards to changing the name/address of a party.  **DELETE** name: Give record name to be deleted in item 6a or 6b.  **ADD** name: Complete item 7a or 7b, and also item 7c

6. **CURRENT RECORD INFORMATION:**

6a. ORGANIZATION'S NAME			
OR	6b. INDIVIDUAL'S LAST NAME		
	FIRST NAME	MIDDLE NAME	SUFFIX

7. **CHANGED (NEW) OR ADDED INFORMATION:**

7a. ORGANIZATION'S NAME			
OR	7b. INDIVIDUAL'S LAST NAME		
	FIRST NAME	MIDDLE NAME	SUFFIX

7c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY
2390 Oak Ridge Way	Vista	CA	92081-	USA

7d. SEE INSTRUCTIONS	ADD'L DEBTOR INFO	7e. TYPE OF ORGANIZATION	7f. JURISDICTION OF ORGANIZATION	7g. ORGANIZATIONAL ID#, if any
			CA	<input checked="" type="checkbox"/> NONE

8. **AMENDMENT (COLLATERAL CHANGE):** check only one box.  
Describe collateral  deleted or  added, or give entire  restated collateral description, or describe collateral  assigned.

9. **NAME of SECURED PARTY of RECORD AUTHORIZING THIS AMENDMENT** (name of assignor, if this is an Assignment). If this is an Amendment authorized by Debtor which adds collateral or adds the authorizing Debtor, or if this is a Termination authorized by a Debtor, check here  and enter name of DEBTOR authorizing this amendment.

a. ORGANIZATION'S NAME			
OR	b. INDIVIDUAL'S LAST NAME		
	FIRST NAME	MIDDLE NAME	SUFFIX

10. **OPTIONAL FILER REFERENCE DATA**

CA-0-42369866

FILING OFFICE COPY

# UCC FINANCING STATEMENT AMENDMENT

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

<b>A. NAME &amp; PHONE OF CONTACT AT FILER [optional]</b>				
<b>B. SEND ACKNOWLEDGMENT TO: (Name and Address)</b> UCC DIRECT SERVICES 2727 ALLEN PARKWAY HOUSTON, TX 77019 USA				
DOCUMENT NUMBER: 27230420002 FILING NUMBER: 10-72540662 FILING DATE: 12/10/2010 13:24 IMAGE GENERATED ELECTRONICALLY FOR XML FILING THE ABOVE SPACE IS FOR CA FILING OFFICE USE ONLY				
<b>1a. INITIAL FINANCING STATEMENT FILE #</b> 10-7232328664			<b>1b.</b> <input type="checkbox"/> This FINANCING STATEMENT AMENDMENT is to be filed [for record] (or recorded) in the REAL ESTATE RECORDS.	
<b>2.</b> <input type="checkbox"/> <b>TERMINATION:</b> Effectiveness of the Financing Statement identified above is terminated with respect to security interest(s) of the Secured Party authorizing this Termination.				
<b>3.</b> <input type="checkbox"/> <b>CONTINUATION:</b> Effectiveness of the Financing Statement identified above with respect to security interest(s) of the Secured Party authorizing this Continuation Statement is continued for the additional period provided by applicable law.				
<b>4.</b> <input checked="" type="checkbox"/> <b>ASSIGNMENT (full or partial):</b> Give name of assignee in item 7a or 7b and address of assignee in item 7c; and also give name of assignor in item 9.				
<b>5. AMENDMENT (PARTY INFORMATION):</b> This Amendment affects <input type="checkbox"/> Debtor or <input type="checkbox"/> Secured Party of record. Check only <u>one</u> of these. Also check <u>one</u> of the following three boxes <u>and</u> provide appropriate information in items 6 and/or 7. <input type="checkbox"/> CHANGE name and/or address: Please refer to the detailed instructions in regards to changing the name/address of a party. <input type="checkbox"/> DELETE name: Give record name to be deleted in item 6a or 6b. <input type="checkbox"/> ADD name: Complete item 7a or 7b, and also item 7c				
<b>6. CURRENT RECORD INFORMATION:</b>				
<b>6a. ORGANIZATION'S NAME</b>				
OR				
<b>6b. INDIVIDUAL'S LAST NAME</b>		<b>FIRST NAME</b>	<b>MIDDLE NAME</b>	<b>SUFFIX</b>
<b>7. CHANGED (NEW) OR ADDED INFORMATION:</b>				
<b>7a. ORGANIZATION'S NAME</b> Quad-C Funding, LLC				
OR				
<b>7b. INDIVIDUAL'S LAST NAME</b>		<b>FIRST NAME</b>	<b>MIDDLE NAME</b>	<b>SUFFIX</b>
<b>7c. MAILING ADDRESS</b> 100 Mill Plain Road		<b>CITY</b> Danbury	<b>STATE</b> CT	<b>POSTAL CODE</b> 06811- <b>COUNTRY</b> USA
<b>7d. SEE INSTRUCTIONS</b>	<b>ADD'L DEBTOR INFO</b>	<b>7e. TYPE OF ORGANIZATION</b>	<b>7f. JURISDICTION OF ORGANIZATION</b>	<b>7g. ORGANIZATIONAL ID#, if any</b> <input type="checkbox"/> NONE
<b>8. AMENDMENT (COLLATERAL CHANGE):</b> check only <u>one</u> box. Describe collateral <input type="checkbox"/> deleted or <input type="checkbox"/> added, or give entire <input type="checkbox"/> restated collateral description, or describe collateral <input type="checkbox"/> assigned.				
<b>9. NAME of SECURED PARTY of RECORD AUTHORIZING THIS AMENDMENT</b> (name of assignor, if this is an Assignment). If this is an Amendment authorized by Debtor which adds collateral or adds the authorizing Debtor, or if this is a Termination authorized by a Debtor, check here <input type="checkbox"/> and enter name of DEBTOR authorizing this amendment.				
<b>a. ORGANIZATION'S NAME</b> Crossroads Financial, LLC				
OR				
<b>b. INDIVIDUAL'S LAST NAME</b>		<b>FIRST NAME</b>	<b>MIDDLE NAME</b>	<b>SUFFIX</b>
<b>10. OPTIONAL FILER REFERENCE DATA</b> CA-0-43959075				

