

8.30.00

FORM PTO-1619A
Expires 06/30/99
OMB 0651-0027

09-18-2000



101458683

U.S. Department of Commerce
Patent and Trademark Office

PATENT

no check

RECORDATION FORM COVER SHEET
PATENTS ONLY

TO: The Commissioner of Patents and Trademarks: Please record the attached original document(s) or copy(ies).

Submission Type

New

Resubmission (Non-Recordation)
Document ID# _____

Correction of PTO Error
Reel # _____ Frame # _____

Corrective Document
Reel # _____ Frame # _____

Conveyance Type

Assignment Security Agreement

License Change of Name

Merger Other _____

U.S. Government
(For Use ONLY by U.S. Government Agencies)

Departmental File Secret File

Conveying Party(ies)

Mark if additional names of conveying parties attached

Name (line 1) PUBLIC ACCESS TECHNOLOGY.COM, INC. Execution Date Month Day Year 07 13 2000

Name (line 2) FLORIDA CORPORATION

Second Party

Name (line 1) _____ Execution Date Month Day Year _____

Name (line 2) _____

5774652

Receiving Party

Mark if additional names of receiving parties attached

Name (line 1) F. GRAY KIGER, AS AGENT

Name (line 2) _____

Address (line 1) 722 BLUE CRAB ROAD

Address (line 2) _____

Address (line 3) NEWPORT NEWS VA 23606
City State/Country Zip Code

If document to be recorded is an assignment and the receiving party is not domiciled in the United States, an appointment of a domestic representative is attached. (Designation must be a separate document from Assignment.)

Domestic Representative Name and Address

Enter for the first Receiving Party only.

Name _____

Address (line 1) _____

Address (line 2) _____

Address (line 3) _____

Address (line 4) _____

FOR OFFICE USE ONLY

Public burden reporting for this collection of information is estimated to average approximately 30 minutes per Cover Sheet to be recorded, including time for reviewing the document and gathering the data needed to complete the Cover Sheet. Send comments regarding this burden estimate to the U.S. Patent and Trademark Office, Chief Information Officer, Washington, D.C. 20231 and to the Office of Information and Regulatory Affairs, Office of Management and Budget, Paperwork Reduction Project (0651-0027), Washington, D.C. 20503. See OMB Information Collection Budget Package 0651-0027, Patent and Trademark Assignment Practice. DO NOT SEND REQUESTS TO RECORD ASSIGNMENT DOCUMENTS TO THIS ADDRESS.

Mail documents to be recorded with required cover sheet(s) information to:
Commissioner of Patents and Trademarks, Box Assignments, Washington, D.C. 20231

FORM PTO-1619B
Expires 08/30/99
OMB 0651-0027

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U.S. Department of Commerce
Patent and Trademark Office
PATENT

Correspondent Name and Address Area Code and Telephone Number

Name

Address (line 1)

Address (line 2)

Address (line 3)

Address (line 4)

Pages Enter the total number of pages of the attached conveyance document including any attachments. #

Application Number(s) or Patent Number(s) Mark if additional numbers attached

Enter either the Patent Application Number or the Patent Number (DO NOT ENTER BOTH numbers for the same property).

Patent Application Number(s)

Patent Number(s)

<input type="text" value="5774652"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text" value="5953504"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

If this document is being filed together with a new Patent Application, enter the date the patent application was signed by the first named executing inventor. Month Day Year

Patent Cooperation Treaty (PCT)

Enter PCT application number only if a U.S. Application Number has not been assigned.

PCT PCT PCT
PCT PCT PCT

Number of Properties Enter the total number of properties involved. #

Fee Amount Fee Amount for Properties Listed (37 CFR 3.41): \$

Method of Payment: Enclosed Deposit Account

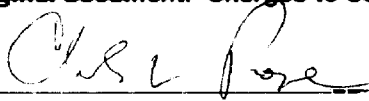
Deposit Account (Enter for payment by deposit account or if additional fees can be charged to the account.) Deposit Account Number: #

Authorization to charge additional fees: Yes No

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 the original document. Charges to deposit account are authorized, as indicated herein.

CHARLES L. POPE
Name of Person Signing


Signature

8/22/00
Date

INTERCREDITOR AND SECURITY AGREEMENT

THIS INTERCREDITOR AND SECURITY AGREEMENT ("**Agreement**") is made on July 13, 2000, by and among PUBLIC ACCESS TECHNOLOGY.COM, INC. ("**Debtor**"), a Florida corporation with its chief executive office and principal place of business at 2600 Maitland Center Parkway, Suite 162, Maitland, Florida 32751; the person listed on the signature pages hereof; the persons who later join this Agreement and their respective successors and permitted assigns which become "**Lenders**" as provided in this Agreement; and F. GRAY KIGER ("**Kiger**"), with a business and mailing address at 722 Blue Crab Road, Newport News, Virginia 23606, in his capacity as Collateral and Administrative Agent for the Lenders pursuant to Section 3 of this Agreement (together with his successors in such capacity referred to as "**Secured Party**" and as, the "**Agent**").

RECITALS:

- A. Lenders have made loans (collectively, the "**Loans**") to Debtor subject to the terms and conditions of, and in reliance on, the representations and warranties made in this Agreement, the Secured Convertible Notes delivered by the Debtor to each Lender (each individually referred to as a "**Note**" and collectively as the "**Notes**"), and various other documents and agreements (this Agreement, the Notes and any of the other documents evidencing, securing or otherwise relating to the Notes are collectively referred to as the "**Loan Documents**").
- B. A condition precedent to the Lenders' willingness to make the Loans to the Debtor is the Debtor granting to the Agent, for the benefit of the Lenders, a security interest in all of the personal property of the Debtor, now owned and hereafter acquired, pursuant to the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration of the Lenders making the Loans to the Debtor, the Debtor, the Agent and the Lenders stipulate and agree as follows:

1. SECURITY INTEREST. To secure the payment, satisfaction and discharge of the Obligations described in **Section 2** below, the Debtor hereby assigns, transfers, pledges and sets over unto the Secured Party, and its successors and assigns, and grants the Secured Party, and its successors and assigns, a security interest in, all of the personal property of every kind and nature of the Debtor, whether tangible or intangible, whether now existing or hereafter arising, whether now owned or hereafter acquired by the Debtor or in which the Debtor now has or hereafter acquires any right, title or interest, together with all of the proceeds thereof and all additions, accessions and substitutions thereto and therefor (hereinafter all of which shall be collectively referred to as the "**Collateral**"), including, without limitation the following:

(a) All of the Debtor's accounts, accounts receivable, contract rights, instruments, certificates of deposit, documents, chattel paper, notes, drafts, acceptances and other forms of obligations and receivables, whether or not earned by performance, and which are now owned or hereafter acquired by the Debtor or in which the Debtor now has or hereafter acquires

any right, title or interest (hereinafter collectively referred to as "**Accounts**") together with all proceeds of the Accounts; and

(b) All of the Debtor's tangible personal property, goods, books, records, furniture, apparatus, furnishings, fittings, fixtures, machinery, motor vehicles, appliances, computer systems, and equipment, wherever located or however used, which are now owned or hereafter acquired by the Debtor or in which the Debtor now has or hereafter acquires any right, title or interest (hereinafter collectively referred to as "**Equipment**"), together with all proceeds of the Equipment; and

