FORM PTO-1595 (Rev. 6-93)	RECOPT	10-1	4-1998	ΞT		ENT OF COMMERC and Trademark Office
OMB №. 0651-0011 (exp. 4/94) Tab settings ⇔ ⇔ ♥	▼				▼	▼
To the Honorable Commissio	ner of Patents ε	100	850522	√rigina	documents or co	ppy thereof.
Name of conveying party(ies)	:		2. Name and ad	dress of re	ceiving party(ies	s)
CENTRAL SPRINKLER	COMPANY		Name: CON	GRESS I	FINANCIAL	CORPORATIC
Additional name(s) of conveying party(ie	s) attached? Yes	Š No	Internal Addre	ess:		
Nature of conveyance:						
☐ Assignment	☐ Merge	er	Street Addres	s:1133	Ave. of	the America
Security Agreement	☐ Chan	ge of Name				
□ Other			City: New	York	_ State: N.Y.	ZIP: <u>1003</u> 6
Execution Date: Septembe	r 18, 1998		Additional name(s) & address(es) attached? D Y	′es Xã No
Application number(s) or pate If this document is being filed		ew application	, the execution date	of the app	lication is:	N/A
A. Patent Application No.(s)		1	B. Patent No.	(s)		
N/A			SEE EXI	HIBIT A	ANNEXED	HERETO
	Additio	onal numbers atta	ached? Xi Yes 🗆 No			
5. Name and address of party to concerning document should be concerned to the concerned to	e mailed:		6. Total number of	of application	ns and patents i	nvolved: 37
Name: & Rosen, P.O	Otterbourg, Steindler, Housto Name: & Rosen, P.C. Internal Address: Allen Cremer, Esq.		7. Total fee (37 (CFR 3.41)	2 1,4	80.00
			☐ Authorized	to be char	ged to deposit;	account

10/07/1998 JSHABAZZ 00000057 4007878

Street Address:

DO NOT USE THIS SPACE

1480-00-0P 01 FC:581 9. Statement and signature.

To the best of my knowledge and belief, the foregoing information is true and correct and any attached copy is a true copy of

___ State: N.Y. ZIP: 10169

230 Park Avenue

the original document.

Name of Person Signing

Carmen E. Levy

Signature

8. Deposit account number:

N/A

October-5, 1998 Date

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

PATENTage 1

REEL: 9490 FRAME: 0805

(Attach duplicate copy of this page if paying by deposit account)

EXHIBIT A

RECORDATION FORM COVER SHEET ITEM 4. B. CONTINUED

Patent Title	Patent No.	Country	Issue Date
Adjustable Dry Pendent Sprinkler Head Assembly	4,007,878	US	February 15, 1977
Concealed Sprinkler Assembly	4,014,388	US	March 29, 1977
Sprinkler Head Assembly	4,066,129	US	January 3, 1978
Adjustable Drop Nipple for Sprinkler Heads	4,083,410	US	April 11, 1978
Sprinkler Head Flange Assembly	4,117,887	US	October 3, 1978
On-Off Sprinkler Head Having An Offset Drive Motor	4,258,795	US	March 31, 1981
Automatic Sprinkler	4,491,182	US	January 1, 1985
Flush Pendent or Flush Horizontal Auto.Spkr. Head	4,508,175	US	April 2, 1985
Automatic On-Off Sprinkler Head	4,553,602	US	November 19, 1985
Quick Release Mechanism for Sprinkler Head	4,609,047	US	September 2, 1986
Quick Release Valve for Sprinkler Head	Statutory Invention	US	September 2, 1986
Sprinkler Head with Electrical Sensor	4,618,001	US	October 21, 1986
Sprinkler Head	4,619,327	US	October 28, 1986
Rapid Response Sprinkler Head	4,630,682	US	December 23, 1986
Low Preload Self-Sealing Quick Release Valve for	4,648,459	US	March 10, 1987
Spkr.Hd.	-,,		
Portable Quick Chilling Device	4,711,099	US	December 8, 1987
Quick Release Mechanism for Sprinkler Head	4,732,216	US	March 22, 1988
Quick Response Glass Bulb Sprinkler	4,739,835	US	April 26, 1988
Valve Assembly for Sprinkler Head	4,830,115	US	May 16, 1989
Clapper Seal for Dry Pipe Valve	4,854,342	US	August 8, 1989
Pendent Style Sprinkler with Cover	4,926,946	US	May 22, 1990
Sprinkler Valve Assembly	4,957,169	US	September 18, 1990
Concealed Sprinkler with Drop Down Deflector Assy.	4,976,320	US	December 11, 1990
and Improved Fusible Valve Lever Assembly			
Quick Release Valve for Sprinkler Head	4,991,656	US	February 12, 1991
Ceiling Cover for Pendent Style Sprinklers	DES. 318,096	US	July 9, 1991
Directly Mounted Pendent Style Sprinklers and Covers	5,080,176	US	January 14, 1992
Ceiling Sprinkler	5,083,616	US	January 28, 1992
Fire Sprinkler Apparatus	5,094,298	US	March 10, 1992
Concealed Automatic Sprinkler	5,097,906	US	March 24, 1992
Modular Valve for a Building Standpipe	5,295,503	US	March 22, 1994
Modular Valve for a Building Standpipe	5,439,028	US	August 8, 1995
Remotely Monitored Tamper Bar for A Backflow	5,520,207	US	May 28, 1996
Preventor			
Extended Coverage Ceiling Sprinkler	5,579,846	US	December 3, 1992
Extended Coverage Ceiling Sprinkler	5,664,630	US	September 9, 1997
Directional Sprinklers	5,669,449	US	September 23, 1997
Multilayer Fluid Conduits	5,729,128	US	June 23, 1998
Fluid Conduit System	5,775,378	US	July 7, 1998

