

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
Starbury Corporation		09/20/2012	CORPORATION: DELAWARE

**RECEIVING PARTY DATA**

Name:	New Freedom Ventures II, LLC
Street Address:	8311 Brier Creek Pkwy
Internal Address:	Ste 105 #125
City:	Raleigh
State/Country:	NORTH CAROLINA
Postal Code:	27617
Entity Type:	LIMITED LIABILITY COMPANY: NORTH CAROLINA

**PROPERTY NUMBERS Total: 10**

Property Type	Number	Word Mark
Serial Number:	78844163	STARBURY
Registration Number:	3999205	STARBURY
Registration Number:	3327550	STARBURY ·3
Registration Number:	3826491	STARBURY
Registration Number:	3497157	3
Registration Number:	3486348	3
Serial Number:	78795160	CHANGE THE WORLD
Serial Number:	78764617	MARBURY
Serial Number:	78764546	STEPHON MARBURY
Registration Number:	3481527	3

**CORRESPONDENCE DATA**

Fax Number: 9195730932

*Correspondence will be sent to the e-mail address first; if that is unsuccessful, it will be sent*

OP \$265.00 78844163

*via US Mail.*

Phone: 9195960818  
Email: newfreedomventues@yahoo.com  
Correspondent Name: New Freedom Ventures II, LLC  
Address Line 1: 8311 Brier Creek Pkwy  
Address Line 2: Ste 105 #125  
Address Line 4: Raleigh, NORTH CAROLINA 27617

NAME OF SUBMITTER:	Barry F. Hicks
Signature:	/Barry F. Hicks/
Date:	05/15/2013

**Total Attachments: 12**

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## SECURITY AGREEMENT

THIS SECURITY AGREEMENT, effective as of September 20<sup>th</sup>, 2012, is between Starbury Corporation, a Delaware corporation (the "Company"), Stephon X. Marbury, an individual, collectively (the "Company") and New Freedom Ventures II, LLC, a North Carolina limited liability company (the "Secured Party") supplements and modifies the ORIGINAL SECURITY AGREEMENT executed April 17<sup>th</sup>, 2009.

### Recitals

The Company acknowledges the following:

Pursuant to an original Promissory Note dated March 17<sup>th</sup>, 2008 and subsequent modifications (such agreement, as amended, modified, revised, supplemented or restated from time to time, the "Promissory Note") between the Company and the Secured Party, the Secured Party has agreed to make certain financial accommodations available to the Company, on the terms and subject to the conditions set forth in the Promissory Note.

Company warrants and represents that it has complied with all terms and conditions of its previous Settlement Agreement and this Security Agreement does not conflict with or interfere with that Settlement Agreement.

The Secured Party requires, as a condition of modifying the Promissory Note with the Company, that the Company shall have granted the security interests and undertaken the obligations contemplated by this Agreement.

#### 1. Definitions.

Definitions. Capitalized terms not defined herein have the meanings ascribed to them in the Promissory Note. As used in this Agreement, the following terms have the following meanings:

"Accounts" means all amounts owed to the Company as payment for goods sold or leased or services rendered as defined in the North Carolina Uniform Commercial Code as in effect from time to time.

"Chattel Paper" means a record or records that evidence both a monetary obligation owed to the Company and a security interest in or lease of specific goods.

"Collateral" means all of the Company's right, title and interest in and to the following, whether now owned and existing or hereafter created or acquired, wherever located, together with all additions and accessions and all proceeds and products thereof: all Accounts, Chattel Paper, Instruments, Investment Property, Equipment, Inventory, Jewelry, Personal Effects, Personalty, General Intangibles, Deposit Accounts, documents, letter of credit rights, any supporting obligations relating to the foregoing, any insurance coverage relating to the foregoing and all books and records of the Company pertaining to any of the foregoing.

"Consigned Inventory" means finished goods Inventory which is stored at customers' facilities.

"Copyrights" means the copyrights, whether statutory or common law, registered or unregistered, and copyright applications now or hereafter owned by the Company, including without limitation those copyrights, copyright registrations and copyright applications listed in Exhibit C, and (a) all renewals and extensions thereof, (b) all income, royalties, damages and payments now or hereafter due and/or payable under and with respect thereto, including without limitations payments under all Licenses (including without limitation the Licenses listed in Exhibit C) entered into connection therewith and damages and payments for past or future infringements thereof, (c) the right to sue for past, present and future infringements thereof and (d) copyrights, copyright registrations and copyright applications and any other rights corresponding thereto throughout the world.

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"Deposit Account" means a demand, time, savings, passbook, or similar account maintained with a bank, savings and loan association, savings bank, credit union or trust company, but excluding investment property and any account evidenced by an instrument.

"Equipment" means all machinery, equipment and fixtures owned by the Company and, to the extent legally assignable and permitted under the lease or other applicable agreement, all leases and agreements for use of machinery, equipment and fixtures leased by the Company, and all modifications, alterations, repairs, substitutions and replacements thereof or thereto.

