

Form PTO-1594
(Rev. 10/02)
OMB No. 0651-0027 (exp. 6/30/2005)
Tab settings

RECORDATION FORM COVER SHEET TRADEMARKS ONLY

U.S. DEPARTMENT OF COMMERCE
U.S. Patent and Trademark Office

To the Honorable Commissioner of Patents and Trademarks: Please record the attached original documents or copy thereof.

1. Name of conveying party(ies)

CRS Retail Systems, Inc.

- Individual(s)
- General Partnership
- Corporation-State
- Other
- Association
- Limited Partnership

Additional name(s) of conveying party(ies) attached? Yes No

2. Name and address of receiving party(ies)

Name: Fleet National Bank, a Bank of America
Internal Company
Address: _____

Street Address: 69 State Street
City: Albany State: NY Zip: 12207

- Individual(s) citizenship
- Association
- General Partnership
- Limited Partnership
- Corporation-State
- Other

If assignee is not domiciled in the United States, a domestic representative designation is attached Yes No
(Designations must be a separate document from assignment)
Additional name(s) & address(es) attached? Yes No

3. Nature of conveyance:

- Assignment
- Security Agreement
- Other
- Merger
- Change of Name

Execution Date: 9/29/2004

4. Application number(s) or registration number(s):

A. Trademark Application No. (s) _____
76,566,642

B. Trademark Registration No. (s) _____
2,178,891

Additional number(s) attached Yes No

5. Name and address of party to whom correspondence concerning document should be mailed:

Name: Jeffrey B. Schwartz

Internal Address: _____

Street Address: Honen & Wood, P.C

126 State Street, 5th Floor

City: Albany State: NY Zip: 12207

6. Total number of applications and registrations involved:

18

7. Total fee (37 CFR 3.41).....\$ 465.00

- Enclosed
- Authorized to be charged to deposit account

8. Deposit account number:

DO NOT USE THIS SPACE

9. Signature.

Jeffrey B. Schwartz
Name of Person Signing

Jeffrey B. Schwartz
Signature

9/29/04
Date

Total number of pages including cover sheet, attachments, and document: **17**

Mail documents to be recorded with required cover sheet information to:
Commissioner of Patent & Trademarks, Box Assignments
Washington, D.C. 20231

OP \$465.00 76566642

Continuation of Item 4:

Trademark Application Numbers -

76/566,715
76/566,716
76/566,713
76/566,639
76/566,644
76/566,646
76/566,711
76/566,640
76/566,645
76/566,710
76/566,712
76/566,714
76/566,643
76/577,998
75/048,948

Trademark Registration Number -

2,157,277

SECURITY AGREEMENT

THIS SECURITY AGREEMENT (the "Security Agreement") made as of the 29th day of September, 2004 by and between **CRS RETAIL SYSTEMS, INC.**, a New York corporation having an address at 15 Governor Drive Newburgh, New York 12550 ("Borrower"), for the benefit of **FLEET NATIONAL BANK**, a **BANK OF AMERICA** company, its successors and assigns, a national banking association organized and existing under the laws of the United States of America, having an office located at 69 State Street, Albany, New York 12207 (the "Bank")

RECITALS:

WHEREAS, Borrower has entered into that certain Loan Agreement dated as the date hereof (as it may be modified from time to time, the "Loan Agreement"), under which Bank, subject to the terms and conditions therein, has made and will make loans or otherwise extend credit to Borrower, and

WHEREAS, it is a condition precedent to Bank's making, amending and/or extending such loans that Borrower execute and deliver to Bank this security agreement.

NOW, THEREFORE, in consideration of the premises and the mutual promises and covenants hereinafter set forth, the Borrower and the Bank hereby agree as follows:

AGREEMENT:

Section 1. Definitions and Rules of Construction. As used in this Security Agreement, the following terms shall have the following meanings and/or interpretations (any references to any person or entity shall be construed in the masculine, feminine or neuter, singular or plural, as the context may require):

"Account Debtor" means any party obligated to make payments under any Account, General Intangible, Instrument of Chattel Paper, including any "account debtor" as defined in the UCC.