Page 2

PATENT COLLATERAL ASSIGNMENT AND SECURITY AGREEMENT

THIS AGREEMENT ("Agreement"), dated September 16, 1998, is by and between CENTRAL SPRINKLER COMPANY, a Pennsylvania corporation ("Debtor"), with its chief executive office at 451 North Cannon Avenue, Lansdale, Pennsylvania 19466 and CONGRESS FINANCIAL CORPORATION, a Delaware corporation ("Secured Party"), having an office at 1133 Avenue of the Americas, New York, New York 10036.

WITNESSETH:

WHEREAS, Debtor has adopted, used and is using, and is the owner of the entire right, title, and interest in and to the patents and applications therefor described in Exhibit A hereto and made a part hereof; and

WHEREAS, Secured Party, Debtor and certain of its affiliates have entered into or are about to enter into financing arrangements pursuant to which Secured Party may make loans and advances and provide other financial accommodations to Debtor and certain of its affiliates as set forth in the Loan and Security Agreement, dated of even date herewith, by and among Secured Party, Debtor and certain of its affiliates (as the same now exists or may hereafter be amended, modified, supplemented, extended, renewed, restated or replaced, the "Loan Agreement") and other agreements, documents and instruments referred to therein or at any time executed and/or delivered in connection therewith or related thereto, including, but not limited to, this Agreement (all of the foregoing, together with the Loan Agreement, as the same now exist or may hereafter be amended, modified, supplemented, extended, renewed, restated or replaced, being collectively referred to herein as the "Financing Agreements"); and

WHEREAS, in order to induce Secured Party to enter into the Loan Agreement and the other Financing Agreements and to make loans and advances and provide other financial accommodations to Debtor and certain of its affiliates pursuant thereto, Debtor has agreed to grant to Secured Party certain collateral security as set forth herein;

NOW, THEREFORE, in consideration of the premises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Debtor hereby agrees as follows:

1. GRANT OF SECURITY INTEREST

As collateral security for the prompt performance, observance and indefeasible payment in full of all of the Obligations (as hereinafter defined), Debtor hereby grants to Secured Party a continuing security interest in and a general lien upon, and a conditional assignment of, the following (being collectively referred to herein as the "Collateral"): (a) all of Debtor's now existing or hereafter acquired right, title and interest in and to all of Debtor's

interest in any patents and all applications, registrations and recordings relating to the foregoing as may at any time be filed in the United States Patent and Trademark Office or in any similar office or agency of the United States, any State thereof, any political subdivision thereof or in any other country, including, without limitation, those patents, applications, registrations and recordings described in Exhibit A hereto, together with all rights and privileges arising under applicable law with respect to Debtor's use of any patents and all reissues, divisions, continuations, extensions and renewals thereof (all of the foregoing being collectively referred to herein as the "Patents"); (b) all present and future inventions and improvements described and claimed therein; (c) all income, fees, royalties and other payments at any time due or payable with respect thereto, including, without limitation, payments under all licenses at any time entered into in connection therewith; (d) the right to sue for past, present and future infringements thereof; (e) all rights corresponding thereto throughout the world; and (f) any and all other proceeds of any of the foregoing, including, without limitation, all damages and payments or claims by Debtor against third parties for past or future infringement of the Patents.