"Event of Default" means the occurrence of any of the following: (a) an event of default under the Promissory Note, (b) any representation made by the Company in this Agreement is false in any material respect on the date as of which made or as of which the same is to be effective or (c) the Company fails to timely comply with any of its obligations under this Agreement.

"General Intangibles" means any personal property owned by the Company (other than Accounts, Chattel Paper, Instruments, Investment Property, Equipment, Inventory, Deposit Accounts, documents or letter of credit rights) including, but not limited to, causes of action, contract rights, payment intangibles, rights to insurance claims and proceeds, tax refunds, claims for tax refunds, rights of indemnification, contribution and subrogation, partnership interests and limited liability company membership interests, software and all Intellectual Property.

"Instrument" means a negotiable instrument owned by the Company or any other writing owned by the Company which evidences a right to the payment of a monetary obligation, is not itself a security agreement or lease and is of a type that in the ordinary course of business is transferred by delivery with any necessary endorsement or assignment.

"Intellectual Property" means the Patents, Copyrights, Trademarks, Trade Secrets and Licenses.

"Inventory" means all of the Company's inventory, including all goods held for sale, lease or demonstration or to be furnished under contracts of service, all goods leased to others, trade-ins and repossessions, raw materials, work in process and materials or supplies used or consumed in the Company's business.

"Investment Property" means "Investment Property" as defined in North Carolina Statutes section 25-8-103 or any replacement section thereof.

"Licenses" means license agreements with any other Person with respect to a patent, patent application, trademark, trademark registration, trademark application, copyright or copyright application whether the Company is a licensor or licensee under any such license agreement, including without limitation the license agreements listed in Exhibit C and (a) all renewals, extensions, supplements and continuations thereof, (b) income, royalties, damages and payments now or hereafter due and/or payable to the Company with respect thereto and damages and payments for past or future infringements thereof, (c) the right to sue for past, present and future infringements thereof and (d) all other rights corresponding thereto throughout the world.

"Patents" means the patents and patent applications, and the inventions and improvements described and claimed therein now or hereafter owned by the Company, including without limitation those patents and patent applications listed in Exhibit C, and (a) the reissues, divisions, continuations, renewals, extensions and continuations-in-part thereof, (b) all income royalties, damages and payments now or hereafter due and/or payable under and with respect thereto, including without limitation, payments under all Licenses (including without limitation the Licenses listed in Exhibit C) entered into in connection therewith and damages and payments for past or future infringements

thereof, (c) the right to sue for past, present and future infringements thereof and (d) patents, patent applications and any other rights corresponding thereto throughout the world.

“Secured Obligations” means (a) all Obligations owed by the Company to the Secured Party and (b) all other present and future debts, obligations and liabilities of every nature now or hereafter owed by the Company to the Secured Party.

“Trademarks” means trademarks (including trade names, domain names, and service marks), trademark registrations, and trademark applications now or hereafter owned by the Company, including without limitation those trademarks and trademark applications listed on Exhibit C, and (a) all renewals thereof, (b) all income, royalties, damages and payments now and hereafter due and/or payable with respect thereto, including without limitation payments under all Licenses (including without limitation the Licenses listed in Exhibit C) entered into in connection therewith and damages and payments for past or future infringements thereof, (c) the right to sue for past, present and future infringements and dilutions thereof, (d) trademarks, trademark registrations, trademark applications and any other rights corresponding thereto throughout the world and (e) all of the goodwill of the Company’s business connected with and symbolized by the foregoing.

“Trade Secrets” means common law and statutory trade secrets and all other confidential or proprietary or useful information and all know-how obtained by or used in or contemplated at any time for use in the business of the Company, whether or not such trade secret has been reduced to a writing or other tangible form, including all documents embodying, incorporating or referring in any way to such trade secret, all trade secret licenses including each trade secret license described in Exhibit C attached hereto, and including the right to sue for and to enjoin in to collect damages for the actual or threatened misappropriation of any trade secret and for the breach or enforcement of any such trade secret license.

2. Grant of Security Interest. The Company grants the Secured Party a security interest in the Collateral, whether now owned or hereafter created or acquired, to secure the payment and performance of the Secured Obligations, whether voluntary or involuntary, direct or indirect, absolute or contingent, liquidated or unliquidated, whether or not jointly owned with others, and whether or not from time to time decreased or extinguished and later increased, created or incurred (including the payment of amounts that would become due but for the operation of the automatic stay under Section 362 of the United States Bankruptcy Code, or otherwise), and all or any portion of such obligations or liabilities that are paid, to the extent all or any part of such payment is avoided or recovered directly or indirectly from the Secured Party as a preference, fraudulent transfer or otherwise.

3. Representations and Warranties. The Company represents and warrants to the Secured Party that:

(a) The Company owns or has rights in (and, in the case of after-acquired property, will own or have rights in) or has the power to transfer the Collateral, and its title to the Collateral is free of all liens or encumbrances other than Permitted Liens and no financing statement (other than those in favor of the Secured Party and the holders of Permitted Liens) is on file covering any of the Collateral.

