

TRADEMARK ASSIGNMENT COVER SHEET

Electronic Version v1.1
Stylesheet Version v1.2

ETAS ID: TM419522

SUBMISSION TYPE:	NEW ASSIGNMENT		
NATURE OF CONVEYANCE:	SECURITY INTEREST		
CONVEYING PARTY DATA			
Name	Formerly	Execution Date	Entity Type
GEN/CAP, Inc.		03/02/2017	Corporation: TEXAS
RECEIVING PARTY DATA			
Name:	Plexus Fund IV-A, L.P.		
Street Address:	4242 Six Forks Road, Suite 950		
City:	Raleigh		
State/Country:	NORTH CAROLINA		
Postal Code:	27609		
Entity Type:	Limited Partnership: DELAWARE		
PROPERTY NUMBERS Total: 1			
Property Type	Number	Word Mark	
Serial Number:	78601666	TIPWEB	
CORRESPONDENCE DATA			
Fax Number:	9013747565		
<i>Correspondence will be sent to the e-mail address first; if that is unsuccessful, it will be sent using a fax number, if provided; if that is unsuccessful, it will be sent via US Mail.</i>			
Phone:	9015214592		
Email:	ctwombly@evanspetree.com		
Correspondent Name:	Corey Twombly		
Address Line 1:	1000 Ridgeway Loop Rd, Suite 200		
Address Line 4:	Memphis, TENNESSEE 38120		
NAME OF SUBMITTER:	Corey Twombly		
SIGNATURE:	/Corey Twombly/		
DATE SIGNED:	03/10/2017		
Total Attachments: 22			
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INTELLECTUAL PROPERTY SECURITY AGREEMENT

THIS INTELLECTUAL PROPERTY SECURITY AGREEMENT (this "IP Security Agreement"), dated as of March 2, 2017, is made by and between GEM/CAP, INC., dba HAYES SOFTWARE SYSTEMS, INC., a Texas corporation (the "Grantor") in favor of PLEXUS FUND IV-A, L.P., a Delaware limited partnership, with an address of 4242 Six Forks Road, Suite 950, Raleigh, North Carolina 27609 (the "Collateral Agent") as collateral agent for PLEXUS FUND IV-A, L.P., a Delaware limited partnership ("Plexus A"), PLEXUS FUND IV-B, L.P., a Delaware limited partnership ("Plexus B") and PLEXUS FUND IV-C, L.P., a Delaware limited partnership ("Plexus C") and, together with Plexus A and Plexus B, each a "Secured Party" and, collectively, the "Secured Parties"). Capitalized terms used but not defined herein shall have the meaning ascribed to such terms in the Security Agreement (as defined below)

WHEREAS, the Grantor has entered into a Note Purchase Agreement of even date (the "Purchase Agreement"), with the Secured Parties as lenders.

WHEREAS, as a condition precedent to the making of loans by the Secured Parties as lenders under the Purchase Agreement, Grantor has executed and delivered to the Collateral Agent that certain Security Agreement of even date (the "Security Agreement").

WHEREAS, under the terms of the Security Agreement, the Grantor has granted to the Collateral Agent, for the benefit of the Secured Parties, a security interest in, among other property, certain intellectual property of the Grantor, and has agreed to execute and deliver this IP Security Agreement, for recording with national, federal and state government authorities, including, but not limited to, the United States Patent and Trademark Office and the United States Copyright Office.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Grantor agrees with the Collateral Agent as follows:

1. Grant of Security. Grantor hereby pledges and grants to the Collateral Agent for the ratable benefit of the Secured Parties a security interest in and to all of the right, title and interest of Grantor in, to and under the following (the "IP Collateral"):

(a) the patents and patent applications set forth in Schedule 1 hereto and all reissues, divisions, continuations, continuations-in-part, renewals, extensions and reexaminations thereof and amendments thereto (the "Patents");

(b) the trademark registrations and applications set forth in Schedule 2 hereto, together with the goodwill connected with the use thereof and symbolized thereby and all extensions and renewals thereof (the "Trademarks");

(c) the copyright registrations, applications and copyright registrations and applications exclusively licensed to Grantor set forth in Schedule 3 hereto, and all extensions and renewals thereof (the "Copyrights");

(d) all rights of any kind whatsoever of Grantor accruing under any of the foregoing provided by applicable law of any jurisdiction, by international treaties and conventions and otherwise throughout the world;

(e) any and all royalties, fees, income, payments and other proceeds now or hereafter due or payable with respect to any and all of the foregoing; and

(f) any and all claims and causes of action with respect to any of the foregoing, whether occurring before, on or after the date hereof, including all rights to and claims for damages, restitution and injunctive and other legal and equitable relief for past, present and future infringement, dilution, misappropriation, violation, misuse, breach or default, with the right but no obligation to sue for such legal and equitable relief and to collect, or otherwise recover, any such damages.

2. Recordation. Grantor authorizes the Commissioner for Patents, the Commissioner for Trademarks and the Register of Copyrights and any other government officials to record and register this IP Security Agreement upon request by the Collateral Agent.

3. Loan Documents. This IP Security Agreement has been entered into pursuant to and in conjunction with the Security Agreement, which is hereby incorporated by reference. The provisions of the Security Agreement shall supersede and control over any conflicting or inconsistent provision herein. The rights and remedies of the Collateral Agent with respect to the IP Collateral are as provided by the Purchase Agreement, the Security Agreement and related documents, and nothing in this IP Security Agreement shall be deemed to limit such rights and remedies.