2. OBLIGATIONS SECURED

The security interest, lien and other interests granted to Secured Party pursuant to this Agreement shall secure the prompt performance, observance and payment in full of any and all obligations, liabilities and indebtedness of every kind, nature and description owing by Debtor to Secured Party and/or its affiliates, including principal, interest, charges, fees, costs and expenses, however evidenced, whether as principal, surety, endorser, guarantor or otherwise, arising under this Agreement, the Loan Agreement or the other Financing Agreements, whether now existing or hereafter arising, whether arising before, during or after the initial or any renewal term of the Loan Agreement or after the commencement of any case with respect to Debtor under the United States Bankruptcy Code or any similar statute (including, without limitation, the payment of interest and other amounts which would accrue and become due but for the commencement of such case), whether direct or indirect, absolute or contingent, joint or several, due or not due, primary or secondary, liquidated or unliquidated, secured or unsecured, and however acquired by Secured Party (all of the foregoing being collectively referred to herein s the "Obligations").

3. REPRESENTATIONS, WARRANTIES AND COVENANTS

Debtor hereby represents, warrants and covenants with and to Secured Party the following (all of such representations, warranties and covenants being continuing so long as any of the Obligations are outstanding):

- (a) Debtor shall pay and perform all of the Obligations according to their terms.
- (b) All of the existing Collateral is valid and subsisting in full force and effect, and Debtor owns the sole, full and clear title thereto, and the right and power to grant the security interest and conditional assignment granted hereunder. Debtor shall, at Debtor's expense,

perform all acts and execute all documents necessary to maintain the existence of the Collateral consisting of registered Patents as registered patents and to maintain all of the Collateral as valid and subsisting, including, without limitation, the filing of any renewal affidavits and applications. The Collateral is not subject to any liens, claims, mortgages, assignments, licenses, security interests or encumbrances of any nature whatsoever, except (i) the security interests granted hereunder and pursuant to the Loan Agreement, (ii) the security interests permitted under the Loan Agreement and (iii) the licenses permitted under Section 3(e) below.

- (c) Debtor shall not assign, sell, mortgage, lease, transfer, pledge, hypothecate, grant a security interest in or lien upon, encumber, grant an exclusive or non-exclusive license relating to the Collateral, or otherwise dispose of any of the Collateral, in each case without the prior written consent of Secured Party, except as otherwise permitted herein or in the Loan Agreement. Nothing in this Agreement shall be deemed a consent by Secured Party to any such action, except as such action is expressly permitted hereunder.
- (d) Debtor shall, at Debtor's expense, promptly perform all acts and execute all documents requested at any time by Secured Party to evidence, perfect, maintain, record or enforce the security interest in and conditional assignment of the Collateral granted hereunder or to otherwise further the provisions of this Agreement. Debtor hereby authorizes Secured Party to execute and file one or more financing statements (or similar documents) with respect to the Collateral signed only by Secured Party or as otherwise determined by Secured Party. Debtor further authorizes Secured Party to have this Agreement or any other similar security agreement filed with the Commissioner of Patents and Trademarks or any other appropriate federal, state or government office.
- (e) As of the date hereof, Debtor does not have any Patents registered, or subject to pending applications, in the United States Patent and Trademark Office or any similar office or agency in the United States, any State thereof, any political subdivision thereof or in any other country, other than those described in Exhibit A hereto and has not granted any licenses with respect thereto other than as set forth in Exhibit B hereto.
- (f) Debtor shall, concurrently with the execution and delivery of this Agreement, execute and deliver to Secured Party five (5) originals of a Special Power of Attorney in the form of Exhibit C annexed hereto for the implementation of the assignment, sale or other disposition of the Collateral pursuant to Secured Party's exercise of the rights and remedies granted to Secured Party hereunder, which Secured Party shall not have authority to use until after the occurrence of an Event of Default.
- (g) Secured Party may, in its discretion, pay any amount or do any act which Debtor fails to pay or do as required hereunder or as requested by Secured Party to preserve, defend, protect, maintain, record or enforce the Obligations, the Collateral or the security interest and conditional assignment granted hereunder, including, but not limited to, all filing or recording fees, court costs, collection charges, attorneys' fees and legal expenses. Debtor shall be liable

to Secured Party for any such payment, which payment shall be deemed an advance by Secured Party to Debtor, shall be payable on demand together with interest at the rate then applicable to the Obligations set forth in the Loan Agreement and shall be part of the Obligations secured hereby.