FILING OFFICE COPY

TRADEMARK  
REEL: 004849 FRAME: 0238

# UCC FINANCING STATEMENT AMENDMENT

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

**A. NAME & PHONE OF CONTACT AT FILER [optional]**

**B. SEND ACKNOWLEDGMENT TO: (Name and Address)**  
 CT LIEN SOLUTIONS  
 2727 ALLEN PARKWAY  
 HOUSTON, TX 77019  
 USA

DOCUMENT NUMBER: 28504660002  
 FILING NUMBER: 11-72655195  
 FILING DATE: 04/06/2011 09:24  
 IMAGE GENERATED ELECTRONICALLY FOR XML FILING  
 THE ABOVE SPACE IS FOR CA FILING OFFICE USE ONLY

**1a. INITIAL FINANCING STATEMENT FILE #**  
 10-7232328664

**1b.**  This FINANCING STATEMENT AMENDMENT is to be filed [for record] (or recorded) in the REAL ESTATE RECORDS.

**2.**  **TERMINATION:** Effectiveness of the Financing Statement identified above is terminated with respect to security interest(s) of the Secured Party authorizing this Termination.

**3.**  **CONTINUATION:** Effectiveness of the Financing Statement identified above with respect to security interest(s) of the Secured Party authorizing this Continuation Statement is continued for the additional period provided by applicable law.

**4.**  **ASSIGNMENT (full or partial):** Give name of assignee in item 7a or 7b and address of assignee in item 7c; and also give name of assignor in item 9.

**5. AMENDMENT (PARTY INFORMATION):** This Amendment affects  Debtor or  Secured Party of record. Check only one of these. Also check one of the following three boxes and provide appropriate information in items 6 and/or 7.

**CHANGE** name and/or address: Please refer to the detailed instructions in regards to changing the name/address of a party.  **DELETE** name: Give record name to be deleted in item 6a or 6b.  **ADD** name: Complete item 7a or 7b, and also item 7c

**6. CURRENT RECORD INFORMATION:**

**6a. ORGANIZATION'S NAME**  
 OR  
**6b. INDIVIDUAL'S LAST NAME**      **FIRST NAME**      **MIDDLE NAME**      **SUFFIX**

**7. CHANGED (NEW) OR ADDED INFORMATION:**

**7a. ORGANIZATION'S NAME**  
 OR  
**7b. INDIVIDUAL'S LAST NAME**      **FIRST NAME**      **MIDDLE NAME**      **SUFFIX**

**7c. MAILING ADDRESS**      **CITY**      **STATE**      **POSTAL CODE**      **COUNTRY**  
 100 Mill Plain Road      Danbury      CT      06811-      USA

**7d. SEE INSTRUCTIONS**      **ADD'L DEBTOR INFO**      **7e. TYPE OF ORGANIZATION**      **7f. JURISDICTION OF ORGANIZATION**      **7g. ORGANIZATIONAL ID#, if any**  
 NONE

**8. AMENDMENT (COLLATERAL CHANGE):** check only one box.

Describe collateral  deleted or  added, or give entire  restated collateral description, or describe collateral  assigned.