4. Execution in Counterparts. This IP Security Agreement may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. Delivery of an executed counterpart of a signature page to this IP Security Agreement by facsimile or in electronic (i.e., "pdf" or "tif") format shall be effective as delivery of a manually executed counterpart of this IP Security Agreement.

5. Successors and Assigns. This IP Security Agreement will be binding on and shall inure to the benefit of the parties hereto and their respective successors and assigns.

6. Governing Law. This IP Security Agreement and any claim, controversy, dispute or cause of action (whether in contract or tort or otherwise) based upon, arising out of or relating to this IP Security Agreement and the transactions contemplated hereby and thereby shall be governed by, and construed in accordance with, the laws of the United States and the State of North Carolina, without giving effect to any choice or conflict of law provision or rule (whether of the State of North Carolina or any other jurisdiction).


[SIGNATURE PAGE FOLLOWS]

SIGNATURE PAGE TO INTELLECTUAL PROPERTY SECURITY AGREEMENT

IN WITNESS WHEREOF, Grantor has caused this IP Security Agreement to be duly executed and delivered by its officer thereunto duly authorized as of the date first above written.

GRANTOR:

GEM/CAP, INC., dba HAYES SOFTWARE
SYSTEMS, INC.

By: 

Name: *Keith Driscoll*
Title: *Vice President*

Address for Notices:

Hayes Software
c/o Transition Capital Partners, LLC
1909 Woodall Rodgers Freeway, Suite 575
Dallas, Texas 75201
Attn: Andy Foskey

AGREED TO AND ACCEPTED:

PLEXUS FUND IV-A, L.P.,
as Collateral Agent for
for PLEXUS FUND IV A, L.P.,
PLEXUS FUND IV-B, L.P. and
PLEXUS FUND IV-C, L.P.

By: : PLEXUS FUND IV GPI, LLC, its
General Partner

By: _____

Name:
Title:

Address for Notices:

4242 Six Forks Road, Suite 950
Raleigh, NC 27609

SIGNATURE PAGE TO INTELLECTUAL PROPERTY SECURITY AGREEMENT

IN WITNESS WHEREOF, Grantor has caused this IP Security Agreement to be duly executed and delivered by its officer thereunto duly authorized as of the date first above written.

GRANTOR:

GEM/CAP, INC., dba HAYES SOFTWARE
SYSTEMS, INC.

By: _____

Name:

Title:

Address for Notices:

Hayes Software
c/o Transition Capital Partners, LLC
1909 Woodall Rodgers Freeway, Suite 575
Dallas, Texas 75201
Attn: Andy Foskey

AGREED TO AND ACCEPTED:

PLEXUS FUND IV-A, L.P.,
as Collateral Agent for
for PLEXUS FUND IV A, L.P.,
PLEXUS FUND IV-B, L.P. and
PLEXUS FUND IV-C, L.P.

By: : PLEXUS FUND IV GP I, LLC, its
General Partner

By: Wick
Name: William Anders
Title: Principal

Address for Notices:

4242 Six Forks Road, Suite 950
Raleigh, NC 27609

**SCHEDULE 1
PATENTS AND PATENT APPLICATIONS**

None.

SCHEDULE 2
TRADEMARK REGISTRATIONS AND APPLICATIONS

<u>Description</u>	<u>Registration/ Application Number</u>	<u>Registration/ Application Date</u>
TIPWEB	RN: 3118411 SN: 78601666	Application Published: January 10, 2006 Registered: July 18, 2006

SCHEDULE 3
COPYRIGHT REGISTRATIONS AND APPLICATIONS

<u>Description</u>	Registration/ Application <u>Number</u>	Registration/ Application <u>Date</u>
EVA Import version 07-2015.	TX0008181036	2015
EX import.	TX0006113917	2004
Park it.	TX0006547660	2006
PupilSafe, version 10.1.	TX0006452762	2006
PupilSafe : version 8.1.	TX0006113918	2004
TIP for Windows : version 11.3.	TX0006113919	2004
TIP for Windows, version 13.1.	TX0006451473	2006
TIP for Windows, Version 15.1.	TX0007502057	2011
TIPWeb-IM version 11.1.1.1.	TX0008181134	2015
TIPWeb-IM version 7.3.01.	TX0007474376	2011
TIPWeb-IT version 1.1.	TX0007499006	2011
TIPWeb-IT version 5.4.1.1.	TX0008181041	2015
TIPWeb Mobile.	TX0008181046	2015
TIPWeb : version 1.0.	TX0006113920	2004
TIPWeb, version 2.2.20.	TX0006450517	2006

SECURITY AGREEMENT

THIS SECURITY AGREEMENT (the "Security Agreement" or "Agreement") is dated and effective March 2, 2017, and is made and given by HSS INTERMEDIATE HOLDINGS, LLC, a Delaware limited liability company ("Buyer") and GEM/CAP, INC., dba HAYES SOFTWARE SYSTEMS, INC., a Texas corporation ("Hayes" and, jointly with Buyer, the "Debtor"), with the addresses set forth in Exhibit A, which is attached hereto and incorporated herein by reference for all purposes (with said addresses being the Debtor's principal office addresses and/or the locations of the Collateral covered hereby) to and in favor of PLEXUS FUND IV-A, L.P., a Delaware limited partnership, with an address of 4242 Six Forks Road, Suite 950, Raleigh, North Carolina 27609 (the "Collateral Agent") as collateral agent for PLEXUS FUND IV-A, L.P., a Delaware limited partnership ("Plexus A"), PLEXUS FUND IV-B, L.P., a Delaware limited partnership ("Plexus B"), and PLEXUS FUND IV-C, L.P., a Delaware limited partnership ("Plexus C," and collectively with Plexus A and Plexus B, the "Lenders").