- (h) Debtor shall provide Secured Party with prompt written notice of the filing of any application for the registration of a Patent with the United States Patent and Trademark Office or any similar office or agency in the United States, any State thereof, any political subdivision thereof or in any other country. If, after the date hereof, Debtor shall (i) obtain any patent, including any reissue, division, continuation, continuation-in-part, or extension of any patent, file any patent application, including any application for reissue or extension of any patent, or any divisional, continuation, or continuation-in-part application in the United States Patent and Trademark Office or in any similar office or agency in the United States, any State thereof, any political subdivision thereof or in any other country, or (ii) become the owner of any patent or new patentable inventions used in the United States, any State thereof, any political subdivision thereof or in any other country, the provisions of Section 1 hereof shall automatically apply thereto. Upon the request of Secured Party, Debtor shall promptly execute and deliver to Secured Party any and all assignments, agreements, instruments, documents and such other papers as may be requested by Secured Party to evidence the security interest in and conditional assignment of such Patent in favor of Secured Party.
- (i) Debtor has not abandoned any of the Patents and Debtor will not do any act, nor omit to do any act, whereby the Patents may become abandoned, invalidated, unenforceable, avoided or avoidable. Debtor shall notify Secured Party immediately if it knows or has reason to know of any reason why any application, registration, or recording with respect to the Patents may become abandoned, canceled, invalidated, avoided or avoidable.
- (j) Debtor shall render any assistance, as Secured Party shall determine is necessary, to Secured Party in any proceeding before the United States Patent and Trademark Office, any federal or state court, or any similar office or agency in the United States, any State thereof, any political subdivision thereof or in any other country, to maintain such application and registration of the Patents as Debtor's exclusive property and to protect Secured Party's interest therein, including, without limitation, filing of renewals, affidavits of use, affidavits of incontestability and opposition, interference, and cancellation proceedings.
- (k) To the best of Debtor's knowledge, no material infringement or unauthorized use presently is being made of any of the Patents that would adversely affect in any material respect the fair market value of the Patents or the benefits of this Agreement granted to Secured Party, including, without limitation, the remedies of Secured Party hereunder. There has been no judgment holding any of the Patents invalid or unenforceable, in whole or part nor is the validity or enforceability of any of the Patents presently being questioned in any litigation or proceeding to which Debtor is a party. Debtor shall promptly notify Secured Party if Debtor (or any affiliate or subsidiary thereof) learns of any use by any person of any

- 4 -

other process or product which infringes upon any Patent. If requested by Secured Party, Debtor, at Debtor's expense, shall join with Secured Party in such action as Secured Party, in Secured Party's discretion, may deem advisable for the protection of Secured Party's interest in and to the Patents.

- (l) Debtor assumes all responsibility and liability arising from the use of the Patents and Debtor hereby indemnifies and holds Secured Party harmless from and against any claim, suit, loss, damage, or expense (including attorneys' fees and legal expenses) arising out of any alleged defect in any product manufactured, promoted, or sold by Debtor (or any affiliate or subsidiary thereof) in connection with any Patent or out of the manufacture, promotion, labelling, sale or advertisement of any such product by Debtor (or any affiliate or subsidiary thereof). The foregoing indemnity shall survive the payment of the Obligations, the termination of this Agreement and the termination or non-renewal of the Loan Agreement.
- (m) Debtor shall promptly pay Secured Party for any and all expenditures made by Secured Party pursuant to the provisions of this Agreement or for the defense, protection or enforcement of the Obligations, the Collateral, or the security interests and conditional assignment granted hereunder, including, but not limited to, all filing or recording fees, court costs, collection charges, travel expenses, and attorneys' fees and legal expenses. Such expenditures shall be payable on demand, together with interest at the rate then applicable to the Obligations set forth in the Loan Agreement and shall be part of the Obligations secured hereby.

