

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
Snuffer's Restaurants, Incorporated		08/06/2004	CORPORATION: TEXAS
RECEIVING PARTY DATA			
Name:	Texans Commercial Capital, LLC		
Street Address:	777 E. Campbell Rd.		
Internal Address:	Suite 650		
City:	Richardson		
State/Country:	TEXAS		
Postal Code:	75081		
Entity Type:	LIMITED LIABILITY COMPANY: TEXAS		
PROPERTY NUMBERS Total: 2			
Property Type	Number	Word Mark	
Serial Number:	74084171	SNUFFER'S	
Registration Number:	1644070	SNUFFER'S	
CORRESPONDENCE DATA			
Fax Number:	2149546868		
<i>Correspondence will be sent to the e-mail address first; if that is unsuccessful, it will be sent via US Mail.</i>			
Phone:	214-954-6800		
Email:	bmorrison@mcslaw.com		
Correspondent Name:	Robert E. Morrison		
Address Line 1:	2501 N. Harwood St.		
Address Line 2:	Suite 1800		
Address Line 4:	Dallas, TEXAS 75201		
ATTORNEY DOCKET NUMBER:	4203.0002		
NAME OF SUBMITTER:	Robert E. Morrison		

OP \$65.00 74084171

Signature:	/Robert E. Morrison/
Date:	08/08/2013
Total Attachments: 11 source=Security Agreement 1 (8.6.04)#page2.tif source=Security Agreement 1 (8.6.04)#page3.tif source=Security Agreement 1 (8.6.04)#page4.tif source=Security Agreement 1 (8.6.04)#page5.tif source=Security Agreement 1 (8.6.04)#page6.tif source=Security Agreement 1 (8.6.04)#page7.tif source=Security Agreement 1 (8.6.04)#page8.tif source=Security Agreement 1 (8.6.04)#page9.tif source=Security Agreement 2 (8.6.04)#page2.tif source=Security Agreement 2 (8.6.04)#page3.tif source=Security Agreement 2 (8.6.04)#page4.tif	

SECURITY AGREEMENT

THIS SECURITY AGREEMENT ("Security Agreement") is made the 6 day of August, 2004, between **SNUFFER'S RESTAURANTS, INCORPORATED**, a Texas Corporation ("Debtor") and **TEXANS COMMERCIAL CAPITAL, LLC** ("Secured Party").

This Security Agreement is entered into with respect to: a series of loans (the "Loan") to be made by Secured Party to Debtor, pursuant to three promissory notes described as follows:

(a) A Promissory Note of even date herewith in the original principal amount of **Six Hundred Thousand and No/100 Dollars (\$600,000.00)**, or so much thereof as shall have been advanced by Lender, executed by Borrower and payable to the order of Lender, bearing interest at the rate set forth therein, payable on terms provided therein, and maturing on the eighth (8th) anniversary of the funding thereof by the Lender (the "First Internal Line of Credit Note").

(b) A Promissory Note of even date herewith in the original principal amount of **Six Hundred Thousand and No/100 Dollars (\$600,000.00)**, or so much thereof as shall have been advanced by Lender, executed by Borrower and payable to the order of Lender, bearing interest at the rate set forth therein, payable on terms provided therein, and maturing on the eighth (8th) anniversary of the funding thereof by the Lender (the "Second Internal Line of Credit Note").

(c) A Promissory Note of even date herewith in the original principal amount of **Six Hundred Thousand and No/100 Dollars (\$600,000.00)**, or so much thereof as shall have been advanced by Lender, executed by Borrower and payable to the order of Lender, bearing interest at the rate set forth therein, payable on terms provided therein, and maturing on the eighth (8th) anniversary of the funding thereof by the Lender (the "Third Internal Line of Credit Note").

(d) A promissory note, of even date herewith in the principal amount of **Two Hundred Thousand and No/100 Dollars (\$200,000.00)** executed by Borrower and payable to the order of Lender maturing on the 6 day of August 2005, (the "Revolving Line of Credit Note") and *(LH)*

(e) A promissory note, of even date herewith in the principal amount of **Four Hundred Thousand and No/100 Dollars (\$400,000.00)** executed by Borrower and payable to the order of Lender maturing on the 9 day of August, 2009, (the "Term Note").

The First Internal Line of Credit Note, Second Internal Line of Credit Note, Third Internal Line of Credit Note, the Revolving Line of Credit Note Term Note and the Term Note are collectively referred to herein as the Notes.

Secured Party and Debtor agree as follows:

1. Definitions.

1.1 "Collateral." The Collateral shall consist of all of the following categories of personal property of Debtor, wherever located, and now owned or hereafter acquired: (i)

Furniture; (ii) Fixtures; (iii) Inventory; (iv) Equipment, (v) Trademarks, Trade names or other Intellectual Property, including specifically the trade name "Snuffers Restaurants".