"Collateral" means all of the Borrower's property and assets, including, without limitation, the following property, wherever located and whether now owned or existing or hereafter acquired or arising: (a) all of the Borrower's (i) Equipment, machinery, inventory, vehicles, tools and dies, furniture and fixtures, all attachments, accessions and property now or hereafter affixed thereto or used in connection therewith, and all substitutions and replacements thereof; and (ii) books, records and other property relating to the foregoing; (b) all of the Borrower's: (i) accounts, contract rights, General Intangibles including without limitation the trademarks and copyrights listed on Schedule A attached hereto, chattel paper, documents and instruments as such terms are defined in the UCC, including, without limitation, all present and future choses in action and reversionary interests in property rights of the Borrower, and all obligations for the payment of money arising out of the Borrower's sale of goods or rendition of services, including, without limitation, all such accounts and obligations arising from the sale of goods or rendition of services by others which accounts have been purchased by or assigned to the Borrower (collectively, "Accounts"); (ii) rights, remedies, security and liens in, to and in respect of the Accounts, including, without limitation, rights of stoppage in transit, replevin, repossession and reclamation and other rights and remedies of an

000220061000-0010000220061000-001000

unpaid vendor, lienor or secured party, guaranties or other contracts of suretyship with respect to the Accounts, deposits or other security for the obligation of any debtor or obligor in any way obligated on or in connection with any Account, and credit and other insurance; (iii) right, title, and interest in, to and in respect of all goods relating to, or which by sale have resulted in, Accounts, including, without limitation, all goods described in invoices or other documents or instruments with respect to, or otherwise representing or evidencing, any Account, and all returned, reclaimed or repossessed goods; (iv) books, records, ledger cards, computer programs and other property and general intangibles at any time evidencing or relating to the Accounts; and (v) other General Intangibles of every kind and description, including, without limitation, rights in trademarks, tradenames, service marks, trade secrets, copyrights and patents, and Federal, State and local tax refund claims of all kinds; and (c) all of the Borrower's right, interest or title to any and all products and proceeds of any of the foregoing, in any form (including, without limitation, any insurance proceeds and claims by the Borrower against third parties for loss or damage to or destruction of any or all of the foregoing property and proceeds of proceeds).

"Equipment" means any "equipment" as defined in the UCC, and in any event includes all machinery, equipment, furnishings, fixtures and vehicles, and all additions, substitutions and replacements for any of the foregoing, together with all attachments, components, parts, equipment and accessories installed hereon or affixed thereto.

"Event of Default" means each and every event specified in Section 6 of this Agreement.

"General Intangibles" means "general intangibles" as defined in the UCC and also includes: insurance refund claims; insurance claims and proceeds, tort claims and proceeds; tax refund claims and tax refunds; patents, trademarks, trade names, service marks, copyrights and applications for any of the foregoing; licenses, permits and agreements of any type, by which Borrower now or hereafter uses, possesses or has authority to use or possess property of others, or by which others now or hereafter use, possess or have authority to use or possess any of Borrower's property; all licenses, permits, and consents of any type; and all computer software, including source codes and documentation.

"includes" and "including" are not limiting.

"Indebtedness" shall mean all items that in accordance with GAAP would be included in determining total liabilities as shown on the liability side of a balance sheet as at the date as of which debt is to be determined, or to which reference should be made by footnotes thereto, but also includes reimbursement obligations, guaranties, endorsements (other than endorsements for collection or deposit in the ordinary course of business), and other contingent obligations in respect of, or to purchase or otherwise acquire or advance funds on account of or otherwise service, obligations of others.

"Inventory" means "inventory" as defined in the UCC, and includes all products thereof, and substitutions, replacements, additions, or accessions thereto.

"Loan Documents" shall mean this Agreement, the Loan Agreement, the Note, any documentation executed and delivered in connection with any SWAP agreement, interest rate management/risk product and any other ancillary documentation which is required to be or is

otherwise executed by Borrower and delivered to the Bank in connection with the Loan Agreement, or at anytime after the date hereof and which the Bank designates as a Loan Document.