(c) All general intangibles of the Debtor, which are now owned or hereafter acquired by the Debtor or in which the Debtor now has or hereafter acquires any right, title or interest, including, without limitation, all choses in action, things in action, suits, actions, causes of actions and claims of every kind and nature, whether at law or in equity and all condemnation awards, insurance proceeds, customer lists, servicing rights, computer software and source codes, patents, patent rights, specifically in and to United States Patent to Smith "Restricted Access Computer System", No. 5,774,652 issued June 30, 1998 (the "Smith Patent"); a United States Patent to Sokal, et al. "Public Accessible Terminal Capable of Opening an Account for Allowing Access to the Internet and E-mail by Generating ID Code and Security Code for Users", No. 5,953,504, issued September 14, 1999 and all trade secrets relating to the inventions protected by said patents disclosed or otherwise known by the inventors to the United States Patent and Trademark Office during the examination of the aforementioned patents; licenses, uncertificated securities, trademarks, trade names, copyrights, and goodwill and all claims for income tax refunds and other payments from any local, state or federal governmental authority or agency (hereinafter collectively referred to as "**General Intangibles**") together with all proceeds of the General Intangibles; and

(d) All demand, time, savings, passbook and other deposit accounts of the Debtor with all banks, credit unions, savings and loan associations and other financial institutions which are now owned or hereafter acquired by the Debtor or in which the Debtor now has or hereafter acquires any right, title or interest (hereinafter collectively referred to as "**Deposit Accounts**") and all of the Debtor's money together with all proceeds of the Deposit Accounts; and

(e) All of the Debtor's inventory and other tangible personal property, which are now owned or hereafter acquired by the Debtor or in which the Debtor now has or hereafter acquires any right, title or interest, and held for sale or lease or to be furnished under contracts or used or consumed in the Debtor's business (hereinafter collectively referred to as "**Inventory**") together with all contractual rights of the Debtor pertaining to Inventory and all proceeds of the Inventory; and

(f) All awards and other payments in respect of any taking and all insurance proceeds in respect of any of the foregoing, together with all amounts received by the Secured Party, or expended by the Secured Party pursuant to this Agreement and all monies and claims for money due and to become due to Debtor under all its accounts, contract rights, leases and

general intangibles as said terms are defined in the Uniform Commercial Code of the Commonwealth of Virginia.

2. SECURED OBLIGATIONS. This Agreement and the security interest and rights of the Secured Party in the Collateral shall secure the payment and discharge of the following indebtedness, obligations and liabilities of the Debtor to the Secured Party, whether now existing or hereafter incurred, whether matured or unmatured, whether direct or indirect, whether absolute or contingent, whether liquidated or unliquidated, whether secured or unsecured, whether original, renewed or extended, whether contracted by any one or more of the Debtor (if more than one) alone or jointly and/or severally with another or others, and whether or not represented by notes, instruments or other writings (hereinafter all such indebtedness, obligations and liabilities shall be collectively referred to as the "**Obligations**");

(a) The payment of all indebtedness evidenced by each of the Notes together with interest thereon as provided therein, and any modifications of the Notes and any promissory note given in curtail, renewal or extension, in whole or in part of the Notes;

(b) The payment of all costs, expenses, charges, liabilities, commissions, half-commissions and attorneys' fees now or hereafter chargeable to, or incurred by, or disbursed by, the Secured Party pursuant to this Agreement, any other of the Obligations, applicable law or any of the documents and instruments which provide the Secured Party with any security for the payment and performance of the Obligations and/or which state the terms and conditions of the Obligations and/or which set forth the agreements, understandings and covenants between the Debtor and the Secured Party and/or which set forth the representations and warranties made by the Debtor to the Secured Party (hereinafter all of the foregoing shall be collectively referred to as the "**Security Instruments**");

(c) The performance of, observance of and compliance with all of the terms, covenants, conditions, stipulations and agreements contained in the Security Instruments; and

(d) The payment of all indebtedness evidenced by the Notes and the other Obligations as they may from time to time be renewed, extended, modified and/or curtailed (unlimited modification, renewal, curtailment or extension of the Notes and any other of the Obligations being expressly permitted), whether or not by note or other instrument, together with all interest and charges incurring therein, whether before or after maturity.

3. AGENT.

(a) Appointment, Authority and Duties of Agent.

(i) Each Lender hereby irrevocably appoints and designates Kiger as Agent to act as herein specified. Agent may, and each Lender by its acceptance of a Note shall be deemed irrevocably to have authorized Agent to, enter into all Loan Documents to which Agent is to be a party and all amendments hereto and all Loan Documents thereafter executed by Debtor, for its benefit and the pro rata benefit of Lenders and, except as otherwise provided in

this **Section 3**, to exercise such rights and powers under this Agreement and the other Loan Documents as are specifically delegated to Agent by the terms hereof and thereof, together with such other rights and powers as are reasonably incidental thereto. Each Lender agrees that any action taken by Agent in accordance with the provisions of this Agreement or the other Loan Documents, and the exercise by Agent of any of the powers set forth herein or therein, together with such other powers as are reasonably incidental thereto, shall be authorized by and binding upon all Lenders. Without limiting the generality of the foregoing, Agent shall have the sole and exclusive right and authority to (a) act as the disbursing and collecting agent for Lenders with respect to all payments and collections arising in connection with this Agreement and the other Loan Documents; (b) execute and deliver as Agent each Loan Document and accept delivery of each such agreement delivered by Debtor; (c) act as collateral agent for Lenders for purposes of the perfection of all security interests and liens created by this Agreement or the Loan Documents with respect to all material items of the Collateral and, for all other purposes stated therein; (d) manage, supervise or otherwise deal with the Collateral; and (e) except as may be otherwise specifically restricted by the terms of this Agreement exercise all remedies given to Agent with respect to any of the Collateral under the Loan Documents relating thereto, applicable law or otherwise. The duties of Agent shall be ministerial and administrative in nature, and Agent shall not have by reason of this Agreement or any other Loan Document a fiduciary relationship with any Lender (or any Lender's participants).

(ii) Agent (which term, as used in this sentence, shall include reference to Agent's agents) shall not: (a) have any duties or responsibilities except those expressly set forth in this Agreement and the other Loan Documents or (b) be required to take, initiate or conduct any litigation, foreclosure or collection proceedings hereunder or under any of the other Loan Documents except to the extent directed to do so by the Lenders during the continuance of any Event of Default (as defined below). The conferral on Agent any right hereunder shall not imply a duty on Agent's part to exercise any such right unless instructed to do so by the Lenders in accordance with this Agreement.

(iii) Agent may perform any of its duties by or through its agents and employees and may employ agents and attorneys-in-fact and shall not be responsible for the negligence or misconduct of any such agents or attorneys-in-fact selected by it with reasonable care. Debtor shall promptly (and in any event, **on demand**) reimburse Agent for all reasonable expenses incurred by Agent pursuant to any of the provisions hereof or of any of the other Loan Documents or in the execution of any of Agent's duties hereby or thereby created or in the exercise of any right or power herein or therein imposed or conferred upon it or Lenders, and each Lender agrees promptly to pay to Agent, **on demand**, such Lender's pro rata share of any such reimbursement for expenses that is not timely made by Debtor to Agent.

(iv) The rights, remedies, powers and privileges conferred upon Agent hereunder and under the other Loan Documents may be exercised by Agent without the necessity of the joinder of any other parties unless otherwise required by applicable law. If Agent shall request instructions from the Lenders with respect to any act or action (including the failure to act) in connection with this Agreement or any of the other Loan Documents, Agent shall be entitled to refrain from such act or taking such action unless and until Agent shall have received instructions from the Lenders; and Agent shall not incur liability to any person by reason of so

refraining. Without limiting the foregoing, no Lender shall have any right of action whatsoever against Agent as a result of Agent acting or refraining from acting hereunder or under any of the Loan Documents pursuant to or in accordance with the instructions of the Lenders except for Agent's own gross negligence or willful misconduct in connection with any action taken by it. Notwithstanding anything to the contrary contained in this Agreement, Agent shall not be required to take any action that is in its opinion contrary to applicable law or the terms of any of the Loan Documents or that would in its reasonable opinion subject it or any of its officers, employees or directors to personal liability; *provided, however*, that if Agent shall fail or refuse to take action that is not contrary to applicable law or to any of the terms of any of the Loan Documents even if such action in Agent's opinion would subject it to potential liability, the Lenders may remove Agent and appoint a successor Agent in the same manner and with the same effects as is provided in this Agreement with respect to Agent's resignation.