**9. NAME of SECURED PARTY of RECORD AUTHORIZING THIS AMENDMENT** (name of assignor, if this is an Assignment). If this is an Amendment authorized by Debtor which adds collateral or adds the authorizing Debtor, or if this is a Termination authorized by a Debtor, check here  and enter name of DEBTOR authorizing this amendment.

**a. ORGANIZATION'S NAME**  
 OR  
**b. INDIVIDUAL'S LAST NAME**      **FIRST NAME**      **MIDDLE NAME**      **SUFFIX**

**10. OPTIONAL FILER REFERENCE DATA**  
 CA-0-45072567

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**UCC FINANCING STATEMENT AMENDMENT ADDITIONAL PARTY**

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

12. INITIAL FINANCING STATEMENT FILE # (same as item 1a on Amendment form)  
10-7232328664

13. NAME OF PARTY AUTHORIZING THIS AMENDMENT (same as item 9 on Amendment form)

13a. ORGANIZATION'S NAME Quad-C Funding, LLC			
OR	13b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME, SUFFIX

14 MISCELLANEOUS

DOCUMENT NUMBER: 28504660002  
IMAGE GENERATED ELECTRONICALLY FOR XML FILING  
THE ABOVE SPACE IS FOR CA FILING OFFICE USE ONLY

14. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (14a or 14b) - do not abbreviate or combine names

14a. ORGANIZATION'S NAME						
OR	14b. INDIVIDUAL'S LAST NAME		FIRST NAME	MIDDLE NAME	SUFFIX	
14c. MAILING ADDRESS			CITY	STATE	POSTAL CODE	COUNTRY
14d. SEE INSTRUCTIONS	ADD'L DEBTOR INFO		14e. TYPE OF ORGANIZATION	14f. JURISDICTION OF ORGANIZATION	14g. ORGANIZATIONAL ID#, if any <input type="checkbox"/> NONE	

15. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (15a or 15b) - do not abbreviate or combine names

15a. ORGANIZATION'S NAME						
OR	15b. INDIVIDUAL'S LAST NAME		FIRST NAME	MIDDLE NAME	SUFFIX	
15c. MAILING ADDRESS			CITY	STATE	POSTAL CODE	COUNTRY
15d. SEE INSTRUCTIONS	ADD'L DEBTOR INFO		15e. TYPE OF ORGANIZATION	15f. JURISDICTION OF ORGANIZATION	15g. ORGANIZATIONAL ID#, if any <input type="checkbox"/> NONE	

16. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (16a or 16b) - do not abbreviate or combine names

16a. ORGANIZATION'S NAME						
OR	16b. INDIVIDUAL'S LAST NAME		FIRST NAME	MIDDLE NAME	SUFFIX	
16c. MAILING ADDRESS			CITY	STATE	POSTAL CODE	COUNTRY
16d. SEE INSTRUCTIONS	ADD'L DEBTOR INFO		16e. TYPE OF ORGANIZATION	16f. JURISDICTION OF ORGANIZATION	16g. ORGANIZATIONAL ID#, if any <input type="checkbox"/> NONE	

17. ADDITIONAL SECURED PARTY'S NAME (or Name of TOTAL ASSIGNEE) - Insert only one name (17a or 17b)

17a. ORGANIZATION'S NAME Crossroads Financial Services, LLC						
OR	17b. INDIVIDUAL'S LAST NAME		FIRST NAME	MIDDLE NAME	SUFFIX	
17c. MAILING ADDRESS 6800 Broken Sound Parkway Suite 301			CITY Boca Raton	STATE FL	POSTAL CODE 33487-	COUNTRY USA

18. ADDITIONAL SECURED PARTY'S NAME (or Name of TOTAL ASSIGNEE) - insert only one name (18a or 18b)

18a. ORGANIZATION'S NAME						
OR	18b. INDIVIDUAL'S LAST NAME		FIRST NAME	MIDDLE NAME	SUFFIX	
18c. MAILING ADDRESS			CITY	STATE	POSTAL CODE	COUNTRY