“Obligations” is used herein in its most comprehensive sense and includes all loans and any and all other advances, indebtedness, obligations, covenants, undertakings and liabilities of Borrower to Bank and its affiliates under the Loan Documents or otherwise, heretofore, now, or hereafter made, incurred, or created, whether voluntary or involuntary and however arising, absolute or contingent, liquidated or unliquidated, determined or undetermined, whether or not same are from time to time reduced or extinguished and thereafter increased or incurred, whether Borrower may be liable individually or jointly with others, and whether or not presently contemplated by the parties on the date hereof. “Obligations” also includes all costs and expenses Bank may incur to obtain, preserve and enforce its Security Interest, collect the Obligations, and maintain and preserve Collateral (including taxes, assessments, insurance premiums, repairs, reasonable attorneys' fees, rent, storage costs and expenses of sale).

“Proceeds” means all cash and non-cash “proceeds” as defined in the UCC, and includes (a) proceeds of any insurance, indemnity, warranty or guaranty payable to Bank or Borrower from time to time with respect to any Collateral, (b) payments in any form made or due and payable to Bank or Borrower in connection with any requisition, confiscation, condemnation, seizure or forfeiture of any Collateral or any proceeds thereof, and (c) all other amounts paid or payable under or in connection with any Collateral, including interest, dividends and refunds.

“Security Interest” includes any lien, charge, mortgage, pledge, assignment, or other encumbrance, retained title, or security interest, whether created or arising voluntarily, involuntarily or by operation of law.

“UCC” means the Uniform Commercial Code as in effect on the date hereof in the State of New York.

The following terms have the meanings assigned to them in Article 9 of the UCC. Accounts, Chattel Paper, Documents, Fixtures, Goods, Instruments, Securities Any capitalized term not otherwise defined herein shall have the meaning ascribed to it in the Loan Agreement

Section 2. Representations and Warranties. As a material inducement to Bank to make the Loan to the Borrower, Borrower represents and warrants to Bank as follows, in addition to the representations and warranties contained in the Loan Agreement:

Section 2.1 Collateral. Borrower is and shall remain the owner of its properties, free and clear of all Security Interests, except for (a) the Security Interest to Bank, (b) Security Interests as permitted by the Loan Agreement and (c) purchase money security interests which are automatically terminated upon payment for the product Except for such permitted Security Interests, Borrower will defend its properties against all claims and demands of all persons at any time claiming an interest therein. All Collateral is and shall remain in good working order and repair (normal wear and tear excepted).

Section 2.2 Compliance with Laws, Payment of Taxes. Borrower is in compliance with all applicable statutes, regulations, ordinances, court decrees, or other directives of the United States of America, and all states, counties, municipalities, and agencies with respect to the sale of its products, the rendition of its services, and/or the conduct of its business. Without limiting the foregoing, Borrower has filed all federal, state, and local tax returns and other reports it is required to file and has paid or made adequate provision for payment of all such taxes, assessments, and other governmental charges.

Section 2.3 Accuracy and Completeness of Statements. No representation, warranty, or statement by Borrower contained herein contains any untrue statement of material fact, or omits a material fact necessary to make it not misleading.

Section 2.4 Names, Locations, Offices. The address of the principal place of business of Borrower is Borrower's address shown above, and all (i) of Borrower's other places of business, if any, and (ii) other locations where Collateral is kept, are reflected on Schedule B attached hereto. Borrower shall keep all of its books and records at its principal place of business. Borrower has not changed its name, been the surviving entity in a merger or acquired any business except as is reflected on Schedule C attached hereto.

Section 2.5 Reaffirmation and Continuing Nature of Representations and Warranties. These representations and warranties shall be of a continuing nature and shall be deemed to be repeated whenever Borrower makes a request for an advance under the Loan Documents.

Section 3. Grant of Security Interest. To secure the payment and performance of the Obligations, Borrower hereby grants to Bank a continuing Security Interest in the Collateral.