1.2 "*Obligations.*" This Security Agreement secures the following:

- (i) Debtor's obligations under the Guaranty, the Notes and this Security Agreement;
- (ii) the repayment of (a) any amounts that Secured Party may advance or spend for the maintenance or preservation of the Collateral and (b) any other expenditures that Secured Party may make under the provisions of this Security Agreement or for the benefit of Debtor;
- (iii) all amounts owed under any modifications, renewals or extensions of any of the foregoing obligations;
- (iv) all other amounts now or in the future owed by Debtor to Secured Party; and
- (v) any of the foregoing that arises after the filing of a petition by or against Debtor under the Bankruptcy Code, even if the obligations due not accrue because of the automatic stay under Bankruptcy Code § 362 or otherwise.

This Security Agreement does not secure any obligation described above which is secured by a consensual lien on real property.

1.3 *UCC.* Any term used in the Uniform Commercial Code ("UCC") and not defined in this Security Agreement has the meaning given to the term in the UCC as then in effect as adopted by the State of Texas.

2. **Grant of Security Interest.**

Debtor grants a security interest in the Collateral to Secured Party to secure the payment or performance of the Obligations.

3. **Perfection of Security Interests.**

3.1 *Filing of financing statement.*

- (i) Debtor authorizes Secured Party to file a financing statement (the "Financing Statement") describing the Collateral, containing the collateral description, "All Collateral."
- (ii) Debtor authorizes Secured Party to file a financing statement (the "Financing Statement") describing any agricultural liens or other statutory liens held by Secured Party.
- (iii) Secured Party shall receive prior to the Closing an official report from the

Secretary of State of each Collateral State, Chief Executive Office State, and the Debtor State (each as defined below) (the "SOS Reports") indicating that Secured Party's security interest is prior to all other security interests or other interests reflected in the report.

3.2 *Possession.*

- (i) Debtor shall have possession of the Collateral, except where expressly otherwise provided in this Security Agreement or where Secured Party chooses to perfect its security interest by possession in addition to the filing of a financing statement.
- (ii) Where Collateral is in the possession of a third party, Debtor will join with Secured Party in notifying the third party of Secured Party's security interest and obtaining an acknowledgment from the third party that it is holding the Collateral for the benefit of Secured party.

3.3 *Control.* Debtor will cooperate with Secured Party in obtaining control of Collateral paper.

4. **Post-Closing Covenants and Rights Concerning the Collateral.**

4.1 *Inspection.* The parties to this Security Agreement may inspect any Collateral in the other party's possession, at any time upon reasonable notice.

4.2 *Personal Property.* The Collateral shall remain personal property at all times. Debtor shall not affix any of the Collateral to any real property in any manner which would change its nature from that of personal property to real property or to a fixture.

4.3 *Secured Party's Collection Rights.* Secured Party shall have the right at any time to enforce Debtor's rights against the account debtors and obligors.

4.4 *Limitations on Obligations Concerning Maintenance of Collateral.*

- (i) *Risk of Loss.* Debtor has the risk of loss of the Collateral;
- (ii) *No Collection Obligation.* Secured Party has no duty to collect any income accruing on the Collateral or to preserve any rights relating to the Collateral.

4.5 *No Disposition of Collateral.* Secured Party does not authorize, and Debtor agrees not to:
(i) make any sales or leases of any of the Collateral; (ii) license any of the Collateral; or
(iii) grant any other security interest in any of the Collateral.

4.6 *Purchase Money Security Interests.* To the extent Debtor uses the Loan to purchase Collateral, Debtor's repayment of the Loan shall apply on a "first-in-first-out" basis so that the portion of the Loan used to purchase a particular item of Collateral shall be paid in the chronological order the Debtor purchased the Collateral.

5. **Debtor's Representations and Warranties.**

Debtor warrants and represents that:

- 5.1 *Title to and transfer of Collateral.* It has rights in or the power to transfer the Collateral and its title to the Collateral is free of all adverse claims, liens, security interests and restrictions on transfer or pledge except as created by this Security Agreement.
- 5.2 *Location of Collateral.* All collateral consisting of goods is located solely in the State of Texas unless otherwise noted.
- 5.3 *Location, State of Incorporation and, Name of Debtor.* Debtor's: (i) chief executive office is located in the of Texas unless otherwise noted; (ii) state of formation of Debtor is the State of Texas unless otherwise noted; and (iii) exact legal name is as set forth in the first paragraph of this Security Agreement.

6. Debtor's Covenants.

Until the Obligations are paid in full, Debtor agrees that it will:

- 6.1 preserve its corporate existence and not, in one transaction or a series of related transactions, merge into or consolidate with any other entity, or sell all or substantially all of its assets;
- 6.2 not change the state where it is located; and
- 6.3 not change its corporate name without providing Secured Party with 30 days' prior written notice.

