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Expires 06/30/99
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PATENT

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

Submission Type

☒

New

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Resubmission (Non-Recordation)

Document ID#

☐

Correction of PTO Error

Reel #

Frame #

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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)

Face International Corporation

Execution Date
Month Day Year

11 01 2000

Name (line 2)

a Virginia Corporation

Second Party

Name (line 1)

Name (line 2)

Execution Date
Month Day Year

Receiving Party

☐

Mark if additional names of receiving parties attached

Name (line 1)

Paul O. Hirschbiel

Name (line 2)

a United States Citizen

Address (line 1)

1800 Eden Way

Address (line 2)

Address (line 3)

Virginia Beach

VA

State/Country

23454

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)

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320.00 00

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

PATENT
REEL: 011436 FRAME: 0911

Correspondent Name and Address

Area Code and Telephone Number **757-499-8800**

Name **Catherine A. Steffen, Esquire**

Address (line 1) **Williams, Mullen, Clark & Dobbins, P.C.**

Address (line 2) **One Columbus Center**

Address (line 3) **Suite 900**

Address (line 4) **Virginia Beach, VA 23462**

Pages

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

17

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)

6074178	6004499	5816780
6071088	5840241	5664570
6042345	5725482	

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.

8

Fee Amount

Fee Amount for Properties Listed (37 CFR 3.41): \$ **320.00**

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:

50-0766

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.

Catherine A. Steffen

Name of Person Signing

Signature

Date

SECURITY AND INTERCREDITOR AGREEMENT

THIS SECURITY AND INTERCREDITOR AGREEMENT ("**Agreement**") is made as of the 1st day of November, 2000, by, between and among FACE INTERNATIONAL CORPORATION, a Virginia corporation ("**Debtor**"), and PAUL O. HIRSCHBIEL (individually referred to as "**Hirschbiel**"), HARRY T. LESTER (individually referred to as "**Lester**"), F. GRAY KIGER (individually referred to as "**Kiger**"), and SAUNDRA R. and STEPHEN J. LEAMAN (individually and collectively referred to as "**Leaman**") (Hirschbiel, Lester, Kiger, and Leaman are sometimes individually and collectively referred to as "**Secured Party**" or "**Secured Parties**").

R E C I T A L S:

A. Hirschbiel has provided a line of credit ("**Hirschbiel Loan**") to Debtor in the amount of One Hundred Fifty Thousand and No/100 Dollars (\$150,000) evidenced by a Promissory Note ("**Hirschbiel Note**") from Debtor to Hirschbiel dated December 16, 1999.

B. Lester has provided a line of credit ("**Lester Loan**") to Debtor in the amount of One Hundred Fifty Thousand and No/100 Dollars (\$150,000) evidenced by a Promissory Note ("**Lester Note**") from Debtor to Lester dated December 16, 1999.

C. Kiger has provided a line of credit ("**Kiger Loan**") to Debtor in the amount of One Hundred Fifty Thousand and No/100 Dollars (\$150,000) evidenced by a Loan Agreement from Debtor to Kiger dated December 31, 1999, as subsequently amended from time to time, and the amended and restated Promissory Note from Debtor to Kiger, dated as of October 15, 2000 (collectively, the "**Kiger Note**").

D. Leaman has provided a line of credit ("**Leaman Loan**") (the Hirschbiel Loan, the Lester Loan, the Kiger Loan, and the Leaman Loan are collectively referred to as "**Loans**") to Debtor in the amount of One Hundred Fifty Thousand and No/100 Dollars (\$150,000) evidenced by a Promissory Note ("**Leaman Note**") (the Hirschbiel Note, the Lester Note, the Kiger Note, and the Leaman Note are collectively referred to as "**Notes**") from Debtor to Leaman dated January 20, 2000.

E. The Notes are payable on demand and prior to entering into this and certain related agreements all of the Notes were due and owing. A condition precedent to the Secured Parties forbearing from demanding payment, so long as no default or event of default occurs, prior to January 16, 2001, is the execution, delivery and performance of this Agreement by Debtor.

F. The parties acknowledge that Debtor has incurred and from time to time in the future may incur obligations to each of the Secured Parties, some or all of which obligations are or may be secured by collateral. The Secured Parties desire to set forth the terms and conditions of their agreements and understandings relating to their respective rights and obligations as creditors of Debtor and as to the relative priority of their respective security interests in collateral and the relative priority of and entitlement to payments from or on behalf of Debtor.

