



## TRADEMARK MORTGAGE

This Trademark Mortgage (this "Agreement") is made as of July 19, 2000 by Stevenot Winery and Imports, Inc. ("Debtor"), which has a mailing address at 2690 San Domingo Road, Murphys, CA 95247 in favor of Deutsche Financial Services Corporation ("Lender"), which has a mailing address at P.O. Box 31626, St. Louis, MO 63131.

## RECITALS

A. Debtor and Lender have executed that certain Business Financing Agreement dated even date herewith, pursuant to which Lender has agreed to provide certain credit facilities described therein in the aggregate principal amount of \$2,500,000.00 (as amended or restated or increased or decreased from time to time, the "Loan Agreement").

B. Debtor has granted to Lender a valid security interest in the Trademarks, as defined below, pursuant to the Loan Agreement and related financing statements (collectively, together with the Loan Agreement, called "Security Documents").

C. In addition, pursuant to the Security Documents, Debtor has granted to Lender a security interest in Debtor's goodwill, patents, technical know-how, trade secrets, quality control standards, equipment, and all of its other assets which would be necessary to carry on Debtor's business and to manufacture and distribute its products and to perform its services at a level of quality equal to that which Debtor currently provides, whether now owned or hereafter acquired (collectively, the "Related Collateral").

D. To confirm the validity, scope and perfection of Lender's security interest in the Trademarks and the Related Collateral granted by the Security Documents, and to supplement Lender's rights in the Trademarks and the Related Collateral, Debtor is executing this Agreement.

NOW, THEREFORE, for valuable consideration, Debtor agrees as follows:

1. Assignment. To secure the complete and timely performance of all "Obligations" (as defined in the Loan Agreement), Debtor hereby grants, assigns and conveys to Lender a security interest in Debtor's entire right, title and interest in and to:

(a) Registered Trademarks and Applications for Trademark Registration. Debtor's registered trademarks and trademark registrations, including without limitation the registered trademarks listed in Schedule A attached to this Agreement and incorporated herein by reference (and including all of the exclusive rights afforded a trademark registrant in the United States under the Lanham Act and any exclusive rights which may in the future arise by act of Congress and any rights given to a trademark registrant in other similar trademark schemes under foreign jurisdictions), and applications for trademark registration, whether now owned or hereafter acquired (collectively, the "Registered Trademarks"), together with the goodwill associated with the Registered Trademarks, and any amounts payable to Debtor in connection with the Registered Trademarks, together with all renewals and extensions of the Registered Trademarks, the right to recover for all past, present and future infringements of the Registered Trademarks, and all other rights of any kind whatsoever accruing thereunder or pertaining thereto (for purposes of this Agreement, "trademarks" collectively includes trademarks, logos, trade names and service marks);

(b) Unregistered Trademarks. Debtor's unregistered trademarks ("Unregistered Trademarks"), whether now owned or hereafter acquired, including without limitation the Unregistered Trademarks listed in Schedule B attached to this Agreement and incorporated herein by reference (and including all of the exclusive rights afforded a trademark holder in California or in any other state, and any rights given to a trademark holder in foreign jurisdictions), together with the goodwill associated with the Unregistered Trademarks, and any amounts payable to Debtor in connection with the Unregistered

Trademarks, the right to recover for all past, present and future infringements of the Unregistered Trademarks, and all other rights of any kind whatsoever accruing thereunder or pertaining thereto (hereinafter, the Registered Trademarks and the Unregistered Trademarks collectively shall be referred to as the "Trademarks");