Section 4. Covenants. So long as any Obligations remain outstanding, and in addition to the covenants contained in the Loan Agreement, Borrower agrees that, unless Bank shall otherwise consent in writing in advance:

Section 4.1 Maintenance of Collateral. Borrower shall take adequate care of the Collateral and maintain all Collateral, to the extent possible, in good working order and repair. Borrower shall notify Bank of any material adverse change occurring in or to any material item of Collateral or in any fact or circumstance warranted or represented by Borrower to Bank, or if any Event of Default occurs.

Section 4.2 Inspection. Borrower will permit the Bank, and/or its representatives to enter any location where the Borrower conducts business or keeps any assets which are Collateral during regular business hours for the transaction contemplated by the Loan Agreement, to perform a detailed examination and audit of the Borrower's books, records and physical assets as they relate to the Collateral. The Bank shall be required to provide seventy-two (72) hours advance notice before any examination or audit is conducted.

Section 4.3 Fixtures and Accessions. Borrower shall not allow any Collateral to become affixed to real estate, become an accession to other Goods or become part of a product or mass, without first providing Bank with all waivers and consents Bank deems necessary to make its Security Interest therein valid against, and superior to, the rights of all parties holding interests in the

real estate or other Goods; provided however, that nothing herein shall impair Borrower's free and unfettered right to assemble and integrate various items of Equipment, Inventory and General Intangibles in the ordinary course of its business.

Section 4 4 Security Interests. Borrower shall not grant, or permit to exist a Security Interest upon any of its assets or property, real or personal, tangible or intangible, now owned or hereafter acquired, except: (a) Security Interests in favor of Bank, (b) Security Interests as permitted by the Loan Agreement or (c) Security Interests otherwise permitted by the Bank, which may include purchase money security interests for the benefit of a party other than the Bank

Section 4 5 Conduct of Business. Except as permitted in the Loan Agreement, Borrower will not (a) except with prior written notice to the Bank move any Collateral from its present locations (except that Inventory may be moved from one Borrower location set forth on Schedule B to another without notice); or (b) sell, lease, transfer, or otherwise dispose of all or any substantial part of its assets (except for Inventory in the ordinary course of business); or (c) dissolve, merge or consolidate with or into any corporation, or otherwise change its identity or corporate structure; or (d) except with prior written notice to the Bank change its corporate name or the use of any trade names; or (e) except with prior written notice to the Bank change its principal place of business

Section 4 6 Insurance. Borrower will maintain with financially sound and reputable insurers insurance with respect to its properties and business in such amounts and against such casualties and contingencies as may be reasonably satisfactory to Bank. All such insurance shall also be payable to Bank as loss payee under a "standard" or "New York" loss payee clause. Upon the occurrence and during the pendency of an Event of Default, the proceeds of any casualty insurance in respect of any casualty loss of any of the Collateral shall, subject to the rights, if any, of other parties with a prior interest in the property covered thereby, be paid to Bank. All policies of insurance shall provide for at least thirty (30) days' prior written cancellation notice to Bank. Borrower shall furnish Bank with proof of insurance and policies evidencing compliance herewith

Section 4.7 Further Assurances Borrower shall execute such documents and instruments, and perform such acts (including but not limited to: at the request of the Bank the Borrower will obtain necessary authorization(s) to conduct business in such states where the Borrower is deemed to be doing business under the laws of those states, and the laws of such states deny creditors access to their courts in the absence the creditor's qualification to transact business therein), and pay such sums (including taxes, assessments, insurance premiums, repairs, counsel fees, rent, storage costs and expenses of sale), as Bank may request to implement the provisions hereof, to protect and preserve the Collateral, and to perfect and protect Bank's Security Interest in the Collateral. Such actions include, but are not limited to the following:

- (a) Collateral in the Possession of a Bailee - If any goods are at any time in the possession of a bailee, the Borrower shall promptly notify the Bank thereof and, if requested by the Bank, shall promptly obtain an acknowledgement from the bailee, in form and substance satisfactory to the Bank, that the bailee holds such Collateral for the benefit of the Bank and shall act upon the instructions of the Bank, without the further consent of the Borrower. The Bank agrees with the Borrower that the Bank shall not give any such instructions unless a Default has occurred and is continuing or would occur after taking into account any action by the Borrower with respect to the bailee.