(b) Each Account and Chattel Paper constituting Collateral as of this date arose from the performance of services by the Company or from a bona fide sale or lease of goods which have been delivered or shipped to the account debtor and for which the Company has genuine invoices, shipping documents or receipts.

(c) Each Account and Chattel Paper constituting Collateral is genuine and enforceable against the account debtor according to its terms and complies in all material respects with all applicable laws and regulations. The amount represented by the Company to the Secured Party as owed by each account debtor is the amount actually owing and is not subject to setoff, credit, allowance or adjustment, except discount for prompt payment, nor has any account debtor returned the goods or disputed its liability. The Company has no knowledge, other than as

disclosed in writing to the Secured Party, of the existence of any facts which might materially impair the credit standing of any account debtor. Other than as disclosed in writing to the Secured Party, there has been no default under the terms of any Collateral and the Company has taken no action to foreclose any security interest in favor of the Company or otherwise enforce the payment of the amount due.

(d) The Company's jurisdiction of incorporation is Delaware. The Company's place of business or, if more than one, its chief executive office, and the place where the Company keeps its records concerning Accounts and all originals of Chattel Paper, is Durham County, state of North Carolina. All Equipment and Inventory is located at the locations set forth in Exhibit A attached hereto except for Inventory in transit in the ordinary course of the Company's business. As of the date of this Agreement, no Inventory is stored with a bailee, warehouseman, processor or similar Person except as identified on Exhibit A and the location of all Consigned Inventory is identified on Exhibit A.

(e) Exhibit B contains the description of all real estate to which any Collateral is affixed.

(f) Exhibit C attached hereto contains a correct and complete list and description of all Intellectual Property owned by the Company. With respect to any Intellectual Property the loss, impairment or infringement of which might have a material adverse effect on the financial condition, operations or prospects of the Company:

(i) The Intellectual Property is subsisting and has not been adjudged invalid or unenforceable, in whole or in part;

(ii) The Intellectual Property is valid and enforceable;

(iii) The Company has made all necessary filings and recordations to protect its interests in such Intellectual Property, including without limitation, recordation of all of its interests in the Patents and Trademarks in the United States Patent and Trademark Office and in corresponding offices throughout the world and its claim to the Copyrights in the United States Copyright Office and in corresponding offices throughout the world;

(iv) The Company is the sole and exclusive owner of the entire and unencumbered right, title and interest in and to such Intellectual Property, free and clear of any liens, charges and encumbrances, including pledges, assignments, licenses, shop rights and covenants by the Company not to sue third persons;

(v) No claim has been made that the use of such Intellectual Property does or may violate the asserted rights of any third party; and

(vi) The Company has performed and will continue to perform all acts and has paid and will continue to pay all required fees and taxes to maintain each and every item of Intellectual Property in full force and effect throughout the world.

(vii) The Company owns directly, or is entitled to use by license or otherwise, all Intellectual Property necessary for or of importance to the conduct of the Company's business.

(viii) Concurrently herewith, or otherwise promptly following the request of the Secured Party, the Company will execute and deliver to the Secured Party a Notice of Security Interest in Patents, a Notice of Security Interest in Copyrights, and/or a Notice of Security Interest in Trademarks (the "Notices"). The provisions of the Notices are supplemental hereto and shall not impair any of the rights and remedies granted to the Secured Party.

(ix) The representations and warranties contained in this section 3 shall be true and correct on and as of the date hereof and on each Borrowing Date.

4. Company Remains Liable. Anything contained herein to the contrary notwithstanding, (a) the Company shall remain liable under any contracts and agreements included in the Collateral, to the extent set forth therein, to perform all of its duties and obligations thereunder to the same extent as if this Agreement had not been executed, (b) the exercise by the Secured Party of any of its rights hereunder shall not release the Company from any of its duties or obligations under the

contracts and agreements included in the Collateral, and (c) the Secured Party shall not have any obligation or liability under any contracts and agreements included in the Collateral by reason of this Agreement, nor shall the Secured Party be obligated to perform any of the obligations or duties of the Company thereunder or to take any action to collect or enforce any claim for payment assigned hereunder.