PRELIMINARY STATEMENT. The Debtor is obtaining or has obtained from Lenders certain loans or extensions of credit (collectively the "Loan") evidenced by those certain Senior Subordinated Notes dated the same date hereof in the original aggregate principal amount of Three Million Five Hundred Thousand and No/100 U.S. Dollars (\$3,500,000) (the "Notes") in connection with that certain Note Purchase Agreement of even date herewith entered into by and among the Debtor and Lenders (the "Note Purchase Agreement"). The Debtor desires to borrow certain sums of money and to obtain extensions of credit evidenced by the Notes and to be secured by the liens and security interests granted herein. The Note Purchase Agreement, the Notes and this Security Agreement, and any and all other documents and instruments executed in connection with the Note Purchase Agreement, the Notes and this Security Agreement are collectively referred to herein as the "Loan Documents." The Lenders are willing to extend the Loan in accordance with the provisions of the Notes and this Security Agreement, and the Loan Documents. The total amount of the Loan, together with any and all other sums which may become due to the Lenders pursuant to the Note Purchase Agreement, the Notes and this Security Agreement, and the Loan Documents is referred to herein as the "Indebtedness". The obligations and requirements to make payments and to perform and comply with all of the representations, terms and conditions under this Security Agreement, the Notes and the Loan Documents are collectively referred to as the "Obligations." It is a condition precedent to the Lenders extending the Loan evidenced by the Notes that the Debtor shall have granted the lien and security interest contemplated by this Security Agreement.

Unless otherwise defined in this Security Agreement, the capitalized terms used herein shall have the definition and meaning set forth in the Note Purchase Agreement.

NOW, THEREFORE, in consideration of the premises, in order to induce the Lenders to extend the Loans evidenced by the Notes, and to secure the Notes, the Indebtedness and the Obligations, the Debtor hereby covenants and agrees as follows:

SECTION 1. Grant of Security. The Debtor hereby jointly and severally grants, pledges and assigns to the Collateral Agent a lien and security interest in and to all of the Debtor's right,

title and interest in and to all of its assets, both now owned and hereafter acquired, including, but not limited to, the following (collectively, the "Collateral"):

(a) All Accounts, Inventory, as extracted collateral, goods, general intangibles, chattel paper, documents, and instruments, whether or not specifically assigned to Collateral Agent, including, without limitation, all Accounts, and all equipment (whether or not affixed to realty), automotive equipment, machinery, motor vehicles, furniture and fixtures.

(b) All guaranties, collateral, liens on, or security interests in, real or personal property, leases, letter of credit rights and other rights, agreements, and property securing or relating to payment of Accounts.

(c) All rights to receive the surplus funds, if any, which are payable to such Debtor following the termination of any Pension Plan and the satisfaction of all liabilities or participants and beneficiaries under such Pension Plan in accordance with applicable law.

(d) All trademarks, trademark rights, patents, patent rights, licenses, permits, trade names, trade name rights, and approvals, including, without limitation, those listed on Schedule 6.22 attached hereto, together with all goodwill, income, royalties, damages and payments now and hereafter due and payable thereunder and with respect thereto.

(e) All sale, service, performance and equipment lease contracts, agreements and grants (whether written or oral), and any other contract (whether written or oral) between such Debtor and third parties.

(f) The entire goodwill and all product lines of such Debtor's business and other general intangibles, including, without limitation, know-how, trade secrets, customer lists, proprietary information, inventions, methods, procedures and formulae in connection with the use of and symbolized by the trademarks of such Debtor.

(g) All books, records, ledger cards, data processing records, computer software, and other property at any time evidencing or relating to the Collateral.

(h) All monies, securities and Equity Interests (including a pledge of all stock or membership interests owned in any Affiliate and in any Consolidated Subsidiaries and other property now or hereafter held, or received by, or in transit to, Collateral Agent from or for Debtor, and all of such Debtor's investment property and financial assets (as each is defined in the UCC)), deposit accounts, credits, and balances with Purchasers or any third party existing at any time.

(i) All parts, accessories, attachments, special tools, additions, replacements, substitutions, and accessions to or for all of the foregoing.

(j) All deposit accounts.

(k) Any commercial tort claims notice of which has been given in accordance with Section 5(p) hereof.

(l) All rights of Buyer in and under the Hayes Acquisition Agreement (as defined in the Note Purchase Agreement).

(m) Any and all other real and personal property of Debtor.

(n) All proceeds and products of all of the foregoing in any form, including, without limitation, amounts payable under any policies of insurance insuring the foregoing against loss or damage or under the key person insurance policies contemplated under Section 8.16 of the Note Purchase Agreement, and all increases and profits received from all of the foregoing.