4. EVENTS OF DEFAULT

All Obligations shall become immediately due and payable, without notice or demand, at the option of Secured Party, upon the occurrence of any Event of Default, as such term is defined in the Loan Agreement (each an "Event of Default" hereunder).

5. RIGHTS AND REMEDIES

At any time an Event of Default exists or has occurred and is continuing, in addition to all other rights and remedies of Secured Party, whether provided under this Agreement, the Loan Agreement, the other Financing Agreements, applicable law or otherwise, Secured Party shall have the following rights and remedies which may be exercised without notice to, or consent by, Debtor except as such notice or consent is expressly provided for hereunder:

(a) Secured Party may require that neither Debtor nor any affiliate or subsidiary of Debtor make any use of the Patents for any purpose whatsoever. Secured Party may make use of any Patents for the sale of goods, completion of work-in-process or rendering of services or otherwise in connection with enforcing any other security interest granted to Secured Party by Debtor or any subsidiary or affiliate of Debtor or for such other reason as Secured Party may determine.

- 5 -

- (b) Secured Party may grant such license or licenses relating to the Collateral for such term or terms, on such conditions, and in such manner, as Secured Party shall in its discretion deem appropriate. Such license or licenses may be general, special or otherwise, and may be granted on an exclusive or non-exclusive basis throughout all or any part of the United States of America, its territories and possessions, and all foreign countries.
- (c) Secured Party may assign, sell or otherwise dispose of the Collateral or any part thereof, either with or without special conditions or stipulations except that if notice to Debtor of intended disposition of Collateral is required by law, the giving of ten (10) days prior written notice to Debtor of any proposed disposition shall be deemed reasonable notice thereof and Debtor waives any other notice with respect thereto. Secured Party shall have the power to buy the Collateral or any part thereof, and Secured Party shall also have the power to execute assurances and perform all other acts which Secured Party may, in its discretion, deem appropriate or proper to complete such assignment, sale, or disposition. In any such event, Debtor shall be liable for any deficiency.
- (d) In addition to the foregoing, in order to implement the assignment, sale or other disposition of any of the Collateral pursuant to the terms hereof, Secured Party may at any time execute and deliver on behalf of Debtor, pursuant to the authority granted in the Powers of Attorney described in Section 3(f) hereof, one or more instruments of assignment of the Patents (or any application, registration, or recording relating thereto), in form suitable for filing, recording, or registration. Debtor agrees to pay Secured Party on demand all costs incurred in any such transfer of the Collateral, including, but not limited to, any taxes, fees, and attorneys' fees and legal expenses. Debtor agrees that Secured Party has no obligation to preserve rights to the Patents against any other parties.
- (e) Secured Party may first apply the proceeds actually received from any such license, assignment, sale or other disposition of Collateral to the costs and expenses thereof, including, without limitation, attorneys' fees and all legal, travel and other expenses which may be incurred by Secured Party. Thereafter, Secured Party may apply any remaining proceeds to such of the Obligations as Secured Party may in its discretion determine. Debtor shall remain liable to Secured Party for any of the Obligations remaining unpaid after the application of such proceeds, and Debtor shall pay Secured Party on demand any such unpaid amount, together with interest at the rate then applicable to the Obligations set forth in the Loan Agreement.
- (f) Debtor shall supply to Secured Party or to Secured Party's designee, Debtor's knowledge and expertise relating to the manufacture and sale of the products and services to which the Patents relate and Debtor's customer lists and other records relating to the Patents and the distribution thereof.
- (g) Nothing contained herein shall be construed as requiring Secured Party to take any such action at any time. All of Secured Party's rights and remedies, whether provided under, this Agreement, the other Financing Agreements, applicable law or otherwise, shall be

cumulative and none is exclusive. Such rights and remedies may be enforced alternatively, successively, or concurrently.