NOW, THEREFORE, in consideration of Secured Party providing the Loans to the Debtor, Debtor and Secured Parties agree as follows:

1. Security Interest. To secure the payment, satisfaction and discharge of the Obligations described in Paragraph 2 below, the Debtor hereby assigns, transfers, pledges and sets over unto the Secured Party, and his successors and assigns, and grants the Secured Party, and his successors and assigns, a security interest in, all of the personal property, assets and rights of the Debtor described below, 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 and products thereof and all additions, accessions and substitutions thereto and therefor (hereinafter all of which shall be collectively referred to as the "**Collateral**"):

(a) All the patents and patent rights described on Exhibit A attached to and incorporated in this Agreement by this reference, all related patent applications, all trade secrets relating to the inventions protected by such patents disclosed to the United States Patent and Trademark Office during the examination of such patents or otherwise known by the inventors, all research, information and other materials necessary to fully exploit all such patents and technology, and all recorded data of any kind or nature, regardless of the medium of recording, related to such patents, including, without limitation, all software, writings, plans, specifications, schematics and documents (hereinafter collectively referred to as "**Patents**") together with all proceeds of the Patents; and

(b) All of the Debtor's accounts, accounts receivable, rights to the payment of money, license fees, royalties and other forms of obligations and receivables related in whole or in part to the Patents, 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

(c) All of the Debtor's licenses, contract rights and agreements related directly or indirectly to the Patents, 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 ("**Contract Rights**") together with all proceeds of the Contract Rights; and

(d) 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 the Patents, Accounts and Contract Rights under this Agreement and under the Uniform Commercial Code of the Commonwealth of Virginia (the "**Virginia UCC**").

Debtor acknowledges and agrees that, with respect to any term used in this Agreement that is defined in either (i) Article 9 of the Virginia UCC or (ii) Article 9 of the Uniform Commercial Code as in force at any relevant time in the jurisdiction in which any financing statement related to this Agreement is filed, the meaning to be ascribed to such term with respect to any particular item of property will be the meaning under the more encompassing of the two definitions.

2. Secured Obligations. This Agreement and the security interest and rights of the Secured Party in the Collateral secures the payment and performance 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 Notes, any modifications of the Notes and any promissory notes given in curtail, renewal or extension, in whole or in part, of the Notes, whether before or after the date of this Agreement;

(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. Priority of Security Interests. It is understood, acknowledged and agreed that Hirschbiel, Leaman, Kiger, and Lester are secured parties under this Agreement and that each and every lien or security interest in the Collateral securing the Notes and this Agreement (the Notes and this Agreement are collectively referred to as "**Loan Documents**") in favor of Hirschbiel, Leaman, Kiger, and Lester has and shall continue to have equal dignity and priority, notwithstanding any statement or provision contained in the Loan Documents to the contrary. The priorities specified herein are and shall be applicable irrespective of the time or order of attachment or perfection of perfected and enforceable liens or security interests of a Secured Party in any Collateral ("**Security Interest**"), however arising, or the time or order of filing of UCC-1 financing statements or the giving or failure to give notice of the acquisition or expected acquisition of the Security Interests. Except as otherwise herein specifically provided, the priority of the rights of the Secured Parties in the Collateral shall be determined in accordance with applicable law.

4. Ratable Sharing of Payments. If any one or more of Hirschbiel, Lester, Kiger, and Leaman (sometimes collectively referred to as "**Ratable Share Holders**") shall obtain a

payment on account of any obligations of Debtor (a) through a right of set-off or counterclaim, (b) from the Collateral or from any security other than the Collateral, (c) from a guarantor, (d) through a payment other than the payment by Debtor of an obligation (other than the applicable Note) owed by Debtor to such Ratable Share Holder made in the ordinary course of business or (e) when Debtor is in default on any of Debtor's obligations to a Ratable Share Holder, then, the Ratable Share Holder shall promptly (i) notify the other Ratable Share Holders of the receipt of such payment and (ii) pay to the other Ratable Share Holders such amount, and make such other adjustments from time to time, as will ensure that the Ratable Share Holders share such payment pro rata based on the principal amount of the obligations due to the Ratable Share Holders, respectively, outstanding at the time of obtaining the payment; provided, however, if all or any portion of such payment is thereafter recovered for any reason from such Ratable Share Holder by Debtor or any third party, then the other Ratable Share Holders' pro rata share of such recovered payment shall be reimbursed to such Ratable Share Holder, but without interest, and the outstanding balances of indebtedness owed by Debtor shall be increased as to each Ratable Share Holder in an amount equal to each Ratable Share Holder's pro rata share of the recovered payment. Debtor consents and agrees to such ratable sharing of payments among the Ratable Share Holders and will cooperate in good faith with the Ratable Share Holders to implement such ratable sharing of payments.