Borrower are uncertificated and are issued to the Borrower directly by the issuer thereof, the Borrower shall immediately notify the Bank thereof and, at the Bank's request and option, pursuant to an agreement in form and substance satisfactory to the Bank, cause the issuer to agree to comply with instructions from the Bank as to such securities, without further consent of the Borrower. If any securities, whether certificated or uncertificated, or other investment property now or hereafter acquired by the Borrower are held by the Borrower through a securities intermediary, the Borrower shall immediately notify the Bank thereof and, at the Bank's request and option, pursuant to an agreement in form and substance satisfactory to the Bank, either (a) cause such securities intermediary to agree to comply with instructions from the Bank to such securities intermediary as to such securities or other investment property, without further consent of the Borrower or (b) in the case of financial assets or other investment property held through a securities intermediary, arrange for the Bank to become the entitlement holder with respect to such investment property, with the Borrower being permitted, only with the consent of the Bank, to exercise rights to withdraw or otherwise deal with such investment property. The Bank agrees with the Borrower that the Bank shall not give any such instructions or directions, and shall not withhold its consent to the exercise of any withdrawal or dealing rights by the Borrower, unless a Default has occurred and is continuing, or, after giving effect to any such investment and withdrawal rights not otherwise permitted by the Loan Agreement, would occur. Notwithstanding anything herein to the contrary, unless an Event of Default has occurred and is continuing, Borrower shall be the sole and exclusive registered and beneficial owner of such securities, with the right and power to exercise and receive all rights pertaining thereto, including without limitation, voting rights and the right to receive distributions.

(g) Promissory Notes and Tangible Chattel Paper - If the Borrower shall at any time hold or acquire any promissory notes or tangible chattel paper, the Borrower shall forthwith endorse, assign and deliver the same to the Bank, accompanied by such instruments of transfer or assignment duly executed in blank as the Bank may from time to time specify, provided that unless an Event of Default has occurred and is continuing, Borrower shall be the sole and exclusive registered and beneficial owner thereof, with the right and power to exercise and receive all rights pertaining thereto, including, without limitation, the right to bring an action for nonpayment and the right to receive payments thereon.

Section 5. Rights and Remedies. Bank may at any time or from time to time, without waiving any rights upon the occurrence of any Event of Default and without relieving Borrower of any obligations to Bank hereunder or otherwise or to any third party:

Section 5.1 Before or after the occurrence of any Event of Default: (1) file such financing statements with respect hereto, with or without Borrower's signature, as Bank may deem appropriate and to execute in Borrower's name such financing statements and amendments thereto and continuation statements which may require Borrower's signatures; (2) endorse the name of Borrower upon any instruments of payments (including payments made under any policy of insurance) that may come into the possession of Bank in full or part payment of any amount owing to Bank; (3) only after the occurrence and during the pendency of an Event of Default, notify Account Debtors of Bank's Security Interest; (4) after three (3) business days prior written notice to Borrower, contact Account Debtors directly to verify information furnished by Borrower and (5) release Collateral in its possession to Borrower, temporarily or otherwise, without releasing its rights therein.