6. JURY TRIAL WAIVER; OTHER WAIVERS AND CONSENTS; GOVERNING LAW

- (a) The validity, interpretation and enforcement of this Agreement and the other Financing Agreements and any dispute arising out of the relationship between the parties hereto, whether in contract, tort, equity or otherwise, shall be governed by the internal laws of the State of New York (without giving effect to principles of conflicts of law).
- (b) Debtor and Secured Party irrevocably consent and submit to the non-exclusive jurisdiction of the Supreme Court of the State of New York in the County of New York and the United States District Court for the Southern District of New York and waive any objection based on venue or forum non conveniens with respect to any action instituted therein arising under this Agreement or any of the other Financing Agreements or in any way connected or related or incidental to the dealings of Debtor and Secured Party in respect of this Agreement or the other Financing Agreements or the transactions related hereto or thereto, in each case whether now existing or thereafter arising, and whether in contract, tort, equity or otherwise, and agree that any dispute with respect to any such matters shall be heard only in the courts described above (except that Secured Party shall have the right to bring any action or proceeding against Debtor or its property in the courts of any other jurisdiction which Secured Party deems necessary or appropriate in order to realize on the Collateral or to otherwise enforce its rights against Debtor or its property).
- (c) Debtor hereby waives personal service of any and all process upon it and consents that all such service of process may be made by certified mail (return receipt requested) directed to its address set forth herein and service so made shall be deemed to be completed five (5) days after the same shall have been so deposited in the U.S. mails, or, at Secured Party's option, by service upon Debtor in any other manner provided under the rules of any such courts. Within thirty (30) days after such service, Debtor shall appear in answer to such process, failing which Debtor shall be deemed in default and judgment may be entered by Secured Party against Debtor for the amount of the claim and other relief requested.
- (d) DEBTOR AND SECURED PARTY EACH HEREBY WAIVES ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION (i) ARISING UNDER THIS AGREEMENT OR ANY OF THE OTHER FINANCING AGREEMENTS OR (ii) IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF DEBTOR AND SECURED PARTY IN RESPECT OF THIS AGREEMENT OR ANY OF THE OTHER FINANCING AGREEMENTS OR THE TRANSACTIONS RELATED HERETO OR THERETO IN EACH CASE WHETHER NO EXISTING OR HEREAFTER ARISING, AND WHETHER IN CONTRACT, TORT, EQUITY OR OTHERWISE. DEBTOR AND SECURED PARTY EACH HEREBY AGREES AN CONSENTS THAT ANY SUCH CLAIM, DEMAND, ACTION OR CAUSE

- 7 -

OF ACTION SHALL BE DECIDED BY COURT TRIAL WITHOUT A JURY AND THAT DEBTOR OR SECURED PARTY MAY FILE AN ORIGINAL COUNTERPART OF A COPY OF THIS AGREEMENT WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF DEBTOR AND SECURED PARTY TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY.

(e) Secured Party shall not have any liability to Debtor (whether in tort, contract, equity or otherwise) for losses suffered by Debtor in connection with, arising out of, or in any way related to the transactions or relationships contemplated by this Agreement, or any act, omission or event occurring in connection herewith, unless it is determined by a final and non-appealable judgment or court order binding on Secured Party that the losses were the result of acts or omissions constituting gross negligence or willful misconduct. In any such litigation, Secured Party shall be entitled to the benefit of the rebuttable presumption that it acted in good faith and with the exercise of ordinary care in the performance by it of the terms of this Agreement and the other Financing Agreements.

7. MISCELLANEOUS

(a) All notices, requests and demands hereunder shall be in writing and deemed to have been given or made: if delivered in person, immediately upon delivery; if by telex, telegram or facsimile transmission, immediately upon sending and upon confirmation of receipt; if by nationally recognized overnight courier service with instructions to deliver the next business day, one (1) business day after sending; and if by certified mail, return receipt requested, five (5) days after mailing. All notices, requests and demands upon the parties are to be given to the following addresses (or to such other address as any party may designate by notice in accordance with this Section):

If to Debtor: Central Sprinkler Company

451 North Cannon Avenue Lansdale, Pennsylvania 19446 Attention: Chief Financial Officer

If to Secured

Party:

Congress Financial Corporation 1133 Avenue of the Americas New York, New York 10036 Attention: Mr. Andrew W. Robin

(b) All references to the plural herein shall also mean the singular and to the singular shall also mean the plural. All references to Debtor and Secured Party pursuant to the definitions set forth in the recitals hereto, or to any other person herein, shall include their respective successors and assigns. The words "hereof," "herein," "hereunder," "this Agreement" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not any particular provision of this Agreement and as this Agreement now exists or may hereafter be amended, modified, supplemented, extended,

- 8 -

renewed, restated or replaced. An Event of Default shall exist or continue or be continuing until such Event of Default is waived in accordance with Section 7(e) hereof. All references to the term "Person" or "person" herein shall mean any individual, sole proprietorship, partnership, corporation (including, without limitation, any corporation which elects subchapter S status under the Internal Revenue Code of 1986, as amended), limited liability corporation, limited liability participation, business trust, unincorporated association, joint stock company, trust, joint venture or other entity or any government or any agency or instrumentality or political subdivision thereof.