SECTION 2. Assignment of Rents. As additional security, the Debtor jointly and severally assigns to the Collateral Agent all rents, royalties, license fees, issues, profits and payments due and to become due under and pursuant to any leases, contracts and agreements, written or unwritten, which the Debtor now or hereafter has with respect to any of the Collateral.

SECTION 3. Security for Obligations. This Security Agreement and the lien and security interest granted herein secures the payment of all indebtedness and obligations of the Debtor now or hereafter owing to the Lenders, whether direct or indirect, absolute or contingent, matured or unmatured, and includes, without limitation: (1) the Indebtedness and the Obligations of the Debtor under the Notes and the Loan Documents and all other agreements or instruments relating thereto, and any renewals or extensions thereof, whether for principal, interest, fees, court costs, attorneys' fees, discretionary costs and expenses, of whatever kind incident to administration and/or collection of the Indebtedness and the Obligations and the enforcement and protection of the lien and security interest created hereby; (2) all future advances made by the Lenders for taxes, levies, insurance and preservation of the Collateral, together with interest thereon at the rate stipulated in the Notes from the date same shall have been paid; and (3) all other monies heretofore or hereafter advanced by the Lenders to or for the account or benefit of Debtor, and all other present or future, direct or contingent liabilities or indebtedness of Debtor to the Lenders of any nature whatsoever and any extensions or renewals thereof.

SECTION 4. Debtor Remains Liable Under Contracts. The contract rights covered by this Security Agreement arise under any existing written, binding contracts between the Debtor and any purchaser, contractor, customer or any other person or entity who owes money or an obligation to the Debtor or who receives goods or inventory or the performance and rendering of services from the Debtor. Anything herein to the contrary notwithstanding, (a) the Debtor shall remain liable under the 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 Security Agreement had not been executed, (b) the exercise by the Collateral Agent of any of the rights hereunder shall not release the Debtor from any of its duties or obligations under the contracts and agreements included in the Collateral, and (c) the Collateral Agent shall not have any duty, obligation or liability under the contracts and agreements included in the Collateral by reason of this Security Agreement, nor shall the Collateral Agent be obligated to do and perform

any of the acts, obligations or duties of the Debtor provided in the contracts and agreements or to take any action to collect or enforce any claim for payment assigned hereunder.

SECTION 5. Terms, Representations and Warranties. The Debtor jointly and severally represents, warrants, covenants and agrees as follows:

(a) The offices where the Debtor keeps its records concerning the Collateral, and all originals of all chattel paper which evidence contract rights and Accounts, are located at the address or addresses as set forth in **Exhibit A** hereto, as shall be updated upon prior written notice from Debtor to the Lenders from time to time, with Debtor to provide written notice to Lenders within ten (10) days of each change. None of the Accounts is evidenced by a promissory note or other instrument that has not been disclosed to the Collateral Agent and the original of the note or instrument delivered to the Collateral Agent.

(b) Except for Permitted Liens, the Debtor owns the Collateral free and clear of any lien, security interest, charge or encumbrance, and Debtor will defend the Collateral against the claims and demands of all persons other than the holders of Permitted Liens on and subject to the terms of that certain Subordination Agreement ("Subordination Agreement") between the Lenders and Silicon Valley Bank. To the knowledge of the Borrowers, no effective financing statement or other instrument similar in effect covering all or any part of the Collateral is on file in any recording office, except such as may have been filed in favor of the Silicon Valley Bank and in favor of the Collateral Agent relating to this Security Agreement, or in relation to a Permitted Lien. As of the date hereof, the only trade name of either Debtor is the name Hayes Software Systems, which is used by GEM/CAP, Inc.

(c) This Security Agreement creates a valid and, to the extent the same may be perfected by the filing of a financing statement, perfected security interest in the Collateral, which security interest is prior to all other liens (except for the Permitted Liens), securing the payment of the Obligations. With respect to any Collateral in which a security interest may only be perfected by means other than the filing of a financing statement, Debtor has provided such additional instrument, documents and agreements as may be necessary for such perfection, together with a list of all offices where any such instrument, document or agreement must be filed to effect perfection as to any of the Collateral, and upon the obtaining of any such instruments, documents or agreements and the filing of any necessary filings with such offices, Collateral Agent will have a perfected security interest in all of the Collateral

(d) No authorization, approval or other action by, and no notice to or filing with any governmental authority or regulatory body is required either (i) for the grant by the Debtor of the security interest granted hereby or for the execution, delivery or performance of this Security Agreement by the Debtor, or (ii) for the perfection of the security interest in the Collateral, other than filings and recordings to perfect security

interests in or liens on the Collateral in connection with the Loan Documents as described above.