Section 5.2 Upon the occurrence and during the pendency of any Event of Default: (1) take possession of the Collateral, and for that purpose Bank may, so far as Borrower can give authority therefor, enter upon and/or remain upon any premises on which the Collateral may be situated and sell, liquidate or collect Collateral on the premises or remove same therefrom; (2) require Borrower to assemble any or all Collateral at such location or locations within the state(s) of Borrower's principal office(s) or at such other locations as Bank may designate; (3) sell, pledge, assign, sue for, collect, compromise payment of, or make any other agreement with respect to any Collateral in Borrower's or Bank's name, make any other disposition of any Collateral, which disposition may be for cash, credit or any combination thereof, and Bank may purchase any Collateral at public or (if permitted by law) private sale, and in lieu of actual payment of any purchase price, may set off the amount of the price against the Obligations; (4) execute, deliver and record, in connection with any sale or other disposition of any Collateral, endorsements, assignment or other instruments of conveyance or transfer with respect to such Collateral; (5) notify Account Debtors of Bank's Security Interest and/or to make payments directly to Bank (after which, any payments Borrower receives shall be held in trust for Bank, not commingled with any other property, and shall forthwith be turned over to Bank, with any necessary endorsements and assignments); (6) take control of Proceeds and use them to reduce any part of the Obligations; (7) take any action Borrower is required to take or otherwise necessary to obtain, preserve, and enforce this Security Interest, and maintain and preserve the Collateral, without notice to Borrower, and add costs of same to the Obligations, which shall be payable on demand and until paid shall accrue interest, at the option of the Bank, at the Default Rate (as such term is defined in the Note) and (8) set off, upon notice to Borrower, any and all deposits or other sums at any time or times credited by or due from Bank to Borrower, whether in a special account or other account or represented by a certificate of deposit (whether or not matured), against any or all Obligations whether or not they are then due and whether other security held by Bank is deemed by it to be adequate.

Section 5.3 Remedies for Bank's Benefit Only. The rights and powers conferred on Bank hereunder are solely to protect its interests in the Collateral and shall not impose any duty upon it to exercise any such powers. Bank shall be accountable only for the amounts that it actually receives as a result of the exercise of such powers and neither it nor any of its officers, directors, employees or agents shall be responsible to Borrower for any act or failure to act, except for Bank's own gross negligence or willful misconduct. Without limiting any of the foregoing, Bank shall have no duty as to the collection or protection of the Collateral or any income thereon, nor as to the preservation of rights against prior parties, nor as to the preservation of any rights pertaining thereto.

Section 5.4 Remedies Cumulative. All rights and remedies of Bank with respect to the Obligations or the Collateral shall be cumulative and may be exercised singularly, alternatively, successively or concurrently at such time or at such times as Bank deems expedient.

Section 5.5. Power of Attorney. Borrower hereby irrevocably constitutes and appoints Bank and any officer or agent thereof, with full power of substitution, as its true and lawful attorneys-in-fact with full irrevocable power and authority in the place and stead of Borrower or in Bank's own name, for the purpose of carrying out the terms of this Agreement, to take any and all appropriate action and to execute any and all documents and instruments that may be necessary or desirable to accomplish the purposes of this Agreement, granting to Bank, as the attorney-in-fact of Borrower, full power of substitution and full power to do any and all things necessary to be done in

and about the premises as fully and effectually as Borrower might or could do but for this appointment, and hereby ratifying all that said attorney-in-fact shall lawfully do or cause to be done by virtue hereof. This power of attorney is coupled with an interest and shall be irrevocable so long as any part of the Obligations shall remain outstanding. Unless an Event of Default has occurred and is continuing, Bank will not exercise any rights or take any actions pursuant to such power of attorney.

Section 6. Default.

The occurrence of any one or more of the following shall constitute an "Event of Default" hereunder: (1) the occurrence of any Event of Default (as defined in the Loan Agreement); or (2) any loss, theft, or destruction of, or material damage to, any substantial portion of the Collateral for which there is either no insurance coverage or for which, in the reasonable opinion of Bank, there is insufficient insurance coverage.

If an Event of Default shall have occurred and be continuing, Bank may, without notice, protest, presentment or demand, declare this Agreement to be in default, whereupon all Obligations shall become forthwith due and payable, and Bank shall thereupon have all of the rights and remedies contained in this Agreement or any other Loan Documents and all of the rights and remedies of a secured party under the UCC.

Except as to any Collateral which is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market, Bank shall give to Borrower at least five (5) business days' prior written notice of the time and place of any public sale of Collateral or of the time after which any private sale or any other intended disposition is to be made. Borrower hereby acknowledges that five (5) business days' prior written notice of such sale or sales shall be reasonable notice. Borrower may bid in any such sale. No action, legal or equitable, shall affect Bank's Security Interest in the Collateral until the Obligations hereunder or any judgment therefor are fully paid. To the extent that any of the Obligations are to be paid or performed by a person other than Borrower, Borrower waives any right or privilege to (a) receive statements, approvals, confirmations or corrections of the amount of all or any part of the Obligations or of any list of Collateral; (b) claim any loss for Bank's failure to provide any such statements, approvals, confirmations or corrections; and (c) obtain injunctive or other relief of any kind for any failure by Bank to comply with Part 5 of Article 9 of the UCC.