5. Covenants, Agreements, Representations and Warranties. The Debtor covenants, agrees, represents and warrants unto the Secured Party as follows:

(a) 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 validly existing in good standing under the laws of the Commonwealth of Virginia, with the power to conduct its business as presently conducted. 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, (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 the UCC-1 financing statements and registrations at the U.S. Patent and Trademark Office ("PTO") filed for the benefit of the Secured Party, no financing statement or other lien registration covering the Collateral or any proceeds thereof, which has not been terminated, is on file in any public office or at the PTO. 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 Virginia UCC, and/or lien registration at the PTO in form and content satisfactory to its 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 will not permit or allow any adverse lien, security interest (other than the security interest given to the Secured Party) or encumbrance of any kind or nature whatsoever to attach to all or any part of the Collateral and will not permit all or any part of the Collateral to be attached, replevied, levied on, garnished or made the subject of litigation.

(h) If 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) In the event that 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 amount 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 is located at 427 West 35th Street, Norfolk, Virginia 23508, and the Debtor has no other places of business. The Debtor's exact name is "Face International Corporation" and the Debtor does not

use any trade name in the conduct of its business. The Debtor will notify Secured Party not less than thirty (30) days prior to (x) changing its name, (y) changing its chief executive office or (z) opening any additional office or place of business.

(m) Debtor will obtain and maintain insurance on the Collateral at Debtor's expense for the benefit of Secured Party with an insurance company acceptable to Secured Party against loss or damage by fire, theft and such other risk as Secured Party may designate and in such amounts as are satisfactory to Secured Party, with a loss payable clause in favor of Secured Party as its interest may appear. The Debtor will on demand deliver the policies of insurance to Secured Party or other proof of such insurance coverage satisfactory to Secured Party. Debtor assigns to Secured Party all rights to receive proceeds of any insurance on the Collateral, directs any insurer of the Collateral to pay all proceeds of insurance directly to Secured Party, and authorizes the Secured Party to endorse any check, draft or other instrument for such proceeds and to apply such proceeds against such of the Obligations, whether or not then due and payable, as Secured Party, in its discretion, deems appropriate. Each Secured Party is hereby appointed as Debtor's attorney-in-fact under a power coupled with an interest to endorse any draft, check or other instrument which may be payable to Debtor to collect returned or unearned premiums or the proceeds of such insurance.

(n) The Patents constitute all the Debtor's patents, technology, rights and entitlements related to the patents described on Exhibit A attached.

6. Possession of Collateral. Unless and until an Event of Default, as hereinafter defined, occurs, 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. On the occurrence of any Event of Default, as hereinafter defined, the Secured Party will have the immediate right to the possession of the Collateral.

7. Events of Default. If any one or more of the following events ("**Events of Default**") occurs 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 will be deemed to exist under this Agreement and the Notes:

(a) If there occurs a default in the payment, performance or observance of any covenant, agreement or other term or provision of this Agreement, the Notes, any of the other Obligations, any of the other Security Instruments or any instrument or document delivered to the Secured Party by Debtor, or if any of the foregoing documents or instruments shall terminate or become void or unenforceable without the written consent of the Secured Party;

(b) 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, 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 proves 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;

(c) 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; or

(d) If Debtor fails to maintain the Secured Party's first priority perfected lien on the Collateral.

8. Notice of Default. Each of the Secured Parties hereby covenants and agrees, one to the other, that he shall provide to the other Secured Parties in a timely fashion copies of any notices demanding payment of a Note, default notices or other material notices, correspondence or written communications to or with Debtor or any Secured Party regarding default under or enforcement of any Note, this Agreement or any Security Instrument.

9. Remedies on Default. 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, any Secured Party (i) may, at his 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) will have all of the rights and remedies of a secured party under the Virginia UCC regardless of the jurisdiction in which all or any portion of the Collateral may be located, (iii) will have the right to enter on 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) will 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, the office of the Secured Party in the City of Virginia Beach, Virginia, or at any office of any attorney representing Secured Party. 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 on such other terms and conditions as the Secured Party deems 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 (other than any of the Secured Parties) at any public or private sale of all or any part of the Collateral 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.