5. Further Assurances.

(a) The Company agrees that from time to time, at the expense of the Company, the Company will promptly execute and deliver all further instruments and documents, and take all further action, that may be necessary or desirable, in the judgment of the Secured Party, in order to perfect and protect any security interest granted or purported to be granted hereby or to enable the Secured Party to exercise and enforce its rights and remedies hereunder with respect to any Collateral. Without limiting the generality of the foregoing, the Company will: (i) mark conspicuously each item of Chattel Paper and, at the request of the Secured Party, each of its records pertaining to the Collateral, with a legend, in form and substance satisfactory to the Secured Party, indicating that such Collateral is subject to the security interest granted hereby, (ii) at the request of the Secured Party, deliver and pledge to the Secured Party hereunder all Instruments and all original counterparts of Chattel Paper constituting Collateral, duly endorsed and accompanied by duly executed instruments of transfer or assignment, all in form and substance satisfactory to the Secured Party, (iii) at the request of the Secured Party, cooperate with the Secured Party in obtaining a control agreement in form and substance satisfactory to the Secured Party with respect to Collateral consisting of Investment Property, Deposit Accounts, letter of credit rights and electronic Chattel Paper, (iv) execute and file such financing or continuation statements, or amendments thereto, and such other instruments or notices, as may be necessary or desirable, in the judgment of the Secured Party, in order to perfect and preserve the security interests granted or purported to be granted hereby, (v) at any reasonable time and upon reasonable notice, upon request by the Secured Party, exhibit the Collateral to and allow inspection of the Collateral by the Secured Party and (vi) at the request of the Secured Party, appear in and defend any action or proceeding that may affect the Company's title to or the Secured Party's security interest in all or any part of the Collateral.

(b) The Company hereby authorizes the Secured Party to file one or more financing or continuation statements, and amendments thereto, relative to all or any part of the Collateral. The Company further authorizes the Secured Party's use in any such financing statements of generic descriptions of collateral such as "all personal property" or "all assets."

(c) The Company will furnish to the Secured Party from time to time statements and schedules further identifying and describing the Collateral and such other reports in connection with the Collateral as the Secured Party may reasonably request, all in reasonable detail.

6. Certain Covenants of the Company. The Company shall:

(a) not use or permit any Collateral to be used unlawfully or in violation of any provision of this Agreement or any applicable statute, regulation or ordinance or any policy of insurance covering the Collateral, except where such violation would not reasonably be expected to have a material adverse effect upon the financial condition or business operations of the Company;

(b) notify the Secured Party of any change in the Company's name, identity, organizational structure or state of incorporation at least 30 days prior to such change;

(c) give the Secured Party at least 30 days' prior written notice of any change in the Company's chief place of business, chief executive office or the office where the Company keeps its records regarding the Accounts and all originals of all Chattel Paper;

(d) if the Secured Party gives value to enable the Company to acquire rights in or the use of any Collateral, use such value for such purposes;

(e) pay promptly when due all property and other taxes, assessments and governmental charges or levies imposed upon, and all claims (including claims for labor, materials and supplies) against, the Collateral, except to the extent the validity thereof is being contested in good faith; and

7. Special Covenants With Respect to Equipment and Inventory. The Company shall:

(a) keep the Equipment and Inventory (other than Inventory in-transit in the ordinary course of business) at the places therefor specified on Exhibit A annexed hereto or, upon 30 days' prior written notice to the Secured Party, at such other places in jurisdictions where all action that may be necessary or desirable, in the judgment of the Secured Party, in order to perfect and protect any security interest granted or purported to be granted hereby, or to enable the Secured Party to exercise and enforce its rights and remedies hereunder, with respect to such Equipment and Inventory shall have been taken;

(b) before shipping any Consigned Inventory, obtain from the consignee a consignment agreement satisfactory in form and content to the Secured Party and file with the appropriate filing offices a financing statement containing a description of the Consigned Inventory to be shipped and naming the consignee as debtor, the Company as secured party or consignor and the Secured Party as assignee. The Company owns and will continue to own all Consigned Inventory until the applicable customer has paid or become obligated to pay in full the purchase price for the Consigned Inventory to the Company;

(c) cause the Equipment necessary in the Company's operations to be maintained and preserved in the same condition, repair and working order as when new, ordinary wear and tear excepted, and in accordance with the Company's past practices, and make or cause to be made all repairs, replacements and other improvements in connection therewith that are necessary or desirable to such end. The Company shall promptly furnish to the Secured Party a statement respecting any loss or damage in an amount exceeding \$25,000 to any of the Equipment; and

(d) keep correct and accurate records of the Inventory, itemizing and describing the kind, type and quantity of Inventory, the Company's cost therefor and (where applicable) the current list prices for the Inventory.

8. Insurance. The Company shall, at its own expense, maintain insurance with respect to the Equipment and Inventory against loss by fire, extended coverage perils and such other hazards as the Secured Party shall reasonably require, in amounts not less than the replacement cost of such Equipment and Inventory with reasonable deductible amounts. All insurance policies shall be issued by an insurance company or companies reasonably acceptable to the Secured Party.

The Company shall cause the issuer of each insurance policy to issue a certificate of insurance naming the Secured Party as an additional insured, secured party's loss payee and mortgagee and containing an agreement by the insurer that the policy shall not be terminated or modified without at least 30 days' prior written notice to the Secured Party, and the Company shall deliver each such certificate to the Secured Party. In the event of any loss or casualty which is covered by insurance, the Company shall give immediate notice of such loss or casualty to the Secured Party and the Company grants to the Secured Party the right to make proof of such loss or damage if the Company fails to promptly provide such proof to the Issuer of the insurance policy. If an Event of Default has occurred and is continuing, the Secured Party is authorized and empowered by and on behalf of the Company to settle, adjust or compromise any claims for loss, damage or destruction under any such insurance policy.