- (c) Related Collateral. Debtor's Related Collateral;
  - (d) Licenses. Debtor's interest in any licenses or other agreements relating to any of the Trademarks and the goodwill associated with such Trademarks; and
  - (e) Proceeds. The proceeds of any of the foregoing.
2. Representations. Debtor represents and warrants that:
- (a) Each of the Trademarks is valid and enforceable (except to the extent that the Unregistered Trademarks must be registered to be enforced);
  - (b) Debtor has adopted, used and is using the Trademarks which appear on the attached Schedules A and B and their corresponding applications and registrations and no others;
  - (c) Debtor is the sole and exclusive owner of the entire and unencumbered right, title and interest in and to each of the Trademarks, free and clear of any liens, charges and encumbrances, except as listed in Schedule C attached hereto and incorporated herein by reference. Debtor agrees to cause the release of all liens, charges and encumbrances listed in Schedule C except those in favor of Lender immediately upon the execution of this Agreement.
  - (d) Debtor has the unqualified right to enter into this Agreement and perform its terms and has entered and will enter into written agreements with each of Debtor's present and future employees, agents and consultants that will enable Debtor to comply with the covenants contained in this Agreement.
  - (e) No claim has been made that the use of any of the Trademarks does or may violate the rights of any third person.
  - (f) Debtor has used, and will continue to use for the duration of this Agreement, proper statutory notice in connection with Debtor's use of the trademarks;
  - (g) Debtor has used, and will continue to use for the duration of this Agreement, consistent standards of quality in its manufacture of products sold under the Trademarks. Lender reserves the right to periodically inspect the quality of products sold under the Trademarks to ensure that consistent quality standards are being maintained; and
  - (h) Debtor owns or is using the patents which appear on the attached Schedule D and their corresponding applications and registrations and no others.
3. Covenants. Until the Obligations have been satisfied in full:
- (a) Debtor shall not pledge any of the Trademarks to any other creditor and shall not enter into any agreement or take any action which is inconsistent with Debtor's obligations or would impair Lender's rights under this Agreement without Lender's prior written consent;
  - (b) any new trademark Debtor begins to use in commerce shall be deemed one of the Trademarks, the provisions of this Agreement shall automatically apply to any new trademark, and Debtor shall give Lender prompt written notice of any new trademark;
  - (c) Debtor shall duly register with the U.S. Patent and Trademark Office, any new trademark of Debtor within thirty days after Debtor begins to use such trademark in commerce;

(d) Debtor shall preserve and defend Debtor's rights in the Trademarks; and

(e) Debtor shall notify Lender of any future Trademarks, and at the request of Lender, shall execute a "Trademark Mortgage" covering such future Trademarks, in substantially the same form as this Agreement, for filing with the U.S. Patent and Trademark Office.

4. Lender May Supplement. Debtor authorizes Lender to modify this Agreement by amending Schedule A, B or D to include any future trademarks or patents that are Trademarks or Related Collateral under Paragraph 1 of this Agreement, without Debtor's further consent.

5. Default. If any event of default under the Loan Agreement, or any of the Security Documents occurs (an "Event of Default"), Lender shall have, in addition to all of its other rights and remedies under the Security Documents and this Agreement, all rights and remedies of a secured party under the Uniform Commercial Code (as enacted in any jurisdiction in which the Trademarks are located or deemed to be located) or other applicable law. Without limiting the generality of the foregoing, Lender may immediately, without demand of performance and without other notice (except as set forth below) or demand whatsoever to Debtor, all of which Debtor hereby expressly waives, and without advertisement, sell at public or private sale or otherwise realize upon, the whole or from time to time any part of the Trademarks, or any interest Debtor may have in the Trademarks. After deducting from the proceeds of sale or the disposition of the Trademarks all expenses (including all reasonable expense for brokers' fees and legal services), Lender shall apply the remaining proceeds toward the payment of the Obligations. Any proceeds remaining after payment in full of the Obligations shall be paid over to the Debtor. Notice of any sale or other disposition of the Trademarks shall be given to Debtor at least five (5) days before the time of any intended public or private sale or other disposition of the Trademarks is to be made. Debtor hereby agrees that such notice is reasonable notice of such sale or other disposition. At any such sale or other disposition, Lender may, to the extent permissible under applicable law, purchase the whole or any part of the Trademarks sold, free from any right of redemption on the part of Debtor. Debtor hereby waives any such right of redemption.

6. Reassignment. At such time as Debtor shall completely satisfy all of the Obligations, Lender shall execute and deliver to Debtor a Release of Mortgage, or such other appropriate document evidencing the release of Lender's security interest in the Trademarks.