On the occurrence of any Event of Default, the Secured Party also may, but is not obligated to:

- (a) Notify any obligor or account debtor on any of the Accounts to make payment to the Secured Party;
- (b) Collect by legal proceedings or otherwise any of the Accounts 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.

All actions taken in good faith by the Secured Party and his agents shall be binding on the Debtor, and the Debtor agrees to indemnify and hold the Secured Party and his 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, or his agents, 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.

Each Secured Party, his 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 UCC, and may exercise such rights, power and remedies, 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.

10. Exercise of Remedies On Default. In the event that, after the occurrence of an event of default under any Loan Documents, a Ratable Share Holder desires to exercise any remedies against Debtor thereunder, such Secured Party (the "Initiator") shall provide prompt written notice to the other Secured Parties of such event of default (the "Default Notice"), which Default Notice shall request such other Ratable Share Holders' consent to the exercise of remedies. If such other Ratable Share Holders do not consent to the exercise of remedies by the Initiator and do not cure, or cause to be cured, such event of default within thirty (30) days of the Default Notice, then the Initiator shall have the absolute right, in its reasonable discretion, to take any action whatsoever to enforce or realize on its remedies against Debtor under its note or any of the other Loan Documents to the fullest extent permitted thereunder, subject to the terms and provisions of this Agreement.

11. Cross-Default. Secured Parties and Debtor understand, acknowledge and agree that an "Event of Default" under any of the Loan Documents shall constitute an Event of Default under all such documents of the other Secured Parties without further notice to Debtor.

12. Perfection; 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 must execute, deliver and file such financing statement or statements, or amendments thereof or supplements thereto, or other documents as the Secured Party may from time to time require to comply with the Virginia UCC 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, including, without limitation, registering the liens and security interests granted to Secured Party

with the U.S. Patent and Trademark Office and/or the U.S. Copyright Office as required by Secured Party to register its liens and security interests under the Copyright Act of 1976, as amended, the Patent Act, as amended, and/or the Trademark Act of 1946, as amended. If 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, then the Debtor must execute, deliver and file all such instruments and 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 UCC. Debtor and each of the Secured Parties will promptly execute and deliver to the Secured Parties any and all such further instruments and documents and take such further action as any Secured Party may reasonably request to fully effect the purposes of this Agreement

13. Proceeds of Disposition 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, and subject to the provisions of Paragraph 4 above, 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.

14. 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.

15. Time. 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.

16. Administrative Provisions.

(a) Notices. All notices required by or given in connection with this Agreement shall be in writing and shall be deemed given and received when (i) personally delivered, (ii) one business day after being delivered by a nationally known overnight courier, (iii) one business day after being delivered by facsimile and the sender has electronic confirmation of the receipt of the facsimile transmission by the other party or (iv) three business days after being deposited in the United States mail, postage prepaid, certified, return receipt requested, addressed as follows:

If to Debtor: Face International Corporation
427 West 35th Street
Norfolk, VA 23508
Facsimile No.: 757-624-2128
Attn: Mr. Bradbury R. Face, President

with a copy to: J. Douglas Sorenson, Esquire
Kaufman & Canoles, P. C.
Bank of America Center
One Commercial Place
Post Office Box 3037
Norfolk, VA 23514
Facsimile No.: 757-624-3169

If to Hirschbiel: Paul O. Hirschbiel
1800 Eden Way
Virginia Beach, VA 23454

with a copy to: Thomas R. Frantz, Esquire
Williams, Mullen, Clark & Dobbins, P.C.
900 One Columbus Center
Virginia Beach, VA 23462
Facsimile No.: 757-473-0395

If to Lester: Harry T. Lester
2101 Parks Avenue
Virginia Beach, VA 23451

with a copy to: C. Grigsby Scifres, Esquire
Williams, Mullen, Clark & Dobbins, P.C.
900 One Columbus Center
Virginia Beach, VA 23462
Facsimile No.: 757-473-0395

If to Kiger: F. Gray Kiger, Jr.
1215 North Shore Road
Norfolk, VA 23505

with a copy to: Marshall B. Martin, Esquire
Willcox & Savage, P.C.
1800 Bank of America Center
Norfolk, VA 23510
Facsimile No.: 757-628-5566

If to Leaman: Mr. and Mrs. Stephen J. Leaman
120 Manhattan Avenue
Manhattan Beach, CA 90026

with a copy to: Marshall B. Martin, Esquire
Willcox & Savage, P.C.
1800 Bank of America Center
Norfolk, VA 23510
Facsimile No.: 757-628-5566

Either party may change the address to which notices should be sent by written notice to the other parties in compliance with this paragraph.