7. Events of Default.

The occurrence of any of the following shall, at the option of Secured Party, be an Event of Default:

- 7.1 The occurrence of any default of any of Debtor's duties or obligations pursuant to any of the Obligations;
- 7.2 Debtor's failure to comply with any of the provisions of, or the incorrectness of any representation or warranty contained in, this Security Agreement, or in any of the other Obligations;
- 7.3 Transfer or disposition of any of the Collateral, except as expressly permitted by this Security Agreement;
- 7.4 Attachment, execution or levy on any of the Collateral;
- 7.5 Debtor voluntarily or involuntarily becoming subject to any proceeding under (a) the Bankruptcy Code or (b) any similar remedy under state statutory or common law;

- 7.6 Debtor shall fail to comply with, or become subject to any administrative or judicial proceeding under any federal, state or local (a) hazardous waste or environmental law, (b) asset forfeiture or similar law which can result in the forfeiture of property, or (c) other law, where noncompliance may have any significant effect on the Collateral; or,
- 7.7 Secured Party shall receive at any time following the Closing an SOS Report indicating that Secured Party's security interest is not prior to all other security interests or other interests reflected in the report.
8. **Default Costs.**
- 8.1 Should an Event of Default occur, Debtor will pay to Secured Party all costs reasonably incurred by the Secured Party for the purpose of enforcing its rights hereunder, including: (i) costs of foreclosure; (ii) costs of obtaining money damages; and (iii) a reasonable fee for the services of attorneys employed by Secured Party for any purpose related to this Security Agreement or the Obligations, including consultation, drafting documents, sending notices or instituting, prosecuting or defending litigation or arbitration.
9. **Remedies Upon Default.**
- 9.1 *General.* Upon any Event of Default, Secured Party may pursue any remedy available at law (including those available under the provisions of the UCC), or in equity to collect, enforce or satisfy any Obligations then owing, whether by acceleration or otherwise.
- 9.2 *Remedies.* Upon any Event of Default, Secured Party shall have the right to pursue any of the following remedies separately, successively or simultaneously:
- (i) File suit and obtain judgment and, in conjunction with any action, Secured Party may seek any ancillary remedies provided by law, including levy of attachment and garnishment.
 - (ii) Take possession of any Collateral if not already in its possession without demand and without legal process. Upon Secured Party's demand, Debtor will assemble and make the Collateral available to Secured Party as they direct. Debtor grants to Secured Party the right, for this purpose, to enter into or on any premises where Collateral may be located.
 - (iii) Without taking possession, sell, lease or otherwise dispose of the Collateral at public or private sale in accordance with the UCC.
10. **Foreclosure Procedures.**
- 10.1 *No Waiver.* No delay or omission by Secured Party to exercise any right or remedy accruing upon any Event of Default shall: (a) impair any right or remedy, (b) waive any default or operate as an acquiescence to the Event of Default, or (c) affect any subsequent default of the same or of a different nature.

- 10.2 *Notices.* Secured Party shall give Debtor such notice of any private or public sale as may be required by the UCC
- 10.3 *Condition of Collateral.* Secured Party has no obligation to clean-up or otherwise prepare the Collateral for sale.
- 10.4 *No Obligation to Pursue Others.* Secured Party has no obligation to attempt to satisfy the Obligations by collecting them from any other person liable for them and Secured Party may release, modify or waive any collateral provided by any other person to secure any of the Obligations, all without affecting Secured Party's rights against Debtor. Debtor waives any right it may have to require Secured Party to pursue any third person for any of the Obligations.
- 10.5 *Compliance With Other Laws.* Secured Party may comply with any applicable state or federal law requirements in connection with a disposition of the Collateral and compliance will not be considered adversely to affect the commercial reasonableness of any sale of the Collateral
- 10.6 *Warranties.* Secured Party may sell the Collateral without giving any warranties as to the Collateral. Secured Party may specifically disclaim any warranties of title or the like. This procedure will not be considered adversely to affect the commercial reasonableness of any sale of the Collateral.
- 10.7 *Sales on Credit.* If Secured Party sells any of the Collateral upon credit, Debtor will be credited only with payments actually made by the purchaser, received by Secured Party and applied to the indebtedness of the Purchaser. In the event the purchaser fails to pay for the Collateral, Secured Party may resell the Collateral and Debtor shall be credited with the proceeds of the sale.
- 10.8 *Purchases by Secured Party.* In the event Secured Party purchases any of the Collateral being sold, Secured Party may pay for the Collateral by crediting some or all of the Obligations of the Debtor.
- 10.9 *No Marshaling.* Secured Party has no obligation to marshal any assets in favor of Debtor, or against or in payment of: (i) the Note, (ii) any of the other Obligations, or (iii) any other obligation owed to Secured Party by Debtor or any other person.
11. **Miscellaneous**
- 11.1 *Assignment.*
- (i) *Binds Assignees.* This Security Agreement shall bind and shall inure to the benefit of the heirs, legatees, executors, administrators, successors and assigns of Debtor and Secured Party and shall bind all persons who become bound as a debtor to this Security Agreement.