(e) The Debtor agrees that from time to time, at the expense of the Debtor, the Debtor will promptly authenticate records and execute and deliver all further instruments and documents, and take all further actions that may be necessary or desirable and that the Collateral Agent may reasonably request, in order to create, perfect, protect and maintain any lien and security interest granted or purported to be granted hereby or to enable the Collateral Agent to exercise and enforce its rights and remedies hereunder with respect to any Collateral. Without limiting the generality of the foregoing, the Debtor will: (i) following the occurrence, and during the continuance of, an Event of Default, mark conspicuously all chattel paper, ledger sheets for Accounts, and related contracts and, at the request of the Collateral Agent, each of its records pertaining to the Collateral with a legend, in form and substance reasonably satisfactory to the Collateral Agent, indicating that such chattel paper, Accounts, related contracts, or Collateral are subject to the security interest granted hereby; (ii) if any Accounts shall be evidenced by a promissory note or other instrument or chattel paper, deliver and pledge to the Collateral Agent hereunder such note, instrument or chattel paper duly endorsed and accompanied by duly executed instruments of transfer or assignment, all in form and substance reasonably satisfactory to the Collateral Agent; and (iii) authenticate, execute, file, and/or deliver to the Collateral Agent, in the form and substance reasonably satisfactory to the Collateral Agent, such financing statements, amendments to financing statements, continuation statements, and such other instruments, documents, notices and assurances as the Collateral Agent may, from time to time, deem or consider necessary or desirable and as the Collateral Agent may reasonably request, in order to create, perfect, preserve and maintain the liens and security interests granted or purported to be granted hereby. The Collateral Agent may cause such instruments, documents, notices and assurances to be recorded and filed at such times and places as may be required or permitted by law to create, perfect and preserve such security interest.

(f) The Debtor hereby consents to and authorizes the Collateral Agent to authenticate, file and record one or more financing statements, amendments to financing statements, and/or continuation statements, relative to all or any part of the Collateral without the signature of the Debtor where permitted or allowed by law.

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

(h) Unless the Collateral Agent notifies the Debtor in writing that it dispenses with any one or more of the following requirements, the Debtor will (a) give the Collateral Agent assignments, in form reasonably acceptable to the Collateral Agent, of specific accounts or groups of accounts, of monies due and to become due under specific

contracts, and of chattel paper; (b) furnish to the Collateral Agent a copy, with such duplicate copies as Collateral Agent may reasonably request, of the invoice applicable to each account specifically assigned to the Collateral Agent or arising out of a contract right, bearing a statement that such account has been assigned to the Collateral Agent and such additional statements as the Collateral Agent may reasonably require, and of each chattel paper instrument; (c) promptly notify the Collateral Agent if any of its accounts arise out of contracts with the United States or any department, agency or instrumentality thereof, and execute any instruments and take any steps reasonably required by the Collateral Agent in order that all monies due and to become due under any such contract shall be assigned to the Collateral Agent and notice thereof given to the appropriate governmental authority or regulatory body under the Federal Assignment of Claims Act; and (d) deliver to the Collateral Agent, with appropriate endorsement or assignment, any instrument or chattel paper representing an account or contract right. Any permission granted to Debtor by the Collateral Agent to omit any of the requirements of this paragraph may be revoked by the Collateral Agent at any time.

(i) Following the occurrence, and during the continuation of, an Event of Default, the Collateral Agent shall have the right to notify the account debtors obligated on any or all of Debtor's accounts, contracts or chattel paper to make payment thereof direct to the Collateral Agent, and to take control of all proceeds of any such accounts, contracts or chattel paper. Until such time as the Collateral Agent elects to exercise such right by mailing to Debtor written notice thereof, Debtor is authorized, as agent of the Collateral Agent, to collect and enforce said accounts, contracts or chattel paper. Debtor will forthwith on receipt of all checks, drafts, cash, and other remittances in payment of inventory sold, or in payment of Debtor's accounts or in payment of Debtor's chattel paper or in payment of Debtor's contracts, deposit the same in a special bank account maintained with the Collateral Agent over which the Collateral Agent alone has power of withdrawal. The funds in said account shall be held by the Collateral Agent, as security for all loans made hereunder and all other Indebtedness of Debtor to the Lenders. Said proceeds shall be deposited in precisely the form received, except for the endorsement of Debtor when necessary to permit collection of items which endorsement Debtor agrees to make, and which the Collateral Agent is also hereby authorized to make on Debtor's behalf. Pending such deposit, Debtor agrees that it will not co-mingle any such checks, drafts, cash and other remittances with any of Debtor's other funds or property, but will hold them separate and apart therefrom and in trust for the Collateral Agent until deposit thereof is made in the special account.

(j) Following and during the continuance of an Event of Default, Debtor will, upon the request of the Collateral Agent, stamp all contracts, chattel paper and accounts receivable ledger sheets with the notation that they have been assigned to the Collateral Agent.

(k) Debtor will promptly notify the Collateral Agent, in writing, of any new place or places of business or any change in the location at which any Collateral is

maintained. Debtor will use commercially reasonable efforts to cause any Person with whom or which any Collateral is maintained to enter into an agreement with Debtor in form acceptable to Collateral Agent which (i) acknowledges the security interest of the Collateral Agent in the Collateral, (ii) consents to the Collateral Agent taking possession of the Collateral at any time upon notice to the Person, and (iii) requires the Person to maintain fire and casualty insurance on the Collateral in an amount equal to the value of the Collateral. The account debtors of the Collateral have no defense, set-off or counterclaim effective against the Debtor. Debtor will preserve all material rights that he has against his account debtors and all prior parties in the chattel paper.

(l) So long as no Event of Default occurs and is continuing, Debtor shall have the right to process and sell Debtor's Inventory in the ordinary course of business. The Collateral Agent's interest hereunder shall attach to all proceeds of all sales or other dispositions of the Inventory. If at any time any such proceeds shall be represented by any instruments, chattel paper or documents of title, then such instruments, chattel paper or documents of title shall be promptly delivered to the Collateral Agent and included in the security interest granted hereby. If at any time any of Debtor's Inventory is represented by any document of title, such document of title will be promptly delivered to the Collateral Agent and included in the security interest granted hereby.