(b) Assignment. This Agreement will be binding on and inure to the benefit of the parties and their successors and assigns. No assignment by Debtor is permitted or will be binding without the prior written consent of the Secured Party.

(c) Complete Agreement. This Agreement constitutes the entire understanding and agreement between the parties in connection with the subject matter of this Agreement. All prior agreements, discussions, statements and representations (whether verbal or in writing) have been superseded by this Agreement and are void and of no effect.

(d) Waiver, Etc. No failure to exercise, and no delay in exercising on the part of any party hereto, any right, power or privilege under this Agreement, shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege under this Agreement preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies provided in this Agreement are cumulative and shall not be exclusive of any rights or remedies provided by law.

(e) No Third Party Beneficiaries. This Agreement is solely for the benefit of parties and their successors or assigns and no other person or persons shall have any right, benefit, priority or interest under, or by virtue of, this Agreement.

(f) Amendment. Neither this Agreement, nor any of the terms hereof may be amended, waived, discharged or terminated unless such amendment, waiver, discharge or termination is in writing signed by the party or parties to be charged with it.

(g) Burdens and Benefits; Assignments. This Agreement shall be binding on, and inure to the benefit of, the parties hereto, and their respective heirs, executors or administrators, personal and legal representatives, successors and assigns; provided, however that any sale, assignment, pledge or other transfer of any note of Debtor payable to any of the Secured Parties shall be made expressly subject to this Agreement, and the assignee or transferee shall be obligated to, and is hereby deemed to have, expressly assumed the obligations, restrictions and burdens imposed hereunder with respect to such note.

(h) Collection Efforts. For so long as any obligation of the Debtor to any Secured Party which is secured by the Collateral has not been fully satisfied, Debtor and each Secured Party shall (a) cooperate in good faith with the other Secured Parties in the exercise of remedies and liquidation of the Collateral and (b) act in good faith to attempt to liquidate the Collateral so as to enable all Secured Parties to receive the maximum possible repayment of the obligations of the Debtor owed to it and secured by the Collateral.

(i) Due Diligence and Non-Reliance. Each Secured Party acknowledges and represents that he has, independently and without reliance on any other Secured Party, and based on such documents, information and analysis as he has deemed appropriate, made his own credit analysis of the Debtor. Each Secured Party further acknowledges and represents that no other Secured Party has made any representation or warranty to him concerning the Debtor, the Collateral, any Security Interests or the legality, validity, sufficiency or enforceability of any of the loan documents between a Secured Party and the Debtor. Each Secured Party also acknowledges that he will, independently and without reliance on the other Secured Parties, and based on such financial statements, documents and information as he deems appropriate at the time, continue to make and rely on his own credit decisions in making advances to the Debtor and in taking or refraining to take any other action under this Agreement or any of the loan documents between such Secured Party and the Debtor.

(j) Applicable Law. This Agreement will be performed in accordance with, governed by and construed in accordance with the laws of the Commonwealth of Virginia. Unless the context otherwise requires, all terms used herein which are defined in the Uniform Commercial Code, as in effect in the Commonwealth of Virginia, shall have the meanings therein stated.

(k) Severability. If any term, provision, covenant or condition of this Agreement is held by a court or regulatory body of competent jurisdiction to be invalid, void or unenforceable, the remainder of the Agreement will remain in full force and effect and will in no way be affected, impaired or invalidated. Furthermore, in lieu of such illegal, invalid, or unenforceable provision, there will be added automatically as a part of this Agreement a provision as similar in terms to such illegal, invalid, or unenforceable provision as may be possible and be legal, valid and enforceable.

(l) Headings. The headings used in this Agreement are used for convenience only and are not intended to be used to construe or interpret the substance of this Agreement.

(m) Counterparts. This Agreement may be executed in one or more counterparts, all of which will constitute one and the same agreement.

(n) Attorney's Fees. If any dispute between the parties related to this Agreement is adjudicated, arbitrated, mediated or resolved by any court, arbitrator, mediator or other third party, then the non-prevailing party shall pay all the reasonable attorney's fees, costs and expenses of the prevailing party in any such proceeding.

17. 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 AT ANY TIME. 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, a duly authorized officer of each party has executed this Agreement under seal as of the day and year first above written.