(v) Agent shall promptly, upon receipt thereof, forward to each Lender copies of any significant written notices, reports, certificates and other information received by Agent from any Debtor. Agent shall have no liability to any Lender for any errors in or omissions from any examination of Debtor or the Collateral, unless such error or omission was the direct result of Agent's willful misconduct.

(b) Agreements Regarding Collateral. Lenders hereby irrevocably authorize Agent, at its option and in its discretion, to release any lien upon any Collateral (i) upon the termination of the payment or satisfaction of all of the Obligations, (ii) constituting Equipment sold or disposed of in accordance with Agent's consent, or (iii) if approved or ratified by the Lenders. Agent shall have no obligation whatsoever to any of the Lenders to assure that any of the Collateral exists or is owned by Debtor or is cared for, protected or insured or has been encumbered, or that Agent's liens have been properly or sufficiently or lawfully created, perfected, protected or enforced or entitled to any particular priority or to exercise any duty of care with respect to any of the Collateral.

(c) Reliance By Agent. Agent shall be entitled to rely, and shall be fully protected in so relying, upon any certification, notice or other communication (including any thereof by telephone, telex, telegram, telecopier message or cable) believed by it to be genuine and correct and to have been signed, sent or made by or on behalf of the proper person or persons, and upon advice and statements of legal counsel, independent accountants and other experts selected by Agent. As to any matters not expressly provided for by this Agreement or any of the other Loan Documents, Agent shall in all cases be fully protected in acting or refraining from acting hereunder and thereunder in accordance with the instructions of the Lenders, and such instructions of the Lenders and any action taken or failure to act pursuant thereto shall be binding upon Lenders.

(d) Action Upon Default. Agent shall not be deemed to have knowledge of the occurrence of an Event of Default unless it has received written notice from a Lender or Debtor specifying the occurrence and nature of such Event of Default. If Agent shall receive such a notice of an Event of Default or shall otherwise acquire actual knowledge of any Event of Default, Agent shall promptly notify Lenders in writing and Agent shall take such action and assert such rights under this Agreement and the other Loan Documents, or shall refrain from

taking such action and asserting such rights, as the Lenders shall direct from time to time. If any Lender shall receive a notice of an Event of Default or shall otherwise acquire actual knowledge of any Event of Default, such Lender shall promptly notify Agent and the other Lenders in writing. As provided in **Section 3(c)** hereof, Agent shall not be subject to any liability by reason of acting or refraining to act pursuant to any request of the Lenders except for its own willful misconduct or gross negligence in connection with any action taken by it. Before directing Agent to take or refrain from taking any action or asserting any rights or remedies under this Agreement and the other Loan Documents on account of any Event of Default, the Lenders shall consult with and seek the advice of (but without having to obtain the consent of) each other Lender, and promptly after directing Agent to take or refrain from taking any such action or asserting any such rights, the Lenders will so advise each other Lender of the action taken or refrained from being taken and, upon request of any Lender, will supply information concerning actions taken or not taken. In no event shall the Lenders, without the prior written consent of each Lender, direct Agent to accelerate and demand payment of the Loans held by one Lender without accelerating and demanding payment of all other Loans. Each Lender agrees that, except as otherwise provided in any of the Loan Documents and without the prior written consent of the Lenders, it will not take any legal action or institute any action or proceeding against Debtor with respect to any of the Obligations or Collateral or accelerate or otherwise enforce its portion of the Obligations. Without limiting the generality of the foregoing, none of Lenders may exercise any right that it might otherwise have under applicable law to credit bid at foreclosure sales, UCC sales or other similar sales or dispositions of any of the Collateral except as authorized by the Lenders. Notwithstanding anything to the contrary set forth in this **Section 3(d)** or elsewhere in this Agreement, each Lender shall be authorized to take such action to preserve or enforce its rights against Debtor where a deadline or limitation period is otherwise applicable and would, absent the taken of specified action, bar the enforcement of Obligations held by such Lender against Debtor, including the filing of proofs of claim in any bankruptcy proceeding.

(e) Ratable Sharing. If any Lender shall obtain any payment or reduction of any Obligation of Debtor hereunder (whether voluntary, involuntary, through the exercise of any right of set-off or otherwise) in excess of its pro rata share of payments or reductions on account of such Obligations obtained by all of the Lenders, such Lender shall forthwith (i) notify the other Lenders and Agent of such receipt and (ii) purchase from the other Lenders such participations in the affected Obligations as shall be necessary to cause such purchasing Lender to share the excess payment or reduction, net of costs incurred in connection therewith, on a pro rata basis, provided that if all or any portion of such excess payment or reduction is thereafter recovered from such purchasing Lender or additional costs are incurred, the purchase shall be rescinded and the purchase price restored to the extent of such recovery or such additional costs, but without interest. Debtor agrees that any Lender so purchasing a participation from another Lender pursuant to this **Section 3(e)** may, to the fullest extent permitted by applicable law, exercise all of its rights of payment (including the right of set-off) with respect to such participation as fully as if such Lender were the direct creditor of Debtor in the amount of such participation.

(f) Indemnification of Agent.

(i) Each Lender agrees to indemnify and defend the Agent (to the extent not reimbursed by Debtor under this Agreement, but without limiting the indemnification obligation of Debtor under this Agreement), on a pro rata basis, and to hold the Agent harmless from and against, any and all claims which may be imposed on, incurred by or asserted against the Agent in any way related to or arising out of this Agreement or any of the other Loan Documents or any other document contemplated by or referred to herein or therein or the transactions contemplated hereby or thereby (including the costs and expenses which Debtor is obligated to pay) or the enforcement of any of the terms of this Agreement or any Loan Document, provided that no Lender shall be liable to Agent for any of the foregoing to the extent that they result solely from the willful misconduct or gross negligence of Agent.

(ii) Without limiting the generality of the foregoing provisions of this **Section 3(f)**, if Agent should be sued by any receiver, trustee in bankruptcy, debtor-in-possession or other person on account of any alleged preference or fraudulent transfer received or alleged to have been received from Debtor as the result of any transaction under the Loan Documents, then in such event any monies paid by Agent in settlement or satisfaction of such suit, together with all expenses incurred by Agent in the defense of same, shall be promptly reimbursed to Agent by Lenders to the extent of each Lender's pro rata share.

(iii) Without limiting the generality of the foregoing provisions of this **Section 3(f)**, if at any time any action or proceeding shall be brought against the Agent by Debtor or by any other person claiming by, through or under Debtor, to recover damages for any act taken or omitted by Agent under any of the Loan Documents or in the performance of any rights, powers or remedies of Agent against Debtor, any account debtor, the Collateral or with respect to any Loans, or to obtain any other relief of any kind on account of any transaction involving Agent under or in relation to any of the Loan Documents, each Lender agrees to indemnify, defend and hold the Agent harmless with respect thereto and to pay to the Agent such Lender's pro rata share of such amount as the Agent shall be required to pay by reason of a judgment, decree, or other order entered in such action or proceeding or by reason of any compromise or settlement agreed to by the Agent, including all interest and costs assessed against the Agent in defending or compromising such action, together with attorneys' fees and other legal expenses paid or incurred by the Agent in connection therewith; *provided, however*, that no Lender shall be liable to Agent for any of the foregoing to the extent that they arise solely from the willful misconduct or gross negligence of such Agent. In Agent's discretion, Agent may also reserve for or satisfy any such judgment, decree or order from proceeds of Collateral prior to any distributions therefrom to or for the account of Lenders.