If no Default or Event of Default exists, the insurance proceeds from a loss, not in excess of \$100,000 (the "Floor Amount"), shall be paid to the Company and used, at the option of the Company, to either repay the Secured Obligations or to repair or replace the damaged property with respect to which such proceeds were received. If the loss exceeds the Floor Amount



or if a Default or Event of Default exists, all insurance proceeds shall be paid to the Secured Party and, if initially received by the Company, shall be immediately turned over to the Secured Party. The Company authorizes the Secured Party to endorse in the name of the Company any instrument evidencing such proceeds.

All insurance proceeds received by the Secured Party (and not required to be turned over to the Company pursuant to the preceding paragraph) shall be held by the Secured Party and shall be, either applied to the Secured Obligations in such order and amounts as elected by the Secured Party or applied to repair or replace the damaged or destroyed property with respect to which such proceeds were received; provided, however, that the Secured Party shall be obligated to use any insurance proceeds for the repair and restoration of the damaged or destroyed property if (a) such property is damaged by an insured casualty to an extent of less than 30% of the full replacement cost thereof; (b) no Default or Event of Default exists at the time the insurance proceeds are paid by the insurance company; (c) the damaged or destroyed property can be restored to its condition immediately prior to the casualty loss or such other condition reasonably acceptable to the Secured Party; (d) such proceeds, together with any additional funds provided by the Company are in the reasonable judgment of the Secured Party adequate to fully repair or restore the damaged property to its condition immediately prior to the casualty loss or such other condition reasonably acceptable to the Secured Party; and (e) the appraised value of the damaged property after such restoration or repair will not be less than their appraised value as of the date hereof. If such proceeds shall be applied to such repair or replacement, the Secured Party shall disburse such proceeds to the Company from time to time for expenditures made in repairing or replacing the damaged or destroyed property with respect to which such proceeds were received upon receipt of (a) an application of the Company so requesting such application and (b) a certificate of an authorized officer of the Company showing the cash expenditures made or due to be made for such purposes and stating that the expenditures do not exceed the fair value to the Company of such repairs or replacement, together with such other documentation or evidence as the Secured Party may request.

9. Special Covenants With Respect to Accounts.

(a) The Company shall keep its chief place of business and chief executive office and the office where it keeps its records concerning the Accounts, and all originals of all Chattel Paper, at the location therefore specified in section 3(d) or, upon at least 30 days' prior written notice to the Secured Party, at such other location in a jurisdiction where all action that may be necessary or desirable, in the judgment of the Secured Party, in order to perfect and protect any security interest granted or purported to be granted hereby, or to enable the Secured Party to exercise and enforce its rights and remedies hereunder, with respect to the Accounts shall have been taken. The Company will hold and preserve such records and Chattel Paper and will permit representatives of the Secured Party at any time during normal business hours to inspect and make abstracts from such records and Chattel Paper, and the Company agrees to render to the Secured Party, at the Company's cost and expense, such clerical and other assistance as may be reasonably requested with regard thereto.

(b) Except as otherwise provided in this subsection (b), the Company shall continue to collect, at its own expense, all amounts due or to become due to the Company under the Accounts. In connection with such collections, the Company may take (and, after the occurrence and during the continuance of an Event of Default, at the Secured Party's direction, shall take) such action as the Company or the Secured Party may deem necessary or advisable to enforce collection of amounts due or to become due under the Accounts; provided, however, that the Secured Party shall have the right at any time, upon the occurrence and during the continuation of an Event of Default and upon written notice to the Company of its intention to do so, to notify the account debtors or obligors under any Accounts of the assignment of such Accounts to the Secured Party and to direct such account debtors or obligors to make payment of all amounts due or to become due to the Company thereunder directly to the Secured Party, to notify each Person maintaining a lockbox or similar arrangement to which account debtors or obligors under any Accounts have been directed to make payment to remit all amounts representing collections on checks and other payment items from time to time sent to or deposited in such lockbox or other arrangement directly to the Secured Party and, upon such notification and at the expense of the Company, to enforce collection of any such Accounts and to adjust, settle or compromise the amount or payment thereof, in the same manner and to the same extent as the Company

might have done. After receipt by the Company of the notice from the Secured Party referred to in the proviso to the preceding sentence, (i) all amounts and proceeds (including checks and other instruments) received by the Company in respect of the Accounts shall be received in trust for the benefit of the Secured Party hereunder, shall be segregated from other funds of the Company and shall be forthwith paid over or delivered to the Secured Party in the same form as so received (with any necessary endorsement) to be held as cash Collateral and applied as provided by section 31, and (ii) the Company shall not adjust, settle or compromise the amount or payment of any Account, or release wholly or partly any account debtor or obligor thereof, or allow any credit or discount thereon.