The net Proceeds realized by Bank upon any such sale or other disposition of Collateral (after deducting the expenses of retaking, holding, preparing for sale, selling, or the like and reasonable attorneys' fees and any other expenses incurred by the Bank in connection therewith shall be applied toward satisfaction of the Obligations. Bank shall account to Borrower for any surplus realized upon such sale or other disposition, and Borrower shall remain liable for any deficiency.

Section 7. General Provisions.

Section 7.1 Miscellaneous. This Agreement and all rights and obligations hereunder shall be binding upon Borrower and its respective successors and assigns, and shall inure to the benefit of Bank and its successors and assigns. If any term of this Agreement shall be held to be invalid, illegal or unenforceable, the validity of all other terms hereof shall in no way be affected thereby, and this

Agreement shall be construed and be enforceable as if such invalid, illegal or unenforceable term had not been included herein. The headings herein are for convenience only and shall not be deemed to be part of this Agreement. Any references to any person or entity shall be construed in the masculine, feminine or neuter, singular or plural, as the context may require.

Section 7.2 No Waiver by Bank. Notwithstanding any course of dealing between the parties, Bank shall not be deemed to have waived any of its rights upon or under the Obligations or the Collateral unless such waiver shall be in writing and signed by Bank, and no delay or omission on the part of Bank in exercising any right shall operate as a waiver of such right or any other right. A waiver on any one occasion shall not be construed as a bar to or waiver of any right on any future occasion.

Section 7.3 Borrower's Waivers and Consents. Borrower waives presentment, demand, notice of dishonor, protest, and all other demands and notices of any description except as otherwise expressly provided in the Loan Documents. With respect to both the Obligations and the Collateral, Borrower assents to any extension or postponement of the time of payment or any other indulgence, to any substitution, exchange or release of or failure to perfect any security interest in any Collateral, to the addition or release of any party or person primarily or secondarily liable, to the acceptance of partial payment thereon and the settlement, compromising or adjusting of any thereof, all in such manner and at such time or times as Bank may deem advisable.

Section 7.4 Jurisdiction; Venue. Borrower consents to the jurisdiction of any state or federal court sitting in the State of New York and agrees that venue shall be proper in any such court.

Section 7.5 Waiver of Right to Jury Trial BORROWER AND BANK (BY ACCEPTANCE OF THIS SECURITY AGREEMENT) MUTUALLY HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE THE RIGHT TO A TRIAL BY JURY IN RESPECT OF ANY CLAIM BASED HEREON, ARISING OUT OF, UNDER OR IN CONNECTION HEREWITH OR ANY OTHER LOAN DOCUMENTS CONTEMPLATED TO BE EXECUTED IN CONNECTION HEREWITH OR ANY COURSE OF CONDUCT, COURSE OF DEALINGS, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF ANY PARTY, INCLUDING, WITHOUT LIMITATION, ANY COURSE OF CONDUCT, COURSE OF DEALINGS, STATEMENTS OR ACTIONS OF BANK RELATING TO THE ADMINISTRATION OF THE LOAN OR ENFORCEMENT OF THE LOAN DOCUMENTS, AND AGREE THAT NEITHER PARTY WILL SEEK TO CONSOLIDATE ANY SUCH ACTION WITH ANY OTHER ACTION IN WHICH A JURY TRIAL CANNOT BE OR HAS NOT BEEN WAIVED. EXCEPT AS PROHIBITED BY LAW, BORROWER AND BANK HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO CLAIM OR RECOVER IN ANY LITIGATION ANY SPECIAL, EXEMPLARY, PUNITIVE OR CONSEQUENTIAL DAMAGES OR ANY DAMAGES OTHER THAN, OR IN ADDITION TO, ACTUAL DAMAGES. BORROWER CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF BANK HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT BANK WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER. THIS WAIVER CONSTITUTES A MATERIAL INDUCEMENT FOR BANK TO ACCEPT THIS SECURITY AGREEMENT AND MAKE THE LOAN.