(g) Limitation on Responsibilities of Agent. Agent shall in all cases be fully justified in failing or refusing to act hereunder unless it shall have received further assurances to its satisfaction from Lenders of their indemnification obligations under **Section 3(f)** hereof against any and all claims which may be incurred by Agent by reason of taking or continuing to take any such action. Agent shall not be liable to Lenders (or any Lender's participants) for any action taken or omitted to be taken under or in connection with this Agreement or the other Loan Documents except as a result of actual gross negligence or willful misconduct on the part of Agent. Agent does not assume any responsibility for any failure or delay in performance or

breach by Debtor or any Lender of its obligations under this Agreement or any of the other Loan Documents. Agent does not make to Lenders, and no Lender makes to Agent or the other Lenders, any express or implied warranty, representation or guarantee with respect to the Loans, the Collateral, the Loan Documents or Debtor. Neither Agent nor any of its agents shall be responsible to Lenders, and no Lender nor any of its agents, attorneys or employees shall be responsible to Agent or the other Lenders, for: (i) any recitals, statements, information, representations or warranties contained in any of the Loan Documents or in any certificate or other document furnished pursuant to the terms hereof; (ii) the execution, validity, genuineness, effectiveness or enforceability of any of the Loan Documents; (iii) the validity, genuineness, enforceability, collectibility, value, sufficiency or existence of any Collateral, or the perfection or priority of any lien therein; or (iv) the assets, liabilities, financial condition, results of operations, business, creditworthiness or legal status of Debtor or any account debtor. Neither Agent nor any of its employees, attorneys or agents shall have any obligation to any Lender to ascertain or inquire into the existence of any Event of Default, the observance or performance by Debtor of any of the duties or agreements of Debtor under any of the Loan Documents or the satisfaction of any conditions precedent contained in any of the Loan Documents. Agent may consult with and employ legal counsel, accountants and other experts and shall be entitled to act upon, and shall be fully protected in any action taken in good faith reliance upon, any advice given by such experts.

(h) Successor Agent and Co-Agents.

(i) Subject to the appointment and acceptance of a successor Agent as provided below, Agent may resign at any time by giving at least 30 days written notice thereof to each Lender and Debtor. Upon receipt of any notice of such resignation, the Lenders, after prior consultation with (but without having to obtain consent of) each Lender, shall have the right to appoint a successor Agent which shall be (i) a Lender, or (ii) a commercial bank that is organized under the laws of the United States or of any State thereof and has a combined capital surplus of at least \$100,000,000 and, provided no Event of Default then exists, is reasonably acceptable to Debtor. Upon the acceptance by a successor Agent of an appointment as an Agent hereunder, such successor Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring Agent without further act, deed or conveyance, and the retiring Agent shall be discharged from its duties and obligations hereunder. After any retiring Agent's resignation hereunder as Agent, the provisions of this **Section 3** (including the provisions of **Section 3(f)** hereof) shall continue in effect for its benefit in respect of any actions taken or omitted to be taken by it while it was acting as Agent.

(ii) It is the purpose of this Agreement that there shall be no violation of any applicable law denying or restricting the right of Agent to transact business as agent or otherwise in any jurisdiction. It is recognized that, in case of litigation under any of the Loan Documents, or in case Agent deems that by reason of present or future laws of any jurisdiction Agent might be prohibited from exercising any of the powers, rights or remedies granted to Agent or Lenders hereunder or under any of the Loan Documents or from holding title to or a lien upon any Collateral or from taking any other action which may be necessary hereunder or under any of the Loan Documents, Agent may appoint an additional person as a separate collateral

agent or co-collateral agent which is not so prohibited from taking any of such actions or exercising any of such powers, rights or remedies. If Agent shall appoint an additional person as a separate collateral agent or co-collateral agent as provided above, each and every remedy, power, right, claim, demand or cause of action intended by any of the Loan Documents to be exercised by or vested in or conveyed to Agent with respect thereto shall be exercisable by and vested in such separate collateral agent or co-collateral agent, but only to the extent necessary to enable such separate collateral agent or co-collateral agent to exercise such powers, rights and remedies, and every covenant and obligation necessary to the exercise thereof by such separate collateral agent or co-collateral agent shall run to and be enforceable by either of them. Should any instrument from Lenders be required by the separate collateral agent or co-collateral agent so appointed by Agent to more fully and certainly to vest in and confirm to him or it such rights, powers, duties and obligations, any and all of such instruments shall, on request, be executed, acknowledged and delivered by Lenders whether or not an Event of Default then exists. In case any separate collateral agent or co-collateral agent, or a successor to either, shall die, become incapable of acting, resign or be removed, all the estates, properties, rights, powers, duties and obligations of such separate collateral agent or co-collateral agent, so far as permitted by applicable law, shall vest in and be exercised by the Agent until the appointment of a new collateral agent or successor to such separate collateral agent or co-collateral agent.

(i) Consents, Amendments and Waivers.

(i) No amendment or modification of any provision of this Agreement shall be effective without the prior written agreement of the Agent, Lenders and Debtor, and no waiver of any Event of Default shall be effective without the prior written consent of the Lenders. No Lender shall be authorized to amend or modify any Note held by it, unless such amendment or modification is consented to in writing by all Lenders.

(ii) In connection with any proposed amendment to any of the Loan Documents or waiver of any of the terms thereof or any Event of Default thereunder, Debtor shall not solicit, request or negotiate for or with respect to any such proposed amendment or waiver of any of the provisions of this Agreement or any of the other Loan Documents unless each Lender shall be informed thereof by Debtor or Agent (to the extent known by Agent) and shall be afforded an opportunity of considering the same and supplied by Debtor with sufficient information to enable it to make an informed decision with respect thereto. Debtor will not, directly or indirectly, pay or cause to be paid any remuneration or other thing of value, whether by way of supplemental or additional interest, fee or otherwise, to any Lender (in its capacity as a Lender hereunder) as consideration for or as an inducement to the consent to or agreement by such Lender with any waiver or amendment of any of the terms and provisions of this Agreement or any of the other Loan Documents unless such remuneration or thing of value is concurrently paid, on the same terms, on a pro rata basis to all Lenders.

(j) Due Diligence and Non-Reliance. Each Lender hereby acknowledges and represents that it has, independently and without reliance upon Agent or the other Lenders, and based upon such documents, information and analyses as it has deemed appropriate, made its own credit analysis of Debtor and its own decision to enter into this Agreement and to fund the Loans to be made by it, and each Lender has made such inquiries concerning the Loan

Documents, the Collateral and Debtor as such Lender feels necessary and appropriate, and has taken such care on its own behalf as would have been the case had it entered into the other Loan Documents without the intervention or participation of the other Lenders or Agent. Each Lender hereby further acknowledges and represents that the other Lenders and Agent have not made any representations or warranties to it concerning Debtor, any of the Collateral or the legality, validity, sufficiency or enforceability of any of the Loan Documents. Each Lender also hereby acknowledges that it will, independently and without reliance upon the other Lenders or Agent, and based upon such financial statements, documents and information as it deems appropriate at the time, continue to make and rely upon its own credit decisions in making Loans and in taking or refraining to take any other action under this Agreement or any of the other Loan Documents. Except for notices, reports and other information expressly required to be furnished to Lenders by Debtor hereunder, Agent shall not have any duty or responsibility to provide any Lender with any notices, reports or certificates furnished to Agent by Debtor or any credit or other information concerning the affairs, financial condition, business or properties of Debtor (or any of its affiliates) which may come into possession of Agent.

(k) Lenders' Decisions. As to any provisions of this Agreement or the other Loan Documents under which action may or is required to be taken upon direction or approval of the Lenders, the direction or approval of Lenders holding more than 67% in outstanding principal amount of the Notes shall be binding upon each Lender to the same extent and with the same effect as if each Lender had joined therein. Notwithstanding anything to the contrary contained in this Agreement, Debtor shall not be deemed to be a beneficiary of, or be entitled to enforce, sue upon or assert as a defense to any of the Obligations, any provisions of this Agreement that requires Agent or any Lender to act, or conditions their authority to act, upon the direction or consent of the Lenders; and any action taken by Agent or any Lender that requires the consent or direction of the Lenders as a condition to taking such action shall, insofar as Debtor is concerned, be presumed to have been taken with the requisite consent or direction of the Lenders.