7. Fees and Expenses. On demand by Lender, Debtor shall pay all fees, costs and expenses of whatever kind or nature, including without limitation reasonable attorneys' fees and legal expenses, incurred by Lender in connection with (a) preparing this Agreement and all other documents relating to this Agreement; (b) consummating this transaction; (c) filing or recording any documents (including all taxes in connection therewith) in public offices; (d) paying or discharging any taxes, counsel fees, maintenance fees, encumbrances or other amounts in connection with protecting, maintaining and preserving the Trademarks or defending or prosecuting any actions or proceedings arising out of or related to the Trademarks. Until so paid, such amounts shall be added to the Obligations.

8. Lender's Rights. Lender shall have the right but shall in no way be obligated to bring suit or take any other action, in its own name or in Debtor's name, to enforce or preserve Lender's or Debtor's rights in the Trademarks. Debtor shall at the request of Lender do any lawful acts and execute any documents required by Lender to assist such enforcement. Upon demand, Debtor shall promptly reimburse and indemnify Lender for all costs and expenses incurred in the exercise of Lender's or Debtor's rights under this Section.

9. No Waiver. No course of dealing between Debtor and Lender, nor any failure to exercise nor any delay in exercising, on the part of Lender, any right, power, or privilege under this Agreement, the Loan Agreement, or any of the Security Documents, shall operate as a waiver. No single or partial exercise of any right, power, or privilege under this Agreement, the Loan Agreement, or any of the Security Documents by Lender shall preclude any other or further exercise of such right, power, or privilege or the exercise of any other right, power, or privilege by Lender.

10. Rights Are Cumulative. All of Lender's rights and remedies with respect to the Trademarks, whether established by this Agreement, by the Security Documents, by any other agreements, or by law shall be cumulative and may be exercised concurrently or in any order.

11. Patent and Trademark Office. At the request of Lender, Debtor shall execute any further documents necessary to create and perfect Lender's security interest in the Trademarks, including without limitation any documents for filing with the U.S. Patent and Trademark Office. Lender may record this Agreement, an abstract thereof, or any other document describing Lender's interest in the Trademarks, including, without limitation, the Loan Agreement, with the U.S. Patent and Trademark Office, at the expense of Debtor.

12. Indemnity. Debtor shall protect, defend, indemnify and hold harmless Lender and Lender's assigns from all liabilities, losses or costs (including without limitation attorneys' fees) incurred or imposed on Lender relating to the matters in this Agreement, including without limitation in connection with Lender's defense of any infringement action brought by a third party against Lender.

13. Right of Entry. Debtor hereby grants Lender and Lender's employees and agents the right to visit Debtor's plants and facilities that manufacture or store products sold under any of the Trademarks, and to inspect the products and quality control records relating thereto at reasonable times during regular business hours of Debtor. Debtor shall do all acts required by Lender to ensure Debtor's compliance with Section 2(g) and any other provision of this Agreement. Nothing in this Section shall be deemed to impair Debtor's control over the standards of quality maintained by Debtor in Debtor's manufacture of products.

14. Severability. The provisions of this Agreement are severable. If any provision of this Agreement shall be held invalid or unenforceable in whole or in part in any jurisdiction, then such invalidity or unenforceability shall affect only such provision, or part thereof, in such jurisdiction, and shall not in any manner affect such provision or part thereof in any other jurisdiction, or any other provision of this Agreement in any jurisdiction.

15. Amendments; Entire Agreement. This Agreement is subject to modification only by a writing signed by the parties, except as provided in Section 4 of this Agreement. For the protection of Debtor and Lender, any amendment that is not in writing and executed by the party to be bound may be enforced only if the amendment is detrimentally relied upon and proved by clear and convincing evidence. Such evidence may not include the alleged reliance. This Agreement, the Loan Agreement, the Security Documents (and such other collateral documents affirming the security interest created under the Loan Agreement) comprise the entire agreement of the parties with respect to the matters addressed in this Agreement.

16. Further Assurances. At Lender's request, Debtor shall execute and deliver to Lender any further instruments or documentation, and perform any acts that may be reasonably necessary or appropriate to implement this Agreement and the Security Documents, including without limitation any instrument or documentation reasonably necessary or appropriate to create, maintain, perfect, or effectuate Lender's security interests pertaining to the Trademarks.