FILING OFFICE COPY

TRADEMARK  
REEL: 004849 FRAME: 0240

**UCC FINANCING STATEMENT AMENDMENT ADDITIONAL PARTY**

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

<b>20. INITIAL FINANCING STATEMENT FILE #</b> (same as item 1a on Amendment form)			
10-7232328664			
<b>21. NAME OF PARTY AUTHORIZING THIS AMENDMENT</b> (same as item 9 on Amendment form)			
<b>21a. ORGANIZATION'S NAME</b> Quad-C Funding, LLC			
<b>OR</b>	<b>21b. INDIVIDUAL'S LAST NAME</b>	<b>FIRST NAME</b>	<b>MIDDLE NAME, SUFFIX</b>
<b>22 MISCELLANEOUS</b>			

DOCUMENT NUMBER: 28504660002  
 IMAGE GENERATED ELECTRONICALLY FOR XML FILING  
 THE ABOVE SPACE IS FOR CA FILING OFFICE USE ONLY

<b>23. AUTHORIZING PARTIES (continued):</b>			
<b>23a. ORGANIZATION'S NAME</b> Crossroads Financial Services, LLC			
<b>OR</b>	<b>23b. INDIVIDUAL'S LAST NAME</b>	<b>FIRST NAME</b>	<b>MIDDLE NAME SUFFIX</b>

FILING OFFICE COPY

# UCC FINANCING STATEMENT AMENDMENT

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

<b>A. NAME &amp; PHONE OF CONTACT AT FILER [optional]</b> Giselia Melendez 800-331-3282					DOCUMENT NUMBER: 32723280002 FILING NUMBER: 12-73083510 FILING DATE: 04/11/2012 13:32 IMAGE GENERATED ELECTRONICALLY FOR XML FILING THE ABOVE SPACE IS FOR CA FILING OFFICE USE ONLY				
<b>B. SEND ACKNOWLEDGMENT TO: (Name and Address)</b> CT LIEN SOLUTIONS 2727 ALLEN PARKWAY HOUSTON, TX 77019 USA									
<b>1a. INITIAL FINANCING STATEMENT FILE #</b> 10-7232328664					1b. <input type="checkbox"/> This FINANCING STATEMENT AMENDMENT is to be filed [for record] (or recorded) in the REAL ESTATE RECORDS.				
2. <input type="checkbox"/> <b>TERMINATION:</b> Effectiveness of the Financing Statement identified above is terminated with respect to security interest(s) of the Secured Party authorizing this Termination.									
3. <input type="checkbox"/> <b>CONTINUATION:</b> Effectiveness of the Financing Statement identified above with respect to security interest(s) of the Secured Party authorizing this Continuation Statement is continued for the additional period provided by applicable law.									
4. <input checked="" type="checkbox"/> <b>ASSIGNMENT (full or partial):</b> Give name of assignee in item 7a or 7b and address of assignee in item 7c; and also give name of assignor in item 9.									
5. <b>AMENDMENT (PARTY INFORMATION):</b> This Amendment affects <input type="checkbox"/> Debtor or <input type="checkbox"/> Secured Party of record. Check only <u>one</u> of these. Also check <u>one</u> of the following three boxes and provide appropriate information in items 6 and/or 7. <input type="checkbox"/> CHANGE name and/or address: Please refer to the detailed instructions in regards to changing the name/address of a party. <input type="checkbox"/> DELETE name: Give record name to be deleted in item 6a or 6b. <input type="checkbox"/> ADD name: Complete item 7a or 7b, and also item 7c									
<b>6. CURRENT RECORD INFORMATION:</b>									
6a. ORGANIZATION'S NAME									
OR									
6b. INDIVIDUAL'S LAST NAME			FIRST NAME		MIDDLE NAME		SUFFIX		
<b>7. CHANGED (NEW) OR ADDED INFORMATION:</b>									
7a. ORGANIZATION'S NAME Quad-C Funding, LLC									
OR									
7b. INDIVIDUAL'S LAST NAME			FIRST NAME		MIDDLE NAME		SUFFIX		
7c. MAILING ADDRESS 100 Mill Plain Road				CITY Danbury		STATE CT	POSTAL CODE 06811-		COUNTRY USA
7d. SEE INSTRUCTIONS		ADD'L DEBTOR INFO		7e. TYPE OF ORGANIZATION	7f. JURISDICTION OF ORGANIZATION		7g. ORGANIZATIONAL ID#, if any <input type="checkbox"/> NONE		
8. <b>AMENDMENT (COLLATERAL CHANGE):</b> check only <u>one</u> box. Describe collateral: <input type="checkbox"/> deleted or <input type="checkbox"/> added, or give entire <input type="checkbox"/> restated collateral description, or describe collateral <input type="checkbox"/> assigned.									
9. <b>NAME of SECURED PARTY of RECORD AUTHORIZING THIS AMENDMENT</b> (name of assignor, if this is an Assignment). If this is an Amendment authorized by Debtor which adds collateral or adds the authorizing Debtor, or if this is a Termination authorized by a Debtor, check here <input type="checkbox"/> and enter name of DEBTOR authorizing this amendment.									
a. ORGANIZATION'S NAME QUAD-C FUNDING, LLC									
OR									
b. INDIVIDUAL'S LAST NAME			FIRST NAME		MIDDLE NAME		SUFFIX		
10. <b>OPTIONAL FILER REFERENCE DATA</b> CA-0-32789816-46336647									