(l) Several Obligations. The obligations and commitments of each Lender under this Agreement and the other Loan Documents are several and neither Agent nor any Lender shall be responsible for the performance by the other Lenders of its obligations or commitments hereunder or thereunder. Notwithstanding any liability of Lenders stated to be joint and several to third persons under any of the Loan Documents, such liability shall be shared, as among Lenders, pro rata.

(m) Agent in its Individual Capacity. With respect to its obligation to lend under this Agreement, the Loans made by it and each Note issued to it, Agent shall have the same rights and powers hereunder and under the other Loan Documents as any other Lender or holder of a Note and may exercise the same as though it were not performing the duties specified herein; and the terms "Lenders," or any similar term shall, unless the context clearly otherwise indicates, include Agent in its capacity as a Lender. Agent may invest in, lend money to, serve as financial advisor to, be employed by, own stock in, be an officer and director of and generally engage in any kind of business with Debtor, or any affiliate of Debtor, without any duty to account therefor (or for any compensation, bonuses, fees or other consideration received in connection therewith) to the other Lenders.

(n) No Third Party Beneficiaries. This **Section 3** is not intended to confer any rights or benefits upon Debtor or any other person except Lenders and Agent, and no Person (including Debtor) other than Lenders and Agent shall have any right to enforce any of the provisions of this **Section 3**. As between Debtor and Agent, any action that Agent may take or purport to take on behalf of Lenders under any of the Loan Documents shall be conclusively presumed to have been authorized and approved by Lenders as herein provided.

(o) Notice of Transfer. Agent may deem and treat a Lender party to this Agreement as the owner of such Lender's portion of the Loans for all purposes, unless and until a written notice of the assignment or transfer thereof executed by such Lender has been received by Agent.

(p) Pro Rata. Wherever the term "pro rata" is used in **Section 3** of this Agreement whether in reference to a share of or in all Loans, obligations to indemnify Agent, payments, proceeds, collections, Collateral or expenses, such term shall mean a share for any Lender on any date equal to a percentage (expressed as a decimal, rounded to the ninth decimal place) arrived at by dividing the outstanding principal amount of Notes held by such Lender on such date by the aggregate outstanding principal amount of all Notes held by all Lenders on such date.

(q) Remittance of Payments and Collections.

(i) All payments by any Lender to Agent shall be made not later than the time set forth elsewhere in this Agreement on the Business Day such payment is due; *provided, however*, that if such payment is due on demand by Agent and such demand is made on the paying Lender after 11:00 a.m. on such Business Day, then payment shall be made by 11:00 a.m. on the next Business Day. Payment by Agent to any Lender shall be made by wire transfer, promptly following Agent's receipt of funds for the account of such Lender and in the type of funds received by Agent; *provided, however*, that if Agent receives such funds at or prior to 1:00 p.m., Agent shall pay such funds to such Lender by 2:00 p.m. on such Business Day, but if Agent receives such funds after 1:00 p.m., Agent shall pay such funds to such Lender by 2:00 p.m. on the next Business Day.

(ii) With respect to the payment of any funds from Agent to a Lender or from a Lender to Agent, the party failing to make full payment when due pursuant to the terms hereof shall, on demand by the other party, pay such amount together with interest thereon at the interest rate in the Notes. In no event shall Debtor be entitled to receive any credit for any interest paid by Agent to any Lender, or by any Lender to Agent, at the Federal Funds Rate as provided herein.

(iii) If Agent pays any amount to a Lender in the belief or expectation that a related payment has been or will be received by Agent from an Obligor and such related payment is not received by Agent, then Agent shall be entitled to recover such amount from each Lender that receives such amount. If Agent determines at any time that any amount received by it under this Agreement or any of the other Loan Documents must be returned to Debtor or paid to any other person pursuant to any applicable law, court order or otherwise, then,

notwithstanding any other term or condition of this Agreement or any of the other Loan Documents, Agent shall not be required to distribute such amount to any Lender.

4. BENEFIT OF AGREEMENT; ASSIGNMENTS; PARTICIPATIONS; AND ADDITIONAL LENDERS.

(a) Successors and Assigns. This Agreement shall be binding on and inure to the benefit of Debtor, Agent and Lenders and their respective successors and assigns (which, in the case of Agent, shall include any successor Agent appointed pursuant to this Agreement), except that (i) Debtor shall not have the right to assign its rights or delegate performance of any of its obligations under any of the Loan Documents and (ii) any assignment by any Lender must be made in compliance with **Section 4(c)** hereof. Agent may treat the payee of any Note as the owner thereof for all purposes hereof unless and until such payee complies with **Section 4(c)** in the case of an assignment thereof or, in the case of any other transfer, a written notice of the transfer is filed with Agent. Any assignee or transferee of a Note agrees by acceptance thereof to be bound by all the terms and provisions of the Loan Documents. Any request, authority or consent of any person, who at the time of making such request or giving such authority or consent is the holder of a Note, shall be conclusive and binding on any subsequent holder, transferee or assignee of such Note or of any Note or Notes issued in exchange therefor.

(b) Participations.

(i) Permitted Participants; Effect. Any Lender may, in the ordinary course of its business and in accordance with applicable law, at any time sell to another person or persons (each a "**Participant**") a participating interest in any of the Obligations owing to such Lender or any other interest of such Lender under any of the Loan Documents. In the event of any such sale by a Lender of participating interests to a Participant, such Lender's Obligations under the Loan Documents shall remain unchanged, such Lender shall remain solely responsible to the other parties hereto for the performance of such Obligations, such Lender shall remain the holder of any Note for all purposes under the Loan Documents, all amounts payable by Debtor under this Agreement and any of the Notes shall be determined as if such Lender had not sold such participating interests, and Debtor and Agent shall continue to deal solely and directly with such Lender in connection with such Lender's rights and Obligations under the Loan Documents. If a Lender sells a participation to a person, then such Lender shall give prompt written notice thereof to Debtor and the other Lenders.

(ii) Voting Rights. Each Lender shall retain the sole right to approve, without the consent of any Participant, any amendment, modification or waiver of any provision of the Loan Documents other than an amendment, modification or waiver with respect to any Loans or Commitment in which such Participant has an interest which forgives principal, interest or fees or reduces the stated interest rate or the stated rates at which fees are payable with respect to any such Loan, or any date fixed for any regularly scheduled payment of interest or fees on such Note, or releases from liability Debtor or releases any substantial portion of any of the Collateral.

(iii) Notices. Each Lender shall be solely responsible for notifying its Participants of any matters relating to the Loan Documents to the extent that any such notice may be required, and neither Agent nor any other Lender shall have any obligation, duty or liability to any Participant of any other Lender. Without limiting the generality of the foregoing, neither Agent nor any Lender shall have any obligation to give notices or to provide documents or information to a Participant of another Lender.

(c) Assignments.

(i) Permitted Assignments. Subject to its giving at least two (2) business days notice to Agent and Debtor, any Lender may, in the ordinary course of its business and in accordance with applicable law, at any time assign to any person approved by Agent in advance all or any part of its rights and Obligations under the Loan Documents, so long as (i) each assignment is of a constant, and not a varying, ratable percentage of all of the transferor Lender's rights and Obligations under the Loan Documents with respect to the Loans and, in the case of a partial assignment, is in a minimum principal amount of \$50,000 and integral multiples of \$5,000 in excess of that amount; (ii) except in the case of an assignment in whole of a Lender's rights and Obligations under the Loan Documents or an assignment by one original signatory to this Agreement to another such signatory, immediately after giving effect to any assignment, the aggregate amount of the Loans retained by the transferor Lender shall in no event be less than \$250,000; and (iii) the parties to each such assignment shall execute and deliver to Agent, for its acceptance and recording, an assignment and acceptance in a form acceptable to Agent.