(c) All acts and things that the Secured Party deems necessary to protect, preserve or realize upon the Collateral and the Secured Party's security interest therein may be performed, in its sole discretion, including the payment of expenses in the ordinary course of business from such Accounts if it deems such payments as necessary to keep the company a going concern and protect the value of its collateral. Such ordinary course of business expenses may include, among other expenses, legal expense, accounting expense, business management expense, other professional expense, rent expense, utility expense, internet expense, telephone expense, travel expense, insurance expense, freight expense, regulatory expense, filing fee expense, salary and wages expense, and any other ordinary and necessary expense or the reimbursement thereof.

10. Special Covenants With Respect to Intellectual Property.

(a) The Company shall not enter into any agreement which is inconsistent with the Company's obligations under this Agreement without the Secured Party's prior written consent.

(b) The Company shall not, unless the Company shall reasonably and in good faith determine (and notice of such determination shall have been delivered to the Secured Party) that any of the Patents is of negligible economic value to the Company, do any act, or omit to do any act, whereby any of the Patents may lapse or become abandoned or dedicated to the public or unenforceable.

(c) The Company shall not, and the Company shall not permit any of its licensees to, unless the Company shall reasonably and in good faith determine (and provide notice of such determination to the Secured Party) that any of the Trademarks is of negligible economic value to the Company:

(i) Fail to continue to use any of the Trademarks in order to maintain all of the Trademarks in full force free of any claim of abandonment for non-use;

(ii) Fail to maintain the quality of products and services offered under the Trademarks;

(iii) Fail to employ all of the Trademarks registered with any federal or state or foreign authority with an appropriate notice of such registration;

(iv) Adopt or use any other Trademark which is confusingly similar or a colorable imitation of any of the Trademarks;

(v) Use any of the Trademarks registered with any federal or state or foreign authority except for the uses for which such registration or application for registration has been made; or

(vi) Do or permit any act or knowingly omit to do any act whereby any of the Trademarks may lapse or become invalid or unenforceable.

(d) The Company shall not, unless the Company shall reasonably and in good faith determine (and provide notice of such determination to the Secured Party) that any of the Copyrights or any of the trade secrets is of negligible economic value to the Company, do or permit any act or knowingly omit to do any act whereby any of

the Copyrights or any of the trade secrets may lapse or become invalid or unenforceable or placed in the public domain except upon the expiration of an unrennewable term of a registration thereof.

(e) The Company shall notify the Secured Party immediately upon obtaining knowledge that any application or registration relating to any material item of the Intellectual Property may become abandoned or dedicated to the public or placed in the public domain or invalid or unenforceable, or of any adverse determination or development (including the institution of, or any such determination or development in, any proceeding in the United States Patent and Trademark Office, the United States Copyright Office or any foreign counterpart thereof or any court), regarding the Company's ownership of any of the Intellectual Property, its right to register the same or to keep and maintain and enforce the same.

(f) Promptly upon the filings of an application for the registration of any Intellectual Property with the United States Patent and Trademark Office, the United States Copyright Office or any similar office or agency in any other country the Company shall promptly inform the Secured Party. Upon the request of the Secured Party, the Company shall execute and deliver any and all agreements, instruments and documents as the Secured Party may reasonably request to evidence the Secured Party's security interest in such Intellectual Property and the goodwill of the Company relating thereto or represented thereby.

The Company shall take all necessary steps to maintain and pursue any application (and to obtain the relevant registration) filed with respect to, and maintain the registration of, the Intellectual Property (except to the extent that dedication, abandonment or invalidation is permitted under sections 10(b), (c) or (d)).

11. License of Intellectual Property. The Company hereby grants to the Secured Party, effective upon the occurrence of an Event of Default, the nonexclusive right and license to use all Intellectual Property owned or used by the Company that relate to the Collateral, together with any goodwill associated therewith, all to the extent necessary to enable the Secured Party, to use, possess and realize on the Collateral and to enable any successor or assign to enjoy the benefits of the Collateral. This right and license shall inure to the benefit of all successors, assigns and transferees of the Secured Party and its successors, assigns and transferees, whether by voluntary conveyance, operation of law, assignment, transfer, foreclosure, deed in lieu of foreclosure or otherwise. Such right and license is granted free of charge, without requirement that any monetary payment whatsoever be made to the Company.

12. Transfers and Other Liens. The Company shall not:

(a) sell, assign (by operation of law or otherwise) or otherwise dispose of any of the Collateral, except as permitted by the Promissory Note; or

(b) except for Permitted Liens, create or suffer to exist any Lien upon or with respect to any of the Collateral.