- (ii) *No Assignments by Debtor.* Secured Party does not consent to any assignment by Debtor except as expressly provided in this Security Agreement.
 - (iii) *Secured Party Assignments.* Secured Party may assign its rights and interests under this Security Agreement. If an assignment is made, Debtor shall render performance under this Security Agreement to the assignee. Debtor waives and will not assert against any assignee any claims, defenses or set-offs which Debtor could assert against Secured Party except defenses which cannot be waived.
- 11.2 *Severability.* Should any provision of this Security Agreement be found to be void, invalid or unenforceable by a court or panel of arbitrators of competent jurisdiction, that finding shall only affect the provisions found to be void, invalid or unenforceable and shall not affect the remaining provisions of this Security Agreement.
- 11.3 *Notices.* Any notices required by this Security Agreement shall be deemed to be delivered when a record has been (a) deposited in any United States postal box if postage is prepaid, and the notice properly addressed to the intended recipient, (b) received by telecopy, (c) received through the Internet, or (d) when personally delivered.
- 11.4 *Headings.* Section headings used in this Security Agreement are for convenience only. They are not a part of this Security Agreement and shall not be used in construing it.
- 11.5 *Governing Law.* This Security Agreement is being executed and delivered and is intended to be performed in the State of Texas and shall be construed and enforced in accordance with the laws of the State of Texas, except to the extent that the UCC provides for the application of the law of the Debtor States.
- 11.6 *Rules of Construction.*
- (i) No reference to "proceeds" in this Security Agreement authorizes any sale, transfer, or other disposition of the Collateral by the Debtor.
 - (ii) "Includes" and "including" are not limiting.
 - (iii) "Or" is not exclusive.
 - (iv) "All" includes "any" and "any" includes "all."
- 11.7 *Integration and Modifications.*
- (i) This Security Agreement is the entire agreement of the Debtor and Secured Party concerning its subject matter.
 - (ii) Any modification to this Security Agreement must be made in writing and signed by the party adversely affected.

11.8 Waiver. Any party to this Security Agreement may waive the enforcement of any provision to the extent the provision is for its benefit.

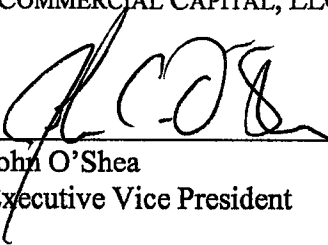
11.9 Further Assurances. Debtor agrees to execute any further documents, and to take any further actions, reasonably requested by Secured Party to evidence or perfect the security interest granted herein, to maintain the first priority of the security interests, or to effectuate the rights granted to Secured Party herein.

The parties have signed this Security Agreement as of the day and year first above written.

SECURED PARTY:

TEXANS COMMERCIAL CAPITAL, LLC

By:



John O'Shea
Executive Vice President

DEBTOR:

SNUFFER'S RESTAURANTS, INCORPORATED

By:



Patrick D. Snuffer, President

31520.011/D08.1

SECURITY AGREEMENT

DATE AND PARTIES. The date of this Security Agreement (Agreement) is August 6, 2004. The parties and their addresses are:

SECURED PARTY:

TEXANS COMMERCIAL CAPITAL, LLC
777 E. CAMPBELL RD., SUITE 731
RICHARDSON, Texas 75081

DEBTOR:

SNUFFER'S RESTAURANTS, INCORPORATED
a TEXAS Corporation
13619 INWOOD ROAD #380
DALLAS, Texas 75244

The pronouns "you" and "your" refer to the Secured Party. The pronouns "I," "me" and "my" refer to each person or entity signing this Agreement as Debtor and agreeing to give the Property described in this Agreement as security for the Secured Debts.

1. SECURED DEBTS. This Agreement will secure the following Secured Debts:

A. Specific Debts. The following debts and all extensions, renewals, refinancings, modifications and replacements. A promissory note or other agreement, No. 800489, dated August 6, 2004, from me to you, in the amount of \$400,000.00.

B. All Debts. All present and future debts from me to you, even if this Agreement is not specifically referenced, the future debts are also secured by other collateral, or if the future debt is unrelated to or of a different type than this debt. If more than one person signs this Agreement, each agrees that it will secure debts incurred either individually or with others who may not sign this Agreement. Nothing in this Agreement constitutes a commitment to make additional or future loans or advances. Any such commitment must be in writing.

This Agreement will not secure any debt for which you fail to give any required notice of the right of rescission. This Agreement will not secure any debt for which a non-possessory, non-purchase money security interest is created in "household goods" in connection with a "consumer loan," as those terms are defined by federal law governing unfair and deceptive credit practices.

C. Sums Advanced. All sums advanced and expenses incurred by you under the terms of this Agreement.

2. SECURITY INTEREST. To secure the payment and performance of the Secured Debts, I give you a security interest in all of the Property described in this Agreement that I own or have sufficient rights in which to transfer an interest, now or in the future, wherever the Property is or will be located, and all proceeds and products from the Property (including, but not limited to, all parts, accessories, repairs, replacements, improvements, and accessions to the Property). Property is all the collateral given as security for the Secured Debts and described in this Agreement, and includes all obligations that support the payment or performance of the Property. "Proceeds" includes anything acquired upon the sale, lease, license, exchange, or other disposition of the Property; any rights and claims arising from the Property; and any collections and distributions on account of the Property.