- (c) This Agreement, the other Financing Agreements and any other document referred to herein or therein shall be binding upon Debtor and its successors and assigns and inure to the benefit of and be enforceable by Secured Party and its successors and assigns.
- (d) If any provision of this Agreement is held to be invalid or unenforceable, such invalidity or unenforceability shall not invalidate this Agreement as a whole, but this Agreement shall be construed as though it did not contain the particular provision held to be invalid or unenforceable and the rights and obligations of the parties shall be construed and enforced only to such extent as shall be permitted by applicable law.
- (e) Neither this Agreement nor any provision hereof shall be amended, modified, waived or discharged orally or by course of conduct, but only by a written agreement signed by an authorized officer of Secured Party. Secured Party shall not, by any act, delay, omission or otherwise be deemed to have expressly or impliedly waived any of its rights, powers and/or remedies unless such waiver shall be in writing and signed by an authorized officer of Secured Party. Any such waiver shall be enforceable only to the extent specifically set forth therein. A waiver by Secured Party of any right, power and/or remedy on any one occasion shall not be construed as a bar to or waiver of any such right, power and/or remedy which Secured Party would otherwise have on any future occasion, whether similar in kind or otherwise.

IN WITNESS WHEREOF, Debtor and Secured Party have executed this Agreement as of the day and year first above written.

CENTRAL SPRINKLER COMPANY

By: Clerch Falor

Title: Evec. Vice Pres.

CONGRESS FINANCIAL CORPORATION

By: Title: J

- 9 -

STATE OF New York) ss.:

COUNTY OF New York) ss.:

On this Ism day of September, 1998, before me personally came

Albert T-Sabul , to me known, who being duly sworn, did depose and say, that he is the Ev. 1 of Central Sprinkler Company, the corporation described in and which executed the foregoing instrument; and that he signed his name thereto by order of the Board of Directors of said corporation.

Allen Cremer Notary Public Allen Cremer Notary Public, State of New York No. 02CR5080700 Qualified in Kings County Commission Expires June 16, 1999

STATE OF New York)

SS.:

COUNTY OF New York)

On this z2nd day of September, 1998, before me personally came <u>Tosephine Normis</u>, to me known, who, being duly sworn, did depose and say, that he is the <u>FVP</u> of CONGRESS FINANCIAL CORPORATION, the corporation described in and which executed the foregoing instrument; and that she signed his name thereto by order of

the Board of Directors of said corporation.

Notary Public

JOANNE DeFILLIPPO Notary Public, State of New York No. 01DE4988297 Qualified in Nassau County Commission Expires Nov. 4, 1991