13. Secured Party Appointed Attorney-in-Fact. The Company hereby irrevocably appoints the Secured Party as the Company's attorney-in-fact, with full authority in the place and stead of the Company and in the name of the Company, the Secured Party or otherwise, from time to time in the Secured Party's discretion, to take any action and to execute any instrument that the Secured Party may deem necessary or advisable to accomplish the purposes of this Agreement, including, upon the occurrence and during the continuation of an Event of Default:

(a) to obtain and adjust insurance required to be maintained by the Company or paid to the Secured Party pursuant to section 8;

(b) to ask for, demand, collect, sue for, recover, compound, receive and give acquittance and receipts for moneys due and to become due under or in respect of any of the Collateral;

- (c) to receive, endorse and collect any drafts or other instruments, documents and Chattel Paper in connection with clauses (a) and (b) above;
- (d) to file any claims or take any action or institute any proceedings that the Secured Party may deem necessary or desirable for the collection of any of the Collateral or otherwise to enforce the rights of the Secured Party with respect to any of the Collateral;
- (e) to pay or discharge taxes or Liens (other than Permitted Liens) levied or placed upon or threatened against the Collateral, the legality or validity thereof and the amounts necessary to discharge the same to be determined by the Secured Party in its sole discretion, any such payments made by the Secured Party shall constitute Secured Obligations hereunder, due and payable immediately without demand;
- (f) to sign and endorse any invoices, freight or express bills, bills of lading, storage or warehouse receipts, drafts against debtors, assignments, verifications and notices in connection with Accounts and other documents relating to the Collateral; and
- (g) to sell, transfer, pledge, make any agreement with respect to or otherwise deal with any of the Collateral as fully and completely as though the Secured Party were the absolute owner thereof for all purposes, and to do, at the Secured Party's option, and the Company's expense, at any time or from time to time, all acts and things that the Secured Party deems necessary to protect, preserve or realize upon the Collateral and the Secured Party's security interest therein in order to effect the intent of this Agreement, all as fully and effectively as the Company might do.

14. Secured Party May Perform. If the Company fails to perform any agreement contained herein, the Secured Party may itself perform, or cause performance of, such agreement, and the expenses of the Secured Party incurred in connection therewith shall be payable by the Company, shall bear interest at a rate equal to the Default Rate until paid and shall constitute Secured Obligations hereunder.

15. Standard of Care. The powers conferred on the Secured Party hereunder are solely to protect its interest in the Collateral and shall not impose any duty upon it to exercise any such powers. Except for the exercise of reasonable care in the custody of any Collateral in its possession and the accounting for moneys actually received by it hereunder, the Secured Party shall have no duty as to any Collateral or as to the taking of any necessary steps to preserve rights against prior parties or any other rights pertaining to any Collateral. The Secured Party shall be deemed to have exercised reasonable care in the custody and preservation of Collateral in its possession if such Collateral is accorded treatment substantially equal to that which the Secured Party accords its own property. The Secured Party may comply with any applicable state or federal law requirements in connection with the disposition of the Collateral and compliance will not be considered adversely to affect the commercial reasonableness of such disposition.

16. Remedies. If an Event of Default shall have occurred and be continuing, the Secured Party may exercise in respect of the Collateral, in addition to all other rights and remedies provided for herein or otherwise available to it, all the rights and remedies of a secured party on default under the Uniform Commercial Code as in effect in any relevant jurisdiction (the "Code") (whether or not the Code applies to the affected Collateral), and also may: (a) require the Company to, and the Company hereby agrees that it will at its expense and upon request of the Secured Party forthwith, assemble all or part of the Collateral as directed by the Secured Party and make it available to the Secured Party at a place to be designated by the Secured Party that is reasonably convenient to the Secured Party and the Company, (b) enter onto the property where any Collateral is located and take possession thereof with or without judicial process, (c) exercise any and all of its rights under any control agreement relating to any Deposit Account, any item of Investment Property, any letter of credit right or any item of electronic Chattel Paper, including transferring any Deposit Account or item of Investment Property into the name, or possession of, Secured Party and giving any control notices, entitlement notices or entitlement orders, (d) prior to the disposition of the Collateral, store, process, repair or recondition the Collateral or otherwise prepare the Collateral for disposition in any manner to the extent requested by the Secured Party; provided, however, the Secured Party shall have no

obligation to process, repair or recondition the collateral prior to disposition, and (e) without notice except as specified below, with or without having taken possession, sell the Collateral or any part thereof in one or more parcels at public or private sale, at any of the Secured Party's offices or elsewhere, for cash, on credit or for future delivery, at such time or times and at such price or prices and upon such other terms as the Secured Party may deem commercially reasonable.

The Secured Party may specifically disclaim any warranties of title or the like at any such sale. The Secured Party may be the purchaser of any or all of the Collateral at any such sale. Each purchaser at any such sale shall hold the property sold absolutely free from any claim or right on the part of the Company, and the Company hereby waives (to the extent permitted by applicable law) all rights of redemption, stay and/or appraisal which it now has or may at any time in the future have under any rule of law or statute now existing or hereafter enacted.