This Agreement remains in effect until terminated in writing, even if the Secured Debts are paid and you are no longer obligated to advance funds to me under any loan or credit agreement.

3. PROPERTY DESCRIPTION. The Property is described as follows:

A. Inventory. All inventory which I hold for ultimate sale or lease, or which has been or will be supplied under contracts of service, or which are raw materials, work in process, or materials used or consumed in my business.

B. Accounts and Other Rights to Payment. All rights I have now or in the future to payments including, but not limited to, payment for property or services sold, leased, rented, licensed, or assigned, whether or not I have earned such payment by performance. This includes any rights and interests (including all liens and security interests) which I may have by law or agreement against any Account Debtor or obligor of mine.

C. General Intangibles. All general intangibles including, but not limited to, tax refunds, applications for patents, patents, copyrights, trademarks, trade secrets, good will, trade names, customer lists, permits and franchises, payment intangibles, computer programs and all supporting information provided in connection with a transaction relating to computer programs, and the right to use my name.

D. Equipment. All equipment including, but not limited to, all machinery, vehicles, furniture, fixtures, manufacturing equipment, farm machinery and equipment, shop equipment, office and recordkeeping equipment, and parts and tools. All equipment described in a list or schedule which I give to you will also be included in the Property, but such a list is not necessary for a valid security interest in my equipment.

E. Specific Property. THIS NOTE IS ADDITIONALLY SECURED BY THE ASSIGNMENT AND PLEDGE OF LIFE INSURANCE IN THE AMOUNT OF \$600,000, OR AS OUR INTEREST MAY APPEAR, ON THE LIFE OF PATRICK D. SNUFFER, INCLUDING ANY RENEWALS OR REPLACEMENTS THEREOF, SUCH POLICY BEING PLEDGED BY PATRICK D. SNUFFER, AS OWNER.

4. WARRANTIES AND REPRESENTATIONS. I make to you the following warranties and representations which will continue as long as this Agreement is in effect:

A. Power. I am duly organized, and validly existing and in good standing in all jurisdictions in which I operate. I have the power and authority to enter into this transaction and to carry on my business or activity as it is now being conducted and, as applicable, am qualified to do so in each jurisdiction in which I operate.

B. Authority. The execution, delivery and performance of this Agreement and the obligation evidenced by this Agreement are within my powers, have been duly authorized, have received all necessary governmental approval, will not violate any provision of law, or order of court or governmental agency, and will not violate any agreement to which I am a party or to which I am or any of my property is subject.

C. Name and Location. My name indicated in the DATE AND PARTIES section is my exact legal name. I am an entity organized and registered under the laws of Texas. I will provide verification of registration and location upon your request. I will provide you with at least 30 days notice prior to any change in my name, address, or state of organization or registration.

D. Business Name. Other than previously disclosed in writing to you I have not changed my name or principal place of business within the last 10 years and have not used any other trade or fictitious name. Without your prior written consent, I do not and will not use any other name and will preserve my existing name, trade names and franchises.

E. Ownership of Property. I represent that I own all of the Property. Your claim to the Property is ahead of the claims of any other creditor, except as disclosed in writing to you prior to any advance on the Secured Debts. I represent that I am the original owner of the Property and, if I am not, that I have provided you with a list of prior owners of the Property.

5. DUTIES TOWARD PROPERTY.

A. Protection of Secured Party's Interest. I will defend the Property against any other claim. I agree to do whatever you require to protect your security interest and to keep your claim in the Property ahead of the claims of other creditors. I will not do anything to harm your position.

I will keep books, records and accounts about the Property and my business in general. I will let you examine these and make copies at any reasonable time. I will prepare any report or accounting you request which deals with the Property.

B. Use, Location, and Protection of the Property. I will keep the Property in my possession and in good repair. I will use it only for commercial purposes. I will not change this specified use without your prior written consent. You have the right of reasonable access to inspect the Property and I will immediately inform you of any loss or damage to the Property. I will not cause or permit waste to the Property.

I will keep the Property at my address listed in the DATE AND PARTIES section unless we agree I may keep it at another location. If the Property is to be used in other states, I will give you a list of those states. The location of the Property is given to aid in the identification of the Property. It does not in any way limit the scope of the security interest granted to you. I will notify you in writing and obtain your prior written consent to any change in location of any of the Property. I will not use the Property in violation of any law. I will notify you in writing prior to any change in my address, name or, if an organization, any change in my identity or structure.

Until the Secured Debts are fully paid and this Agreement is terminated, I will not grant a security interest in any of the Property without your prior written consent. I will pay all taxes and assessments levied or assessed against me or the Property and provide timely proof of payment of these taxes and assessments upon request.