EXHIBIT A TO

PATENT COLLATERAL ASSIGNMENT AND SECURITY AGREEMENT

LIST OF PATENTS AND PATENT APPLICATIONS

Patent Title	Patent No.	Country	Issue Date
Adjustable Dry Pendent Sprinkler Head Assembly	4,007,878	US	February 15, 1977
Concealed Sprinkler Assembly	4,014,388	US	March 29, 1977
Sprinkler Head Assembly	4,066,129	US	January 3, 1978
Adjustable Drop Nipple for Sprinkler Heads	4,083,410	US	April 11, 1978
Sprinkler Head Flange Assembly	4,117,887	US	October 3, 1978
On-Off Sprinkler Head Having An Offset Drive Motor	4,258,795	US	March 31, 1981
Automatic Sprinkler	4,491,182	US	January 1, 1985
Flush Pendent or Flush Horizontal Auto.Spkr. Head	4,508,175	US	April 2, 1985
Automatic On-Off Sprinkler Head	4,553,602	US	November 19, 1985
Quick Release Mechanism for Sprinkler Head	4,609,047	US	September 2, 1986
Quick Release Valve for Sprinkler Head	Statutory Invention	US	September 2, 1986
Sprinkler Head with Electrical Sensor	4,618,001	US	October 21, 1986
Sprinkler Head	4,619,327	US	October 28, 1986
Rapid Response Sprinkler Head	4,630,682	US	December 23, 1986
Low Preload Self-Sealing Quick Release Valve for Spkr.Hd.	4,648,459	US	March 10, 1987
Portable Quick Chilling Device	4,711,099	US	December 8, 1987
Quick Release Mechanism for Sprinkler Head	4,732,216	US	March 22, 1988
Quick Response Glass Bulb Sprinkler	4,739,835	US	April 26, 1988
Valve Assembly for Sprinkler Head	4,830,115	US	May 16, 1989
Clapper Seal for Dry Pipe Valve	4,854,342	US	August 8, 1989
Pendent Style Sprinkler with Cover	4,926,946	US	May 22, 1990
Sprinkler Valve Assembly	4,957,169	US	September 18, 1990
Concealed Sprinkler with Drop Down Deflector Assy. and Improved Fusible Valve Lever Assembly	4,976,320	US	December 11, 1990
Quick Release Valve for Sprinkler Head	4,991,656	US	February 12, 1991
Ceiling Cover for Pendent Style Sprinklers	DES. 318,096	US	July 9, 1991
Directly Mounted Pendent Style Sprinklers and Covers	5,080,176	US	January 14, 1992
Ceiling Sprinkler	5,083,616	US	January 28, 1992
Fire Sprinkler Apparatus	5,094,298	US	March 10, 1992
Concealed Automatic Sprinkler	5,097,906	US	March 24, 1992
Modular Valve for a Building Standpipe	5,295,503	US	March 22, 1994
Modular Valve for a Building Standpipe	5,439,028	US	August 8, 1995
Remotely Monitored Tamper Bar for A Backflow Preventor	5,520,207	US	May 28, 1996
Extended Coverage Ceiling Sprinkler	5,579,846	US	December 3, 1992
Extended Coverage Ceiling Sprinkler	5,664,630	US	September 9, 1997
Directional Sprinklers	5,669,449	US	September 23, 1997
Multilayer Fluid Conduits	5,729,128	US	June 23, 1998
Fluid Conduit System	5,775,378	US	July 7, 1998
Glass Bulb Chilling Device Bulb Saddle.	2,182,243B 33,690 2,196,273	UK Korea UK	November 29, 1989 June 13, 1990 January 23, 1991

-11-

EXHIBIT B TO PATENT COLLATERAL ASSIGNMENT AND SECURITY AGREEMENT

LICENSES

None

-12-

EXHIBIT C TO PATENT COLLATERAL ASSIGNMENT AND SECURITY AGREEMENT

SPECIAL POWER OF ATTORNEY

STATE OF	
STATE OF) SS.:
COMPANY ("Debtor"), having an of Pennsylvania 19446, hereby appoints CORPORATION ("Secured Party"),	SE PRESENTS, that CENTRAL SPRINKLER ffice at 451 North Cannon Avenue, Lansdale, and constitutes CONGRESS FINANCIAL and each officer thereof, its true and lawful attorney, with full power and authority to perform the following
assignment, or other papers which Se advisable for the purpose of assigning interest of Debtor in and to any pater	any and all agreements, documents, instrument of ecured Party, in its discretion, deems necessary or g, selling, or otherwise disposing of all right, title, and ats and all registrations, recordings, reissues, extensions, ose of recording, registering and filing of, or ith respect to the foregoing.
	any and all documents, statements, certificates or other scretion, deems necessary or advisable to further the l hereof.
Security Agreement, dated of even da "Security Agreement") and is subject Attorney being coupled with an inter-	de pursuant to a Patent Collateral Assignment and ate herewith, between Debtor and Secured Party (the to the terms and provisions thereof. This Power of est, is irrevocable until all "Obligations," as such term is re paid in full and the Security Agreement is terminated
Dated: September, 1998	CENTRAL SPRINKLER COMPANY
	By:
	Title:

-13-

STATE OF)
COUNTY OF) ss.:)
	tember, 1998, before me personally came nown, who being duly sworn, did depose and say, that he is
the of Central Sprink	cler Company, the corporation described in and which
of Directors of said corporation.	nt; and that he signed his name thereto by order of the Board
	Notary Public

-14-

RECORDED: 10/06/1998