Section 7.6 Security; Setoff. Borrower hereby grants to Bank, a continuing lien, security interest and right of setoff as security for all liabilities and obligations to Bank, whether now existing or hereafter arising, upon and against all deposits, credits, collateral and property, now or hereafter in the possession, custody, safekeeping or control of Bank or any entity under the control of Bank of America Corporation and its successors and assigns or in transit to any of them. At any time after and during the pendency of an Event of Default and upon prior notice (any other notice being expressly waived by Borrower and Guarantor), Bank may setoff the same or any part thereof and apply the same to any liability or obligation of Borrower and Guarantor even though unmatured and regardless of the adequacy of any other collateral securing the Loan. ANY AND ALL RIGHTS TO REQUIRE BANK TO EXERCISE ITS RIGHTS OR REMEDIES WITH RESPECT TO ANY OTHER COLLATERAL WHICH SECURES THE LOAN, PRIOR TO EXERCISING ITS RIGHT OF SETOFF WITH RESPECT TO SUCH DEPOSITS, CREDITS OR OTHER PROPERTY OF BORROWER OR GUARANTOR ARE HEREBY KNOWINGLY, VOLUNTARILY AND IRREVOCABLY WAIVED.

Section 7.7 Contradiction. Should any provision herein directly contradict a provision expressly provided in the Loan Agreement, it is agreed by the parties hereto that the express term of the Loan Agreement shall prevail.

IN WITNESS WHEREOF, the parties have executed and delivered this Security Agreement on the date first above written by their duly authorized, respective officers.

FLEET NATIONAL BANK, A BANK OF AMERICA COMPANY

By: Karen D. Finnerty
Karen D. Finnerty
Vice President

CRS RETAIL SYSTEMS, INC.

By: Anthony J. Moccio
Anthony J. Moccio
Vice President and Chief Financial Officer

STATE OF NEW YORK)
)ss.:
COUNTY OF ORANGE)

On the 29th day of September in the year 2004 before me, the undersigned, personally appeared Karen D. Finnerty, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that she executed the same in her capacity, and that by her signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

Rosamario M. McCarthy
Notary Public
State of New York
Commission Expires Sept. 29, 2005

STATE OF NEW YORK)
)ss.:
COUNTY OF ORANGE)

On the 29th day of September in the year 2004 before me, the undersigned, personally appeared Anthony J. Moccio, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

Rosamario M. McCarthy
Notary Public
State of New York
Commission Expires Sept. 29, 2005

SCHEDULE A

Intellectual Property

Copyright Registration Numbers:

TX 3 692 939
 TX 3 896 461
 TX 3 700 183
 TX 3 799 763
 TX 3 799 762
 TX 3 692 941
 TX 3 700 176
 TX 3 799 761
 TX 3 769 362
 TX 3 835 220
 TX 3 838 973
 TX 3 701 664
 TX 3 799 764
 TX 3 799 760

Trademark Application Numbers -

76/566,642
 76/566,715
 76/566,716
 76/566,713
 76/566,639
 76/566,644
 76/566,646
 76/566,711
 76/566,640
 76/566,645
 76/566,710
 76/566,712
 76/566,714
 76/566,643
 76/577,998
 75/048,948

Trademark Registration Number -

2,178,891
 2,157,277

SCHEDULE B

Location(s) of Collateral

15 Governor Drive
Newburgh, NY 12550

51 Assembly Way
Newburgh, NY 12550

157B Bracken Road
Montgomery, NY 12549

Proposed New Location

1900 Corporate Boulevard
Newburgh, NY 12550

SCHEDULE C

Names Changes/History of Extraordinary Corporate Transactions

1. On June 25, 1997, Borrower changed its name from CRS Business Computers, Inc., to Retail Systems, Inc.,
2. On October 9, 2002, CRS Retail Systems, Inc. was merged with Found Merger Sub, Inc.