C. Selling, Leasing or Encumbering the Property. I will not sell, offer to sell, lease, or otherwise transfer or encumber the Property without your prior written permission, except for inventory sold in the ordinary course of business at fair market value, or at a minimum price established between you and me. If I am in default under this Agreement, I may not sell the inventory portion of the Property even in the ordinary course of business. Any disposition of the Property contrary to this Agreement will violate your rights. Your permission to sell the Property may be reasonably withheld without regard to the creditworthiness of any buyer or transferee. I will not permit the Property to be the subject of any court order affecting my rights to the Property in any action by anyone other than you. If the Property includes chattel paper or instruments, either as original collateral or as proceeds of the Property, I will note your security interest on the face of the chattel paper or instruments.

D. Additional Duties Specific to Accounts. I will not settle any Account for less than its full value without your written permission. Until you tell me otherwise, I will collect all Accounts in the ordinary course of business. I will not dispose of the Accounts by assignment without your prior written consent. I will keep the proceeds from all the Accounts and any goods which are returned to me or which I take back. I will not commingle them with any of my other property. I will deliver the Accounts to you at your request. If you ask me to pay you the full price on any returned items or items retaken by me, I will do so. I will make

no material change in the terms of any Account, and I will give you any statements, reports, certificates, lists of Account Debtors (showing names, addresses and amounts owing), invoices applicable to each Account, and other data in any way pertaining to the Accounts as you may request.

6. INSURANCE. I agree to keep the Property insured against the risks reasonably associated with the Property. I will maintain this insurance in the amounts you require. This insurance will last until the Property is released from this Agreement. I may choose the insurance company, subject to your approval, which will not be unreasonably withheld.

I will have the insurance company name you as loss payee on any insurance policy. I will give you and the insurance company immediate notice of any loss. You may apply the insurance proceeds toward what is owed on the Secured Debts. You may require added security as a condition of permitting any insurance proceeds to be used to repair or replace the Property.

If you acquire the Property in damaged condition, my right to any insurance policies and proceeds will pass to you to the extent of the Secured Debts.

I will immediately notify you of cancellation or termination of insurance. If I fail to keep the Property insured, you may obtain insurance to protect your interest in the Property. This insurance may include coverages not originally required of me, may be written by a company other than one I would choose, and may be written at a higher rate than I could obtain if I purchased the insurance.

7. COLLATERAL PROTECTION INSURANCE. As part of this Agreement, I am giving you a security interest in the Property described in the Property Description Section. I am required to maintain insurance on the Property in the amount you specify, subject to applicable law. I agree to purchase the collateral insurance from an insurer authorized to do business in Texas or an eligible surplus lines insurer to the extent permitted by law. I will name you as loss payee under the policy. I may be required to deliver to you a copy of the collateral protection insurance policy and proof of payment of premiums. If I fail to meet any of these requirements, you may obtain collateral protection insurance on my behalf. You are not required to purchase any type or amount of insurance. You may obtain replacement cost insurance if authorized under applicable law, subject to policy limits. If you purchase insurance for the Property, I will be responsible for the cost of that insurance, including interest and any other charges incurred by you in connection with the placement of collateral protection insurance to the extent permitted by law. I understand that insurance you obtain may cost significantly greater than the cost of insurance I could have obtained. Amounts that I owe are due and payable upon demand or on such other terms as you require to the extent permitted by law.

8. COLLECTION RIGHTS OF THE SECURED PARTY. Account Debtor means the person who is obligated on an account, chattel paper, or general intangible. I authorize you to notify my Account Debtors of your security interest and to deal with the Account Debtors' obligations at your discretion. You may enforce the obligations of an Account Debtor, exercising any of my rights with respect to the Account Debtors' obligations to make payment or otherwise render performance to me, including the enforcement of any security interest that secures such obligations. You may apply proceeds received from the Account Debtors to the Secured Debts or you may release such proceeds to me.

I specifically and irrevocably authorize you to exercise any of the following powers at my expense, without limitation, until the Secured Debts are paid in full:

- A. demand payment and enforce collection from any Account Debtor or Obligor by suit or otherwise.
- B. enforce any security interest, lien or encumbrance given to secure the payment or performance of any Account Debtor or any obligation constituting Property.
- C. file proofs of claim or similar documents in the event of bankruptcy, insolvency or death of any person obligated as an Account Debtor.
- D. compromise, release, extend, or exchange any indebtedness of an Account Debtor.
- E. take control of any proceeds of the Account Debtors' obligations and any returned or repossessed goods.
- F. endorse all payments by any Account Debtor which may come into your possession as payable to me.
- G. deal in all respects as the holder and owner of the Account Debtors' obligations.

9. AUTHORITY TO PERFORM. I authorize you to do anything you deem reasonably necessary to protect the Property, and perfect and continue your security interest in the Property. If I fail to perform any of my duties under this Agreement or any other security interest, you are authorized, without notice to me, to perform the duties or cause them to be performed.