17. True and Lawful Attorney. Debtor hereby irrevocably appoints Lender as Debtor's true and lawful attorney, with full power of substitution, to (a) execute an abstract of this Agreement or any other document describing Lender's interest in the Trademarks, for filing with the U.S. Patent and Trademark Office, and (b) execute any modification of this Agreement pursuant to Section 4 of this Agreement.

18. Post-Default Assignment. Debtor hereby irrevocably appoints Lender as Debtor's true and lawful attorney with full power of substitution, to in the name, place and stead of Debtor, execute any assignments or transfer documents for purposes of transferring title in any of the Trademarks to any other party, including Lender. So long as no event of Default has occurred, as defined in the Loan Agreement, Lender shall refrain from acting as Debtor's true and lawful attorney under this Section.

19. Successors. The benefits and burdens of this Agreement shall inure to the benefit of and be binding upon the respective successors and permitted assigns of the parties.

20. Arbitration; Governing Law. This Agreement shall be subject to binding arbitration in accordance with the terms of the Loan Agreement. The validity and interpretation of this Agreement and the rights and obligations of the parties shall be governed by the laws of the State of California, excluding its conflict of law rules to the extent such rules would apply the law of another jurisdiction.

21. Related Collateral. All benefits accruing to Lender and obligations of Debtor contained herein which apply to the Trademarks are also benefits and obligations to be applied for Lender's benefit with respect to the Related Collateral.

WITNESS the execution hereof as of the date first written above.

DEBTOR:

Stevenot Winery and Imports, Inc.

By: Bertrand E. Stevenot

Its: Chairman

ATTEST:

Gordon Cook  
(Assistant) Secretary

ACKNOWLEDGMENT

STATE OF CALIFORNIA )

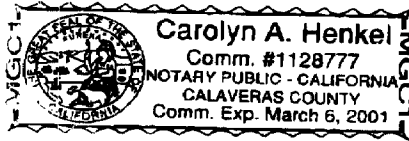
) ss.

COUNTY OF CALAVERAS )

On this 19<sup>th</sup> day of July in the year 2000 before me, the undersigned, a Notary Public in and for said state, personally appeared Borden E. Stevenot of AV, known to me to be the person who executed the within Trademark Mortgage in behalf of said corporation and acknowledged to me that he executed the same for the purposes therein stated.

In witness whereof, I hereunto set my hand and official seal.

[SEAL]



Notary Public

Carolyn A. Henkel  
My Commission Expires: 3/6/01

US002415

SCHEDULE A  
to  
Trademark Mortgage

Dated 7/19, 2000

I. Issued Trademarks

A. U.S. Trademarks

	<u>Trademark Description</u>	<u>Registration Number</u>	<u>Date of Registration</u>
1.	Stevenot	2,191,971	09/29/1998
2.	Sierra	2,221,861	02/02/1999
3.			
4.			
5.			
6.			
7.			
8.			
9.			
10.			

B. Foreign (Non-U.S.) Trademarks

<u>Trademark Description</u>	<u>Country</u>	<u>Registration Number</u>	<u>Date of Registration</u>

II. Pending Trademark Applications

<u>Trademark Description</u>	<u>Application Number</u>	<u>Date of Filing</u>	<u>Description of Goods or Service With Which Trademark is Used</u>	<u>First Date Of Use of Trademark</u>



SCHEDULE B  
to  
Trademark Mortgage

Dated 7/19 2000

Unregistered Trademarks  
(Where No Trademark Application is Pending)

<u>Trademark Description</u>	<u>Description of Goods or Service With Which Trademark is Used</u>	<u>First Date Of Use of Trademark</u>
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SCHEDULE C  
to  
Trademark Mortgage

Dated 7/19, 2000

(Outstanding Liens, Charges, and Encumbrances)

"A security interest in favor of Lender under that certain Trademark Mortgage dated as of 11/02/1999."

SCHEDULE D  
to  
Trademark Mortgage

Dated 5/19, 2000

(Patents and Patent Applications and Registrations)