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**UCC FINANCING STATEMENT AMENDMENT ADDITIONAL PARTY**

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

11. INITIAL FINANCING STATEMENT FILE # (same as item 1a on Amendment form) 10-7232328664			
12. NAME OF PARTY AUTHORIZING THIS AMENDMENT (same as item 9 on Amendment form)			
12a. ORGANIZATION'S NAME QUAD-C FUNDING, LLC			
OR	12b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME, SUFFIX
13 MISCELLANEOUS			

DOCUMENT NUMBER: 32723280002  
 IMAGE GENERATED ELECTRONICALLY FOR XML FILING  
 THE ABOVE SPACE IS FOR CA FILING OFFICE USE ONLY

14. AUTHORIZING PARTIES (continued):			
OR 14a. ORGANIZATION'S NAME CROSSROADS FINANCIAL SERVICES, LLC			
	14b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME SUFFIX
OR 15a. ORGANIZATION'S NAME CROSSROADS FINANCIAL NC, LLC			
	15b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME SUFFIX
OR 16a. ORGANIZATION'S NAME CROSSROADS FINANCIAL, LLC			
	16b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME SUFFIX
OR 17a. ORGANIZATION'S NAME QUAD-C FUNDING, LLC			
	17b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME SUFFIX
OR 18a. ORGANIZATION'S NAME CROSSROADS FINANCIAL SERVICES, LLC			
	18b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME SUFFIX
OR 19a. ORGANIZATION'S NAME CROSSROADS FINANCIAL NC, LLC			
	19b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME SUFFIX
OR 20a. ORGANIZATION'S NAME CROSSROADS FINANCIAL, LLC			
	20b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME SUFFIX

FILING OFFICE COPY

# UCC FINANCING STATEMENT

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

A. NAME & PHONE OF CONTACT AT FILER [optional]

B. SEND ACKNOWLEDGMENT TO: (Name and Address)  
 UCC DIRECT SERVICES  
 2727 ALLEN PARKWAY  
 HOUSTON, TX 77019  
 USA

DOCUMENT NUMBER: 27230500002  
 FILING NUMBER: 10-7254067042  
 FILING DATE: 12/10/2010 13:33  
 IMAGE GENERATED ELECTRONICALLY FOR XML FILING  
 THE ABOVE SPACE IS FOR CA FILING OFFICE USE ONLY

1. DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (1a or 1b) - do not abbreviate or combine names

OR  
 1a. ORGANIZATION'S NAME  
 THE HEAT FACTORY, INC.  
 1b. INDIVIDUAL'S LAST NAME FIRST NAME MIDDLE NAME SUFFIX

1c. MAILING ADDRESS CITY STATE POSTAL CODE COUNTRY  
 2390 Oak Ridge Way Vista CA 92081 USA

1d. SEE ADD'L DEBTOR INFO 1e. TYPE OF ORGANIZATION 1f. JURISDICTION OF ORGANIZATION 1g. ORGANIZATIONAL ID#, if any  
 INSTRUCTIONS Corporation CA C1143584  NONE

2. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (2a or 2b) - do not abbreviate or combine names

OR  
 2a. ORGANIZATION'S NAME  
 2b. INDIVIDUAL'S LAST NAME FIRST NAME MIDDLE NAME SUFFIX

2c. MAILING ADDRESS CITY STATE POSTAL CODE COUNTRY

2d. SEE ADD'L DEBTOR INFO 2e. TYPE OF ORGANIZATION 2f. JURISDICTION OF ORGANIZATION 2g. ORGANIZATIONAL ID#, if any  
 INSTRUCTIONS  NONE