(m) Debtor shall pay promptly when due all taxes, levies, assessments, governmental charges and other impositions levied thereon, 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.

(n) The Debtor shall keep its chief place of business and chief executive office and the office where it keeps its records concerning the Collateral, and all originals of all chattel paper, documents and instruments which evidence Collateral, at the location designated in this Security Agreement or, upon 10 days' prior written notice to the Collateral Agent, at such other locations designated in writing by Debtor (provided that the Debtor shall comply with the requirements of Section 5(e)).

(o) Except as such relate to the Permitted Liens, so long as any Indebtedness or Obligations to the Lenders are outstanding (other than contingent obligations for which no claim has been asserted), Debtor will not without the prior written consent of the Collateral Agent pledge or grant any security interest in any of the Collateral to anyone except the Collateral Agent, or permit any lien or encumbrance to attach to any of the foregoing, or any levy to be made thereon, or any financing statement (except Collateral Agent's statement) to be on file with respect thereto.

(p) Borrowers shall immediately notify the Collateral Agent in a writing signed by Borrowers of the particulars of any commercial tort claims and grant to Lenders in such writing a lien thereon and on the proceeds thereof, all upon the terms of

this Agreement, with such writing to be in form and substance reasonably satisfactory to Lenders.

SECTION 6. Collateral Agent Appointed Attorney-in-Fact. Following the occurrence, and during the continuance of, an Event of Default, the Debtor hereby jointly and severally irrevocably appoints the Collateral Agent as the Debtor's attorney-in-fact, with full authority in the place and stead of the Debtor and in the name of the Debtor, the Collateral Agent or otherwise, from time to time in the Collateral Agent's discretion, to take any action and to execute any instrument which the Collateral Agent may deem necessary or advisable to accomplish the purposes of this Security Agreement and to protect and preserve the Collateral Agent's lien and security interest in and to the Collateral, including, without limitation:

(a) to ask, 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;

(b) to receive, endorse, and collect any drafts or other instruments, documents and chattel paper in connection with clause (a) above; and

(c) to file any claims or take any action or institute any proceedings which the Collateral Agent may deem necessary or desirable for the collection, possession, repossession, assembly, storage, sale and/or other disposition of any of the Collateral or otherwise to enforce the rights of the Collateral Agent with respect to any of the Collateral.

SECTION 7. Collateral Agent May Perform. Following the occurrence, and during the continuance of, an Event of Default, the Collateral Agent may itself perform, or cause performance of, such term or agreement, and the reasonable documented out-of-pocket expenses of the Collateral Agent in connection therewith shall be payable by the Debtor under the terms of this Security Agreement. Nothing herein shall require or obligate the Collateral Agent to perform any particular term or agreement contained herein and the Collateral Agent shall have no liability to Debtor or other persons or entities in connection with any failure or refusal on the part of the Collateral Agent to perform any particular term or agreement contained herein.

SECTION 8. The Collateral Agent's Duties; Successor Collateral Agent. The powers conferred on the Collateral Agent 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 safe custody of any Collateral in its possession and the accounting for monies actually received by it hereunder, the Collateral Agent 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 Collateral Agent may be replaced by a successor Collateral Agent by written notice signed by the Required Holders.

SECTION 9. Default. A default or an event of default shall exist or shall have been deemed to occur under this Security Agreement if at any time and from time to time an Event of Default (as such term is defined in the Note Purchase Agreement) shall occur or be continuing.

SECTION 10. Remedies. If any Event of Default shall have occurred or be continuing, the Collateral Agent shall, in addition to the remedies provided under the Note Purchase Agreement, have the following remedies:

(a) The Collateral Agent may, at its option, declare the entire unpaid balance of the Indebtedness, including principal and interest, to be immediately due and payable without notice or demand.

(b) The Collateral Agent may exercise and enforce in respect of the Collateral all of the rights and remedies of the Collateral Agent under and pursuant to the Notes and any other Loan Documents.

(c) The Collateral Agent may exercise and enforce in respect of the Collateral, in addition to other rights and remedies provided for in this Security Agreement or otherwise available to or possessed by the Collateral Agent, all the rights and remedies of a secured party on default under the Uniform Commercial Code in effect in North Carolina and in effect in such other jurisdictions that may be applicable to any of the Collateral (the "Code"), or under other applicable laws (whether or not the Code applies to the affected Collateral) and all such rights and remedies shall be cumulative.

(d) The Collateral Agent shall be entitled to immediate possession of all or any part of the Collateral and shall be entitled to repossess and take control of the Collateral, or any part thereof, from any location in which any of said Collateral shall be located. The Collateral Agent, if it so elects, may render any of the Collateral immovable and take such other actions with respect to the Collateral to protect its interest therein. The Collateral Agent also may require the Debtor to, and the Debtor hereby agrees that it will, at its expense and upon request of the Collateral Agent forthwith, assemble all or part of the Collateral as directed by the Collateral Agent and make it available to the Collateral Agent at a place to be designated by the Collateral Agent which is reasonably convenient to both the Collateral Agent and the Debtor.