These authorizations include, but are not limited to, permission to:

- A. pay and discharge taxes, liens, security interests or other encumbrances at any time levied or placed on the Property.
- B. pay any rents or other charges under any lease affecting the Property.
- C. order and pay for the repair, maintenance and preservation of the Property.
- D. sign, when permitted by law, and file any financing statements on my behalf and pay for filing and recording fees pertaining to the Property.
- E. place a note on any chattel paper indicating your interest in the Property.
- F. take any action you feel necessary to realize on the Property, including performing any part of a contract or endorsing it in my name.
- G. handle any suits or other proceedings involving the Property in my name.
- H. prepare, file, and sign my name to any necessary reports or accountings.
- I. make an entry on my books and records showing the existence of this Agreement.
- J. notify any Account Debtor of your interest in the Property and tell the Account Debtor to make payments to you or someone else you name.

If you perform for me, you will use reasonable care. Reasonable care will not include: any steps necessary to preserve rights against prior parties; the duty to send notices, perform services or take any other action in connection with the management of the Property; or the duty to protect, preserve or maintain any security interest given to others by me or other parties. Your authorization to perform for me will not create an obligation to perform and your failure to perform will not preclude you from exercising any other rights under the law or this Agreement.

If you come into actual or constructive possession of the Property, you will preserve and protect the Property. For purposes of this paragraph, you will be in actual possession of the Property only when you have physical, immediate and exclusive control over the Property and you have affirmatively accepted that control. You will be in constructive possession of the Property only when you have both the power and the intent to exercise control over the Property.

10. DEFAULT. I will be in default if any of the following occur:

- A. **Payments.** I fail to make a payment in full when due.
- B. **Insolvency or Bankruptcy.** The death, dissolution or insolvency of, appointment of a receiver by or on behalf of, application of any debtor relief law, the assignment for the benefit of creditors by or on behalf of, the voluntary or involuntary termination of existence by, or the commencement of any proceeding under any present or future federal or state insolvency, bankruptcy, reorganization, composition or debtor relief law by or against me, Borrower, or any co-signer, endorser, surety or guarantor of this Agreement or any other obligations Borrower has with you.
- C. **Business Termination.** I merge, dissolve, reorganize, end my business or existence, or a partner or majority owner dies or is declared legally incompetent.
- D. **Failure to Perform.** I fail to perform any condition or to keep any promise or covenant of this Agreement.
- E. **Other Documents.** A default occurs under the terms of any other transaction document.
- F. **Other Agreements.** I am in default on any other debt or agreement I have with you.
- G. **Misrepresentation.** I make any verbal or written statement or provide any financial information that is untrue, inaccurate, or conceals a material fact at the time it is made or provided.
- H. **Judgment.** I fail to satisfy or appeal any judgment against me.
- I. **Forfeiture.** The Property is used in a manner or for a purpose that threatens confiscation by a legal authority.
- J. **Name Change.** I change my name or assume an additional name without notifying you before making such a change.
- K. **Property Transfer.** I transfer all or a substantial part of my money or property.
- L. **Property Value.** The value of the Property declines or is impaired.
- M. **Material Change.** Without first notifying you, there is a material change in my business, including ownership, management, and financial conditions.
- N. **Insecurity.** You reasonably believe that you are insecure.

11. REMEDIES. After I default, and after you give any legally required notice and opportunity to cure the default, you may at your option do any one or more of the following.

- A. **Acceleration.** You may make all or any part of the amount owing by the terms of the Secured Debts immediately due.
- B. **Sources.** You may use any and all remedies you have under state or federal law or in any instrument evidencing or pertaining to the Secured Debts.
- C. **Insurance Benefits.** You may make a claim for any and all insurance benefits or refunds that may be available on my default.
- D. **Payments Made On My Behalf.** Amounts advanced on my behalf will be immediately due and may be added to the Secured Debts.
- E. **Assembly of Property.** You may require me to gather the Property and make it available to you in a reasonable fashion.
- F. **Repossession.** You may repossess the Property so long as the repossession does not involve a breach of the peace. You may sell the Property as provided by law. You may apply what you receive from the sale of the Property to your expenses, your attorneys' fees and legal expenses (where not prohibited by law), and any debt I owe you. If what you receive from the sale of the Property does not satisfy the debt, I will be liable for the deficiency (where permitted by law). In some cases, you may keep the Property to satisfy the debt.

Where a notice is required, I agree that ten days prior written notice sent by first class mail to my address listed in this Agreement will be reasonable notice to me under the Texas Uniform Commercial Code. If the Property is perishable or threatens to decline speedily in value, you may, without notice to me, dispose of any or all of the Property in a commercially reasonable manner at my expense following any commercially reasonable preparation or processing.

If any items not otherwise subject to this Agreement are contained in the Property when you take possession, you may hold these items for me at my risk and you will not be liable for taking possession of them.

G. Use and Operation. You may enter upon my premises and take possession of all or any part of my property for the purpose of preserving the Property or its value, so long as you do not breach the peace. You may use and operate my property for the length of time you feel is necessary to protect your interest, all without payment or compensation to me.