(ii) Effect; Effective Date. On and after the effective date of such assignment, such assignee shall for all purposes be a Lender party to the Agreement and any other Loan Document executed by the Lenders and shall have all the rights and Obligations of the Lender under the Loan Documents to the same extent as if it were an original party thereto, and no further consent or action by Debtor, Lenders or Agent shall be required to release the transferor Lender with respect to the Loans (or portion thereof) of such Lender and Obligations assigned to such assignee. Upon the consummation of any assignment to an assignee, the transferor Lender, Agent and Debtor shall make appropriate arrangements so that replacement Notes are issued to such transferor Lender and new Notes or, as appropriate, replacement Notes, are issued to such assignee, in each case in principal amounts reflecting their respective Loans, as adjusted pursuant to such assignment. If the transferor Lender shall have assigned all of its interests, rights and obligations under this Agreement, such transferor Lender shall no longer have any obligation to indemnify Agent with respect to any transactions, events or occurrences that transpire after the effective date of such assignment, and each assignee to which such transferor shall make an assignment shall be responsible to Agent to indemnify Agent in accordance with this Agreement with respect to transactions, events and occurrences transpiring on and after the effective date of such assignment to it.

(iii) Dissemination of Information. Debtor authorizes each Lender and Agent to disclose to any Participant, any assignee or any other person acquiring an interest in the Loan Documents by operation of law (each a "**Transferee**"), and any prospective Transferee, any and all information in Agent's or such Lender's possession concerning Debtor, or the Collateral, subject to appropriate confidentiality undertakings on the part of such Transferee.

(d) Additional Lenders. Should other persons make additional Loans to Debtor and become holders of a Note, such persons may become Lenders under this Agreement. Any such person may become a Lender, and receive all benefits of this Agreement provided to a Lender, by signing a Joinder Agreement in form and substance satisfactory to Agent and Debtor.

5. COVENANTS; REPRESENTATIONS AND WARRANTIES. The Debtor covenants, agrees, represents and warrants unto the Secured Party as follows:

(a) Except with respect to rights, if any, granted to Perry Smith under the Smith Patent, the Debtor is and will be the absolute owner of the Collateral free and clear of any adverse lien, security interest or encumbrance other than the security interests granted to the Secured Party. The Debtor will defend the Collateral against all claims and demands of all persons and entities at any time claiming any right, title or interest of any kind or nature in all or any part of the Collateral adverse to the right, title and interest of the Debtor and/or the Secured Party in the Collateral.

(b) The Debtor is a corporation duly organized and incorporated and is validly existing as a corporation in good standing under the laws of the state in which the Debtor was incorporated, with the power to conduct its business. The execution, delivery and performance by the Debtor of this Agreement is within the Debtor's powers, have been duly authorized, and are not in contravention of (i) any applicable law or (ii) any of the Debtor's articles of incorporation, charter or bylaws as amended through the date of this Agreement or (iii) any agreement or judicial order or decree to which Debtor is a party or by which Debtor or any of its property is bound.

(c) The Debtor will from time to time, as requested by the Secured Party, give the Secured Party a complete list of any Collateral existing at the time of the request together with copies of any underlying contracts, agreements or documents.

(d) The Debtor will keep records concerning the Collateral at the chief executive office of the Debtor and will keep the Secured Party advised of the location of such records. The Debtor will, at all reasonable times and from time to time, allow the Secured Party and its officers, agents, employees, attorneys and accountants to examine and inspect the Collateral and to examine, inspect, and make extracts from the books and other records of the Debtor, and to arrange for verification of Accounts, if any, under reasonable procedures directly with the account debtors or by other methods.

(e) The Debtor represents and warrants that except for financing statements, if any, relating to certain equipment utilized in the operation of Debtor's business, the financing statements filed for the benefit of the Secured Party, no financing statement covering the Collateral or any proceeds thereof, which has not been terminated, is on file in any public office. At the request of the Secured Party, the Debtor agrees to join with the Secured Party in executing one or more financing statements pursuant to the Florida Uniform Commercial Code in form and content satisfactory to Secured Party and to pay the cost of filing such financing statements, this

Agreement and any continuation or termination statements in all public offices wherever filing is deemed by the Secured Party to be necessary or desirable.

(f) The Debtor shall pay all taxes, levies, assessments and other charges of every kind or nature which may be levied or assessed against the Collateral.

(g) The Debtor shall not permit or allow any adverse lien, security interest (other than the security interest given to the Secured Party and the Senior Lien), or encumbrance of any kind or nature whatsoever upon the Collateral and shall not permit all or any part of the Collateral to be attached, replevied, levied upon, or garnished.

(h) If any Debtor shall fail to pay any tax, levy, assessment or other charge against the Collateral, the Secured Party may, at its option, pay such tax, levy, assessment or other charge. The Debtor agrees to reimburse the Secured Party on demand for any such payment by the Secured Party. The amount of any such payment shall be an additional Obligation secured by this Agreement and shall be part of the "Obligations" as that term is used herein.

(i) If any of the Obligations or Security Instruments is referred to attorneys for enforcement or collection, the Debtor will pay the reasonable attorneys' fees of the Secured Party and any and all costs and expenses incurred by the Secured Party in recovering possession of the Collateral, in enforcing this Agreement, or any other of the Security Instruments and/or in enforcing or collecting any of the Obligations, the payment of all of which shall be secured by this Agreement and shall be part of the "Obligations" as that term is used herein.

(j) The Debtor will not use the Collateral in violation of any applicable laws, statutes, regulations or ordinances.

(k) The amounts of any funds which the Secured Party shall pay or expend for any purpose whatsoever under this Agreement shall be paid by the Debtor to the Secured Party on demand and shall bear interest thereon from the date of expenditure through the date of payment at an annual rate equal to the prevailing interest rate under the Notes in effect from time to time. All of such funds so paid or expended and all interest thereon shall be secured by this Agreement and shall be "Obligations" as that term is used herein.

(l) The Debtor's chief executive office and only place of business in Florida is located at 2600 Maitland Center Parkway, Suite 162, Maitland, Florida 32751, and the Debtor has no other places of business in Florida. The Debtor will notify Secured Party not less than 30 days before (x) changing its name or (y) changing its chief executive office.

6. POSSESSION OF COLLATERAL. Unless and until an Event of Default, as hereinafter defined, shall occur, the Debtor may have possession of the Collateral and use the Collateral in any lawful manner not inconsistent with this Agreement or with any insurance policy on the Collateral. Upon the occurrence of any Event of Default, as hereinafter defined, the Secured Party shall have the immediate right to the possession of the Collateral.

7. RIGHTS ON DEFAULT. Upon the occurrence of any Event of Default, as hereinafter defined, the Secured Party may, but is not obligated to:

(a) Notify any obligor or account debtor on any of the Accounts or General Intangibles to make payment to the Secured Party;

(b) Collect by legal proceedings or otherwise any of the Accounts or General Intangibles and endorse, receive and receipt for all dividends, interest, payments, proceeds and other sums and property now or hereafter payable on or on account of the Collateral;

(c) Enter into any compromise, settlement, extension or other agreement pertaining to the Collateral or deposit, surrender, accept, hold or apply other property in exchange for the Collateral, or extend the time for or modify the terms and conditions governing the drawing, presentation, negotiation or acceptance of drafts or other instruments;

(d) Insure, process or preserve the Collateral;

(e) Transfer Collateral to the Secured Party's name or its nominee's name;

(f) Exercise all the rights, powers, and remedies of an owner with respect to the Collateral; and/or

(g) Make any payment and/or perform any agreement undertaken by the Debtor and/or expend such sums and/or incur such expenses (including, without limitation, reasonable attorneys' fees) as the Secured Party in its sole discretion shall deem advisable.