(e) The Collateral Agent may, with written notice to the Debtor, notify the customers and account debtors of the Debtor to make any and all payments of monies due or to become due to the Debtor under and pursuant to accounts, contracts, or agreements, written or unwritten, to the Collateral Agent at its address set forth herein, and shall have the right to institute, prosecute, settle or compromise any legal proceedings for the recovery and payment of such monies, including costs, expenses and attorneys' fees. The Collateral Agent shall have the right to retain and apply any surplus monies received or collected from Debtor's customers or account debtors (amounts exceeding monthly payments of principal and interest under the Notes) to the Indebtedness and shall have no

obligation to (but, at its option, may) turn over any such surplus monies to the Debtor until such time as the Lenders' Indebtedness and costs and expenses, including attorneys' fees, associated with default have been paid in full. The Collateral Agent shall have no liability for failure to account for any payments received or collected from Debtor's customers and account debtors.

(f) The Collateral Agent may, without notice except as specified below, lease the Collateral or sell or otherwise dispose of the Collateral, or any part thereof, in one or more parcels at public or private sale, at any of the Collateral Agent's offices or at any of the Debtor's business locations or at such other locations determined by the Collateral Agent, for cash, on credit, or for future delivery, and upon such other terms as the Collateral Agent may deem commercially reasonable. The Debtor agrees that, to the extent notice of sale shall be required by law, at least ten (10) days' notice to the Debtor at the Debtor's address specified in this Security Agreement 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 Collateral Agent shall not be obligated to make any sale of Collateral regardless of notice of sale having been given. The Collateral Agent may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned.

(g) Any proceeds received by the Collateral Agent in respect of any lease of, sale of, collection from, or other realization upon all or any part of the Collateral may, in the discretion of the Collateral Agent, be held by the Collateral Agent as collateral for, and/or then, or at any time thereafter applied in the following orders of priority: (1) first, to the payment of all costs and expenses of taking possession of the Collateral and of holding, leasing and collecting rents, operating, managing, using, repairing, improving and selling the same, including, without limitation, fees of the Collateral Agent and attorneys retained by the Collateral Agent, fees of any receiver or accountant, recording and filing fees, court costs, discretionary costs, costs of advertisement, commissions to rental agents and sales agents, and the payment of any and all assessments, liens, security interests or other rights, titles or interests equal or superior to the lien and security interest of this Security Agreement (except those to which the Collateral has been sold subject to and without in any way implying the Collateral Agent's consent to the creation thereof); (2) second, to payment of the Indebtedness and the Obligations due the Lenders, including all accrued and unpaid interest and unpaid principal due on the Notes in such order as the Collateral Agent may elect; and (3) third, any remaining balance or surplus remaining after payment in full of all of the Indebtedness and the Obligations to the Debtor or to whomsoever may be lawfully entitled to receive such surplus.

(h) The Collateral Agent shall be entitled and shall have the right to set off any remaining balance of the Indebtedness due on the Notes in whole or in part against any deposits or monies (including, without limitation, any checking and savings accounts,

time deposits, and money market accounts) credited or owing by the Lenders to the Debtor or any party to the Loan Documents.

(i) In the event the remedies of the Collateral Agent set forth herein shall not be sufficient to pay and satisfy in full the Indebtedness and Obligations due the Lenders such that a deficiency arises or exists, then the Debtor shall remain liable to the Lenders for any such deficiency and the Collateral Agent shall have the right and be entitled to pursue collection and recovery of any such deficiency from the Debtor, including the costs, expenses and attorneys' fees incurred by the Collateral Agent in enforcing such right and pursuing such collection.

SECTION 11. Indemnity and Expenses. (a) The Debtor jointly and severally hereby releases and agrees to indemnify and hold harmless the Collateral Agent from and against any and all claims, losses and liabilities growing out of or resulting from the failure of the Collateral Agent to collect any account or chattel paper or to enforce any contract right or by any act or omission on the part of the Collateral Agent, its officers, agents and employees, or growing out of or resulting from this Security Agreement (including, without limitation, enforcement of this Security Agreement), except claims, losses or liabilities resulting from the Collateral Agent's gross negligence or willful misconduct. (b) The Debtor will, upon demand, pay to the Collateral Agent the amount of any and all reasonable expenses, including the reasonable fees, expenses and disbursements of its attorneys and of any experts and agents, which the Collateral Agent may incur in connection with (i) the administration of this Security Agreement, (ii) the custody, preservation, use or operation of, or the sale of, collection from, or other realization upon, any of the Collateral, (iii) the exercise or enforcement of any of the rights and remedies of the Collateral Agent hereunder or (iv) the failure by the Debtor to perform or observe any of the provisions hereof.

SECTION 12. Amendments, Waivers, Etc. No amendment or waiver of any provision of this Security Agreement nor consent to any departure by the Debtor herefrom shall in any event be effective unless the same shall be in writing and signed by the Collateral Agent, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. The Debtor waives demand, presentment, and protest of all commercial paper at any time held by the Collateral Agent on which the Debtor is in any way liable, notice of protest, notice of nonpayment at maturity of any and all accounts, and except where required hereby or by law, notice of action taken by the Collateral Agent.

SECTION 13. Addresses for Notices. All notices and other communications provided for hereunder shall be made and shall be deemed to be received pursuant to Section 12.2 of the Note Purchase Agreement.