H. Waiver. By choosing any one or more of these remedies you do not give up your right to use any other remedy. You do not waive a default if you choose not to use a remedy. By electing not to use any remedy, you do not waive your right to later consider the event a default and to use any remedies if the default continues or occurs again.

12. WAIVER OF CLAIMS. I waive all claims for loss or damage caused by your acts or omissions where you acted reasonably and in good faith.

13. ADDITIONAL TERMS. ALL COLLATERAL IS CROSS PLEDGED TO OTHER INDEBTEDNESS.

14. PERFECTION OF SECURITY INTEREST. I authorize you to file a financing statement covering the Property. I will comply with, facilitate, and otherwise assist you in connection with obtaining perfection or control over the Property for purposes of perfecting your security interest under the Uniform Commercial Code.

15. APPLICABLE LAW. This Agreement is governed by the laws of Texas, the United States of America and to the extent required, by the laws of the jurisdiction where the Property is located. In the event of a dispute, the exclusive forum, venue and place of jurisdiction will be in Texas, unless otherwise required by law.

16. JOINT AND INDIVIDUAL LIABILITY AND SUCCESSORS. Each Debtor's obligations under this Agreement are independent of the obligations of any other Debtor. You may sue each Debtor individually or together with any other Debtor. You may release any part of the Property and I will still be obligated under this Agreement for the remaining Property. The duties and benefits of this Agreement will bind and benefit the successors and assigns of you and me.

17. AMENDMENT, INTEGRATION AND SEVERABILITY. This Agreement may not be amended or modified by oral agreement. No amendment or modification of this Agreement is effective unless made in writing and executed by you and me. This Agreement is the complete and final expression of the understanding between you and me. If any provision of this Agreement is unenforceable, then the unenforceable provision will be severed and the remaining provisions will still be enforceable.

18. INTERPRETATION. Whenever used, the singular includes the plural and the plural includes the singular. The section headings are for convenience only and are not to be used to interpret or define the terms of this Agreement.

19. NOTICE, FINANCIAL REPORTS AND ADDITIONAL DOCUMENTS. Unless otherwise required by law, any notice will be given by delivering it or mailing it by first class mail to the appropriate party's address listed in the DATE AND PARTIES section, or to any other address designated in writing. Notice to one party will be deemed to be notice to all parties. I will inform you in writing of any change in my name, address or other application information. I will provide you any financial statement or information you request. All financial statements and information I give you will be correct and complete. I agree to sign, deliver, and file any additional documents or certifications that you may consider necessary to perfect, continue, and preserve my obligations under this Agreement and to confirm your lien status on any Property. Time is of the essence.

20. AGREEMENT TO ARBITRATE. You or I may submit to binding arbitration any dispute, claim or other matter in question between or among you and me that arises out of or relates to this Transaction (Dispute), except as otherwise indicated in this section or as you and I agree to in writing. For purposes of this section, this Transaction includes this Agreement and any other documents, instruments and proposed loans or extensions of credit that relate to this Agreement. You or I will not arbitrate any Dispute within any "core proceedings" under the United States bankruptcy laws.

You or I may seek provisional remedies at any time from a court having jurisdiction to preserve the rights of or to prevent irreparable injury to you or me. Foreclosing or exercising a power of sale, beginning and continuing a judicial action or pursuing self-help remedies will not constitute a waiver of the right to compel arbitration.

The arbitrator will determine whether a Dispute is arbitrable. A single arbitrator will resolve any Dispute, whether individual or joint in nature, or whether based on contract, tort, or any other matter at law or in equity. The arbitrator may consolidate any Dispute with any related disputes, claims or other matters in question not arising out of this Transaction. Any court having jurisdiction may enter a judgment or decree on the arbitrator's award. The judgment or decree will be enforced as any other judgment or decree.

You and I acknowledge that the agreements, transactions or the relationships which result from the agreements or transactions between and among you and me involve interstate commerce. The United States Arbitration Act will govern the interpretation and enforcement of this section.

The American Arbitration Association's Commercial Arbitration Rules, in effect on the date of this Agreement, will govern the selection of the arbitrator and the arbitration process, unless otherwise agreed to in this Agreement or another writing.

21. WAIVER OF TRIAL FOR ARBITRATION. You and I understand that the parties have the right or opportunity to litigate any Dispute through a trial by judge or jury, but that the parties prefer to resolve Disputes through arbitration instead of litigation. If any Dispute is arbitrated, you and I voluntarily and knowingly waive the right to have a trial by jury or judge during the arbitration.

**THIS WRITTEN LOAN AGREEMENT REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES.
THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.**

SIGNATURES. By signing, I agree to the terms contained in this Agreement. I also acknowledge receipt of a copy of this Agreement.

DEBTOR:

SNUFFER'S RESTAURANTS, INCORPORATED

By


PATRICK D. SNUFFER, PRESIDENT