8. EXCULPATION OF SECURED PARTY. All actions taken in good faith by the Secured Party and its employees or agents shall be binding on the Debtor, and the Debtor agrees to indemnify and hold the Secured Party and its employees and agents harmless from any loss, damage and expense whatsoever in connection therewith. The Debtor covenants not to sue the Secured Party for any claims for loss or damage to the Debtor caused by or resulting from any failure to enforce any contract right of the Debtor or any act or omission on the part of the Secured Party, its officers, agents or employees, except for the Secured Party's gross negligence or willful misconduct. The Debtor assumes all risk of loss, damage or deterioration of the Collateral and will save and hold the Secured Party harmless from any loss therefrom. Such care as the Secured Party gives to the safekeeping of its own property of like kind shall constitute reasonable care of the Collateral when in the Secured Party's possession; but the Secured Party is not required to make presentment, demand or protest, or give notice, and need not take action to preserve any rights against prior or other parties in connection with any obligation or evidence of indebtedness held as Collateral or in connection with the Obligations.

9. EVENTS OF DEFAULT. If any one or more of the following events ("**Events of Default**") shall occur for any reason whatsoever (whether such occurrence shall be voluntary or involuntary or come about or be effected by operation of law or pursuant to or in compliance with any judgment, decree, or order of any court or any order, rule, or regulation of any

administrative or governmental body), then a default shall be deemed to exist under this Agreement, all the Notes and all Loan Documents:

(a) If the Debtor shall fail to pay when due any sum under any Note and such failure continues for more than five days after the Secured Party notifies the Debtor of such failure;

(b) If there shall occur a default in the performance or observance of any covenant, agreement or other term or provision of this Agreement, any Note, any of the other Obligations, or any of the other Security Instruments or in any instrument or document delivered to the Secured Party by Debtor and such default continues for more than 20 days after Secured Party notifies Debtor of such default, or if any of the foregoing documents or instruments shall terminate or become void or unenforceable without the written consent of the Secured Party;

(c) If any representation, warranty or other statement of fact contained in this Agreement, any of the Security Instruments, any of the Obligations, or made or delivered, whether orally or in writing, to the Secured Party in connection with this Agreement or any of the Obligations or any of the Security Instruments by Debtor, by any agent or employee of Debtor, or by any guarantor of any of the Obligations shall prove to have been false, misleading or incomplete in any material respect at the time when such warranty, representation or statement was made or furnished to the Secured Party;

(d) If any report, certificate, financial statement or other instrument furnished to Secured Party by or on behalf of Debtor shall prove to be false, inaccurate or misleading in any material respect;

(e) If Debtor fails to maintain the Secured Party's priority perfected lien on the Collateral;

(f) If the Debtor shall (w) have a final judgment or judgments not covered by insurance entered against it, aggregating at any one time for any one person or entity in excess of \$50,000, which shall remain unsatisfied or undischarged for a period of 10 days; (x) apply for or consent to the appointment of a receiver, trustee or liquidator for Debtor or any of its properties or assets; (y) admit in writing its inability to pay its debts as they mature, including any extension of maturity; or (z) make an assignment for the benefit of creditors;

(g) The institution of any proceeding by Debtor in bankruptcy or for reorganization or an arrangement with creditors, or for the appointment of a receiver, trustee or custodian for Debtor or any of its properties; or

(h) The institution of any proceeding by or against Debtor in bankruptcy or for a reorganization or an arrangement with creditors, or for the appointment of a receiver, trustee or custodian for any of them or for any of their respective properties and such is not released or dismissed within 30 days.

10. REMEDIES. On the occurrence of any Event of Default and at any time thereafter if such Event of Default or any other Event of Default shall then be continuing, the Secured Party (i) may, at its option, declare all of the Obligations to be immediately due and payable, whereupon the maturity of the then unpaid balance of the Obligations shall be accelerated and the same, and all interest accrued thereon, shall forthwith become due and payable without presentment, demand or protest of any kind, all of which the Debtor expressly waives notwithstanding anything contained herein or in the Obligations which may appear or be construed to the contrary, (ii) shall have all of the rights and remedies of a secured party under the Virginia Uniform Commercial Code regardless of the jurisdiction in which all or any portion of the Collateral may be located, (iii) shall have the right to enter upon the premises where the Collateral is located to take possession or control of the Collateral, (iv) may require the Debtor to assemble the Collateral and deliver it, or make it available, to the Secured Party at any place and time designated by the Secured Party, and (v) shall also have the right to remain on the premises of the Debtor without cost or charge to the Secured Party and to use the premises together with the materials, supplies, books and records of the Debtor for the purpose of collecting or liquidating the Collateral, whether by foreclosure, auction or otherwise. In taking possession of the Collateral, the Secured Party may take possession of all personal property located in or attached to the Collateral without liability to the Debtor and may hold such personal property for the Debtor at the Debtor's expense.

Without limiting the generality of the foregoing, the Secured Party may sell or otherwise dispose of the Collateral as a whole or in parts at one or more public or private sales or may retain all or any portion of the Collateral in satisfaction of the Obligations secured hereby, with notice of such retention sent to the Debtor if required by law. Any public sale of the Collateral may be held at any office of the Debtor or the office of Secured Party in the City of Norfolk, Virginia. The Secured Party may sell the Collateral at one time or at different times (with such postponements of sale as may be deemed appropriate by the Secured Party in its absolute discretion), for cash or credit, with such bidder's deposit and upon such other terms and conditions as the Secured Party shall deem appropriate in its absolute discretion. At the option of the Secured Party, the Collateral may be sold as a whole or in such separate groupings of the Collateral and in such order as the Secured Party may deem appropriate in its absolute discretion. No purchaser at any public or private sale of all or any part of the Collateral (other than the Secured Party) shall be required to see to the proper application of the purchase money.

The Secured Party's rights and remedies under this Agreement, at law and in equity, are cumulative, and the Secured Party may exercise all such rights and remedies without notice or demand to the Debtor. The Secured Party's rights and remedies under this Agreement shall be in addition to (a) all rights which the Secured Party may have under the terms and provisions of the Notes, the Obligations, and any other of the Security Instruments, (b) all rights of offset or setoff available to the Secured Party, and (c) all rights and remedies of the Secured Party at law or in equity. Unless the Collateral is perishable and threatens to decline speedily in value or is a type customarily sold on a recognized market, the Secured Party shall give the Debtor at least seven (7) days' prior written notice of the day, time and place of any public sale or of the day and time after which any private sale or any other intended disposition may be made, and the Debtor agrees that such notice shall be deemed to be reasonable under all circumstances. If any sale of

the Collateral be at public auction, the Secured Party may itself be a purchaser at such sale free from any right or equity of redemption of the Debtor, such right being hereby expressly waived and released. The Secured Party's reasonable expenses of retaking, holding, preparing for sale and selling the Collateral (including, without limitation, reasonable attorneys' fees) shall be deemed advances to the Debtor by the Secured Party, and the repayment of such expenses shall be secured by this Agreement.

11. FURTHER ASSURANCES. The Debtor will from time to time execute such further instruments and do such further acts and things as the Secured Party reasonably may require by way of further assurance to the Secured Party of all of the rights and remedies of the Secured Party provided for or intended to be provided for in this Agreement. The Debtor agrees to execute and deliver such financing statement or statements, or amendments thereof or supplements thereto, or other instruments as the Secured Party may from time to time require to comply with the Virginia Uniform Commercial Code and the laws of any jurisdiction in which all or any portion of any Collateral shall be located and to preserve and protect the security interests hereby granted. In the event the law of any jurisdiction other than Virginia becomes or is applicable to the Collateral or any part thereof or of any of the Obligations, the Debtor agrees to execute and deliver all such instruments and to do all such other things as may be necessary or appropriate to preserve, protect and enforce the security interests and liens of the Secured Party under the law of such other jurisdiction to at least the same extent as such security interests and liens of the Secured Party would be protected under the Virginia Uniform Commercial Code.