SECTION 14. Continuing Security Interest; Transfer of Notes. This Security Agreement shall create a continuing security interest in the Collateral and shall (i) remain in full force and effect until payment in full of the Indebtedness and the Obligations (other than inchoate indemnification and reimbursement obligations and other obligations which, by their terms,

survive termination of the Loan Documents), (ii) be binding upon the Debtor and Debtor's heirs, executors, administrators, legal and personal representatives, successors and assigns, and (iii) inure to the benefit of the Collateral Agent and its successors, transferees and assigns. Without limiting the generality of the foregoing clause (iii), the Collateral Agent may assign or otherwise transfer its rights under the Note, this Security Agreement, the Loan Documents, or any interest therein held by it to any other person or entity, and such other person or entity shall thereupon become vested with all the benefits in respect thereof granted to the Collateral Agent herein or otherwise. Upon the payment in full of the Indebtedness and the Obligations (other than inchoate indemnification and reimbursement obligations and other obligations which, by their terms, survive termination of the Loan Documents), the security interest granted hereby shall terminate and all rights to the Collateral shall revert to the Debtor. Upon any such termination and from time to time thereafter, the Collateral Agent will, at the Debtor's expense, execute and deliver to the Debtor such documents as the Debtor shall reasonably request to evidence such termination.

SECTION 15. Severability. If any term or provision of this Security Agreement is held invalid or unenforceable, such invalidity or unenforceability shall not affect the validity or enforceability of the remaining provisions of the Security Agreement.

SECTION 16. Governing Law; Jurisdiction; Waiver of Jury Trial. (a) This Security Agreement shall be governed by and construed in accordance with the laws of the State of North Carolina, except to the extent that the validity or perfection of the security interest hereunder, or remedies hereunder, in respect to any particular Collateral are held to be governed by the laws of a jurisdiction other than the State of North Carolina. Unless otherwise defined herein or in the Loan Documents, terms used in Article 9 of the Uniform Commercial Code in the State of North Carolina are used herein as therein defined. (b) The Debtor (i) irrevocably submits to the jurisdiction of state or federal court or other forum (including arbitration forum) sitting in North Carolina, as selected by the Collateral Agent, in any action arising out of this Security Agreement or any of the Loan Documents, (ii) agrees that all claims in such action shall be decided in such court or forum, and (iii) waives, to the fullest extent Debtor may effectively do so, the defense of an inconvenient forum. A final award or non-appealable judgment in any such action shall be conclusive and may be enforced in other jurisdictions. Nothing herein shall affect the right of the Collateral Agent to serve legal process in any other manner permitted by law or affect its right to bring any action against the Debtor or its property in any other court. (c) The Debtor waives, to the fullest extent Debtor may do so, the right to trial by jury and agrees that any action or dispute arising out of this Security Agreement or under any of the Loan Documents shall be adjudicated and decided without a jury trial.

SECTION 17. Construction; Counterparts. The word "Debtor" as used herein shall mean "Debtors" if more than one entity be referred to, the word "Lender" as used herein shall mean "Lenders" if more than one entity be referred to, and pronouns shall be construed according to their proper gender and number according to the context hereof. This Agreement may be executed in any number of counterparts and by the parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Facsimile transmissions of any executed original document and/or

retransmission of any executed facsimile transmission shall be deemed to be the same as the delivery of an executed original.

SECTION 18. Subordination Agreement. Notwithstanding anything herein to the contrary, (a) to the extent any Debtor is hereunder required to (i) establish or provide for Collateral Agent's or the Lenders' control, or (ii) deliver Collateral to the Collateral Agent, but is unable to do so as a result of having previously established or provided for control by or delivered such Collateral to Silicon Valley Bank pursuant to the terms of the Senior Loan Documents (as defined in the Subordination Agreement) prior to the payment in full of the Senior Debt (as defined in the Subordination Agreement), such Debtor's obligations hereunder with respect to such establishment or provision of control or delivery shall be deemed complied with and satisfied by delivery to Silicon Valley Bank for so long as the payment in full of the Senior Debt has not yet occurred, provided that Silicon Valley Bank has agreed in writing that such establishment or provision of control or delivery shall be made to the Collateral Agent upon payment in full of the Senior Debt, and (b) all rights and remedies of Collateral Agent and the Lenders with respect to the Collateral granted and/or provided for hereunder are subject in all respects to the Subordination Agreement.


[SIGNATURE PAGE FOLLOWS]

SIGNATURE PAGE TO SECURITY AGREEMENT


IN WITNESS WHEREOF, the Debtor has caused this Security Agreement to be duly executed and delivered by its officer thereunto duly authorized as of the date first above written.

DEBTORS:

HSS INTERMEDIATE HOLDINGS, LLC, a Delaware limited liability company

By: 
Name: Keith Driscoll
Title: Vice President

GEM/CAP, INC., dba HAYES SOFTWARE SYSTEMS, INC., a Texas corporation

By: 
Name: Keith Driscoll
Title: Vice President

**EXHIBIT A
TO
SECURITY AGREEMENT**

DEBTOR	PRINCIPAL OFFICE ADDRESS	COLLATERAL LOCATION ADDRESS
HSS INTERMEDIATE HOLDINGS, LLC	12007 Research Blvd, #103, Austin, TX 78759	12007 Research Blvd, #103, Austin, TX 78759
GEM/CAP, INC. dba HAYES SOFTWARE SYSTEMS, INC.	12007 Research Blvd, #103, Austin, TX 78759	12007 Research Blvd, #103, Austin, TX 78759