3. SECURED PARTY'S NAME (or NAME of TOTAL ASSIGNEE of ASSIGNOR S/P) - Insert only one secured party name (3a or 3b)

OR  
 3a. ORGANIZATION'S NAME  
 Quad-C Funding, LLC  
 3b. INDIVIDUAL'S LAST NAME FIRST NAME MIDDLE NAME SUFFIX

3c. MAILING ADDRESS CITY STATE POSTAL CODE COUNTRY  
 100 Mill Plain Road Danbury CT 06811 USA

4. This FINANCING STATEMENT covers the following collateral:  
 All assets of the Debtor, now existing and hereafter arising, wherever located.

NOTICE-PURSUANT TO AN AGREEMENT BETWEEN DEBTOR AND SECURED PARTY, DEBTOR HAS AGREED NOT TO FURTHER ENCUMBER THE COLLATERAL DESCRIBED HEREIN, THE FURTHER ENCUMBERING OF WHICH MAY CONSTITUTE THE TORTIOUS INTERFERENCE WITH SECURED PARTY'S RIGHTS BY SUCH ENCUMBRANCER.

5. ALT DESIGNATION:  LESSEE/LESSOR  CONSIGNEE/CONSIGNOR  BAILEE/BAILOR  SELLER/BUYER  AG. LIEN  NON-UCC FILING

6. This FINANCING STATEMENT is to be filed [for record] (or recorded) in the REAL ESTATE RECORDS Attach Addendum [if applicable] 7. Check to REQUEST SEARCH REPORT(S) on Debtor(s) [ADDITIONAL FEE] [optional]  All Debtors  Debtor 1  Debtor 2

8. OPTIONAL FILER REFERENCE DATA  
 CA-0-43959356

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**UCC FINANCING STATEMENT ADDENDUM**

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

<b>9. NAME OF FIRST DEBTOR (1a or 1b) ON RELATED FINANCING STATEMENT</b>			
9a. ORGANIZATION'S NAME THE HEAT FACTORY, INC.			
OR	9b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME, SUFFIX

10. MISCELLANEOUS:			

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11. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - insert only <u>one</u> debtor name (1a or 1b) - do not abbreviate or combine names				
11a. ORGANIZATION'S NAME				
OR	11b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX
11c. MAILING ADDRESS		CITY	STATE	POSTAL CODE COUNTRY
11d. SEE INSTRUCTIONS	ADD'L DEBTOR INFO	11e. TYPE OF ORGANIZATION	11f. JURISDICTION OF ORGANIZATION	11g. ORGANIZATIONAL ID#, if any <input type="checkbox"/> NONE

12. <input type="checkbox"/> ADDITIONAL SECURED PARTY'S or <input type="checkbox"/> ASSIGNOR S/P'S NAME - insert only <u>one</u> name (12a or 12b)				
12a. ORGANIZATION'S NAME				
OR	12b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX
12c. MAILING ADDRESS		CITY	STATE	POSTAL CODE COUNTRY

<p>13. This FINANCING STATEMENT covers <input type="checkbox"/> timber to be cut or <input type="checkbox"/> as-extracted collateral, or is filed as a <input type="checkbox"/> fixture filing.</p> <p>14. Description of real estate:</p> <p>15. Name and address of RECORD OWNER of above-described real estate (if Debtor does not have a record interest):</p>	<p>16. Additional collateral description:</p> <p>IN THE EVENT THAT ANY ENTITY IS GRANTED A SECURITY INTEREST IN DEBTOR'S ACCOUNTS, INVENTORY, CHATTEL PAPER OR GENERAL INTANGIBLES CONTRARY TO THE ABOVE, THE SECURED PARTY ASSERTS A CLAIM TO ANY PROCEEDS THEREOF RECEIVED BY SUCH ENTITY</p> <p>17. Check <u>only</u> if applicable and check <u>only</u> one box.          Debtor is a <input type="checkbox"/> Trust or <input type="checkbox"/> Trustee acting with respect to property held in trust or <input type="checkbox"/> Decedent's Estate</p> <p>18. Check <u>only</u> if applicable and check <u>only</u> one box.  <input type="checkbox"/> Debtor is a TRANSMITTING UTILITY  <input type="checkbox"/> Filed in connection with a Manufactured-Home Transaction - effective 30 years  <input type="checkbox"/> Filed in connection with a Public-Finance Transaction - effective 30 years</p>
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