12. PROCEEDS ON SALE OF COLLATERAL. After deducting all reasonable costs and expenses of every kind incurred or incidental to the retaking, holding, advertising, preparing for sale and selling, leasing or otherwise disposing of the Collateral or in any way relating to the Secured Party's rights and remedies under this Agreement, including, without limitation, reasonable attorneys' fees and costs of any repairs deemed necessary or appropriate by the Secured Party, the Secured Party may apply the net proceeds of any sale or other disposition of the Collateral to payment in full or in part of any one or more of the Obligations, whether or not then due and payable, in such order and to such of the Obligations as the Secured Party may elect in the exercise of its absolute discretion. The Secured Party shall pay over to the Debtor or the person or entity entitled to receive it any surplus which may exist after full payment of all of the Obligations and any other payments the Secured Party may be required by law to make. The Debtor shall remain liable to the Secured Party for the payment of any deficiency in the payment of any of the Obligations after the sale or other disposition of the Collateral.

13. APPLICABLE LAW; FORUM SELECTION. This Agreement shall be governed by and interpreted in accordance with the laws of the Commonwealth of Virginia in force on the date of this Agreement. To the maximum extent permitted by applicable law the parties hereto each hereby irrevocably and unconditionally submit to the exclusive jurisdiction of the Circuit Court of the City of Norfolk, Virginia and the United States District Court for the Eastern District of Virginia, Norfolk Division, as well as to the jurisdiction of all courts from which an appeal may be taken from any such courts, for the purposes of any suit, action or other proceeding arising out of, or with respect to any of the Loan Documents and expressly and

irrevocably waive any and all objections they may have as to venue or inconvenient forum in any of such courts.

14. NOTICES. Any notice which may be given by a party to this Agreement must be in writing and shall be deemed to have been given by the sending party and received by the receiving party when any notice shall have been hand delivered to the receiving party at the address designated in the preambles to this Agreement for such receiving party or when any such notice shall have been posted in the certified mail of the United States, return receipt requested and postage prepaid, and addressed to the receiving party at the address designated in the preambles to this Agreement for such receiving party. Copies of all default notices shall be sent to John M. Paris, Jr., Williams, Mullen, Clark & Dobbins, P.C., One Columbus Center, Suite 900, Virginia Beach, Virginia 23462, but such notice shall not be required for notice to be valid. Any party may change its designated address at any time by giving notice of such change to the other parties in the manner set forth in this paragraph.

15. PROVISIONS SEVERABLE. Each covenant, term and condition of this Agreement, the Obligations and the Security Instruments is severable and separate and distinct from every other covenant, term and condition. In the event that any state or federal judicial or governmental authority shall adjudge or determine that any of the covenants, terms or conditions of this Agreement, the Obligations and the Security Instruments is invalid and unenforceable or contrary to any applicable state or federal laws or regulations, such adjudication or determination shall effect only the specific covenant, term or condition adjudged or determined to be invalid and unenforceable or unlawful and shall not affect any of the remaining covenants, terms or conditions in this Agreement, the Obligations and the Security Instruments and all such remaining covenants, terms and conditions shall continue in full force and effect.

16. INDEMNIFICATION. The Debtor will indemnify and save the Secured Party harmless from all liabilities, losses, judgments, damages, expenses and costs of every kind and nature (including, without limitation, actual attorneys' fees) relating to any claims or demands of any person or entity other than the Debtor arising under or in connection with any acts or failures to act of the Secured Party and/or its officers, employees or agents authorized or permitted by the covenants, terms and conditions of this Agreement. Any liability, loss, damage, judgment, expense or cost incurred or suffered by the Secured Party relating to any claim or demand of any person or entity other than the Debtor arising under or in connection with any acts or failures to act of the Secured Party pursuant to the covenants, terms and conditions of this Agreement shall be part of the "Obligations" of the Debtor to the Secured Party, the payment of which shall be secured by this Agreement.

17. TIME OF PERFORMANCE. Time shall be of the essence with regard to the performance by the Debtor of each of its obligations, duties and liabilities to the Secured Party under this Agreement, the Security Instruments, and the Obligations.

18. MODIFICATIONS. No alteration, modification, amendment or waiver of any covenant, term or condition in this Agreement, the Obligations or the Security Instruments is or shall be valid, binding or enforceable unless such alteration, modification, amendment or waiver

is in writing and has been signed by a duly authorized officer or agent of the party against whom any such alteration, modification, amendment or waiver is to be enforced.

19. WAIVERS. Acceptance by the Secured Party of partial or delinquent payments or failure to exercise any right, power or remedy shall not constitute a waiver of any Event of Default or of any such right, power or remedy or constitute an amendment or modification of this Agreement. No waiver by the Secured Party of any Event of Default shall operate as a waiver of any other Event of Default or of the same Event of Default on a future occasion. The taking of this Agreement shall not waive or impair any other security the Secured Party may have or hereafter acquire for the payment of any of the Obligations, and the taking of any additional security shall not waive or impair this Agreement. The Secured Party may resort to any security it may have in the order it may deem proper, and notwithstanding any collateral security, the Secured Party shall retain its rights of offset and setoff against the Debtor. The Secured Party, its successors and assigns, have all rights, powers and remedies as provided herein and as provided by law, including those of a secured party under the Virginia Uniform Commercial Code, and may exercise the same, effect any setoff, and/or proceed against the Collateral or other security for the Debtor's obligations at any time notwithstanding any cessation of the Debtor's liability under such Obligations for any reason other than payment in full, including, without limitation, the running of any applicable statutes of limitations, all of which the Debtor hereby waives to the fullest extent permitted by law.

20. BINDING EFFECT. All rights of the Secured Party hereunder shall inure to the benefit of its successors and assigns and all obligations, liabilities and duties of the Debtor shall bind its successors and assigns.

21. TERM. The term of this Agreement shall commence on the date hereof and shall terminate on the date when all of the Obligations have been irrevocably paid and fully satisfied or performed.

22. JOINT AND SEVERABLE LIABILITY. IF MORE THAN ONE PERSON OR ENTITY SHALL EXECUTE THIS AGREEMENT AS THE DEBTOR, THE OBLIGATIONS, DUTIES, LIABILITIES AND INDEBTEDNESS OF THE DEBTOR UNDER THIS AGREEMENT SHALL BE JOINT AND SEVERAL.

23. WAIVER OF JURY TRIAL. TO THE FULLEST EXTENT PERMITTED BY LAW, THE DEBTOR WAIVES TRIAL BY JURY IN ANY ACTION OR PROCEEDING TO WHICH THE DEBTOR AND THE SECURED PARTY MAY BE PARTIES, ARISING OUT OF, IN CONNECTION WITH, OR IN ANY WAY PERTAINING TO THIS AGREEMENT OR ANY OTHER DOCUMENT EXECUTED IN CONNECTION WITH THIS AGREEMENT. It is agreed and understood that this waiver constitutes a waiver of trial by jury of all claims against all parties to such action or proceedings, including claims against parties who are not parties to this Agreement. This waiver is knowingly, willingly and voluntarily made by the Debtor, and the Debtor hereby represents that no representations of fact or opinion have been made by any individual to induce this waiver of trial by jury or to in any way modify or nullify its effect. The Debtor further represents and warrants that it has been represented in the signing of this

Agreement and in the making of this waiver by independent legal counsel, or has had the opportunity to be represented by independent legal counsel selected of its own free will, and that it has had the opportunity to discuss this waiver with counsel.

IN WITNESS WHEREOF, the parties have duly executed this Agreement as of the day and year first above written.

DEBTOR: PUBLIC ACCESS TECHNOLOGY.COM, INC.

By: Charles L. Pope, CFO
Charles L. Pope, CFO

AGENT:

F. Gray Kiger
F. GRAY KIGER, as Agent

LENDERS:

F. Gray Kiger
F. GRAY KIGER

X MEN LLC

By: _____

Its: _____