The Company agrees that, to the extent notice of sale shall be required by law, at least ten days' notice to the Company of the time and place of any public sale or the time after which any private sale is to be made shall constitute reasonable notification. The Secured Party shall not be obligated to make any sale of Collateral regardless of notice of sale having been given. The Secured Party may adjourn any public or private sale from time to time by announcement at the time and place fixed therefore, and such sale may, without further notice, be made at the time and place to which it was so adjourned.

The Company hereby waives any claims against the Secured Party arising by reason of the fact that the price at which any Collateral may have been sold at such a private sale was less than the price which might have been obtained at a public sale, even if the Secured Party accepts the first offer received and does not offer such Collateral to more than one offeree.

The rights and remedies herein provided are cumulative, may be exercised singly or concurrently and are not exclusive of any other rights or remedies provided by law.

17. No Marshalling. The Secured Party has no obligation to, and the Company waives any right it may have to require the Secured Party to, marshal any assets in favor of the Company, or against or in payment of any of the Secured Obligations.

18. Sales on Credit. If the Secured Party sells any of the Collateral upon credit, the Company will be credited only with payments actually made by the purchaser, received by the Secured Party and applied to the Secured Obligations. In the event that the purchaser fails to pay for the Collateral, the Secured Party may resell the Collateral and the Secured Obligations will be credited with the proceeds of such sale.

19. Deficiency Judgments. If the proceeds of any sale or other disposition of the Collateral are insufficient to pay all the Secured Obligations, the Company shall be liable for the deficiency and the fees of any attorneys employed by the Secured Party to collect such deficiency. If it is determined by an authority of competent jurisdiction that a disposition by the Secured Party did not occur in a commercially reasonable manner, the Secured Party may obtain a deficiency from the Company for the difference between the amount of the Secured Obligations foreclosed and the amount that a commercially reasonable sale would have yielded.

20. Retention of Collateral. The Secured Party will not be considered to have offered to retain the Collateral in satisfaction of the Secured Obligations unless the Secured Party has entered into a written agreement with the Company to that effect.

21. Application of Proceeds. Except as expressly provided elsewhere in this Agreement, all proceeds received by the Secured Party in respect of any sale of, collection from, or other realization upon all or any part of the Collateral shall be applied by the Secured Party, unless otherwise required by law, to the Secured Obligations in such amounts and order as the Secured Party in its sole discretion may determine.

22. Continuing Security Interest. This Agreement shall create a continuing security interest in the Collateral and shall (a) remain in full force and effect until the payment in full of the Secured Obligations, (b) be binding upon the Company,

its successors and assigns, and (c) inure, together with the rights and remedies hereunder, to the benefit of the Secured Party and its successors, transferees and assigns.

Upon the final payment in full of all Secured Obligations and the termination of all of the Secured Party's commitments related thereto, the security interest granted hereby shall terminate and all rights to the Collateral shall revert to the Company. Upon any such termination the Secured Party will, at the Company's expense, execute and deliver to the Company such documents as the Company shall reasonably request to evidence such termination.

23. Amendments; No Waiver. No amendment, modification, termination or waiver of any provision of this Agreement, and no consent to any departure by the Company therefrom, shall in any event be effective unless the same shall be in writing and signed by the Secured Party and the Company in a document which is clearly identified as an amendment to this Agreement.


No other act, including but not limited to a failure to exercise or a delay in exercising any right, power or privilege hereunder, on the part of the Secured Party shall be deemed to be a waiver of such right, power or privilege or an acquiescence of any Default or Event of Default.

24. Notices. All notices provided for herein shall be in writing and shall be sent in the manner and to the addresses and shall be effective as provided in the Promissory Note.

25. Severability. In case any provision in or obligation under this Agreement shall be invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations, or of such provision or obligation in any other jurisdiction, shall not in any way be affected or impaired thereby.

26. Headings. Section and subsection headings in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose or be given any substantive effect.

27. Governing Law; Terms. THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE COMPANY HEREUNDER SHALL BE GOVERNED BY, AND SHALL BE CONSTRUED IN ACCORDANCE WITH, THE INTERNAL LAWS OF THE STATE OF NORTH CAROLINA, WITHOUT REGARD TO CONFLICTS OF LAWS PRINCIPLES, EXCEPT TO THE EXTENT THAT THE CODE PROVIDES THAT THE PERFECTION OF THE SECURITY INTEREST HEREUNDER, OR REMEDIES HEREUNDER, IN RESPECT OF ANY PARTICULAR COLLATERAL ARE GOVERNED BY THE LAWS OF A JURISDICTION OTHER THAN THE STATE OF NORTH CAROLINA; PROVIDED THAT THE SECURED PARTY SHALL RETAIN ALL RIGHTS ARISING UNDER FEDERAL LAW. Unless otherwise defined herein or in the Promissory Note, terms used in Articles 8 and 9 of the Uniform Commercial Code in the State of North Carolina are used herein as therein defined.

STARBURY CORPORATION  
BY   
Its President