DEBTOR:

FACE INTERNATIONAL CORPORATION

By: Brad Face (SEAL)
Bradbury R. Face, President

SECURED PARTY:

Paul O. Hirschbiel (SEAL)
Paul O. Hirschbiel

SECURED PARTY:

Harry T. Lester (SEAL)

SECURED PARTY:

_____(SEAL)
F. Gray Kiger

(n) Attorney's Fees. If any dispute between the parties related to this Agreement is adjudicated, arbitrated, mediated or resolved by any court, arbitrator, mediator or other third party, then the non-prevailing party shall pay all the reasonable attorney's fees, costs and expenses of the prevailing party in any such proceeding.

17. 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 AT ANY TIME. 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, a duly authorized officer of each party has executed this Agreement under seal as of the day and year first above written.

DEBTOR: FACE INTERNATIONAL CORPORATION

By: _____ (SEAL)
Bradbury R. Face, President

SECURED PARTY:

_____ (SEAL)
Paul O. Hirschbiel


SECURED PARTY:

_____ (SEAL)
Harry T. Lester

SECURED PARTY:

_____ (SEAL)
F. Gray Kiger

SECURED PARTY:


_____(SEAL)
Stephen J. Leaman

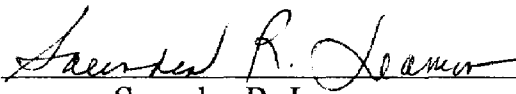

_____(SEAL)
Sandra R. Leaman

Exhibit A

Description of Registered Patents and Patent Rights

1. U.S. Patent No. 6,074,178, "Piezoelectrically actuated peristaltic pump", 22 pages, and Assignment U.S. Patent and Trademark Office Reel/Frame 9136/0163, 6 pages.
2. U.S. Patent No. 6,071,088, "Piezoelectrically actuated piston pump", 21 pages, and Assignment U.S. Patent and Trademark Office Reel/Frame 9115/0863, 6 pages.
3. U.S. Patent No. 6,042,345, "Piezoelectrically actuated fluid piston pumps", 21 pages, and Assignment U.S. Patent and Trademark Office Reel/Frame 9109/0524, 6 pages.
4. U.S. Patent No. 6,004,499, "Method of aligning fibrous components of composite materials using opposed oscillating reflectors", 14 pages, and Assignment U.S. Patent and Trademark Office Reel/Frame 9115/0884, 3 pages.
5. U.S. Patent No. 5,840,241, "Method of aligning fibrous components of composite materials using standing planar compression waves", 13 pages, and Assignment U.S. Patent and Trademark Office Reel/Frame 010351/0947, 4 pages.
6. U.S. Patent No. 5,725,482, "Method for applying high-intensity ultrasonic waves to a target volume within a human or animal body", 12 pages, and Assignment U.S. Patent and Trademark Office Reel/Frame 7874/0932, 5 pages.
7. U.S. Patent No. 5,816,780, "Piezoelectrically actuated fluid pumps", 19 pages, and Assignment U.S. Patent and Trademark Office Reel/Frame 8530/0207, 6 pages.
8. U.S. Patent No. 5,664,570, "Apparatus for applying high-intensity ultrasonic waves to a target volume within a human or animal body", 13 pages, and Assignment U.S. Patent and Trademark Office Reel/Frame 8061/0288, 5 pages

**CERTIFICATE OF EXPRESS MAIL
UNDER 37 CFR §1.10**

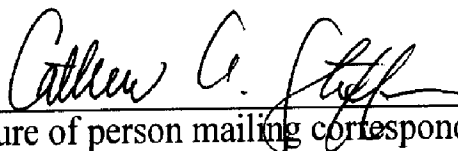
EJ047666128US

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Date of Deposit

I hereby certify that this paper or fee is being deposited with the United States Postal Service “Express Mail Post Office to Addressee” service under 37 CFR §1.10 on the date indicated above and is addressed to the Commissioner of Patents and Trademarks, Box Assignments, Washington, D.C. 20231.



Signature of person mailing correspondence



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AFFILIATE OFFICES:
DETROIT

January 9, 2001

Our File Number: 028585.0002

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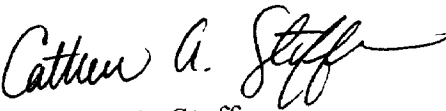
Re: Recordation of Security Interest United States Patents:
 6,074,178 6,071,088
 6,042,345 6,004,499
 5,840,241 5,725,482
 5, 816,780 5,664,570

Dear Sir or Madam:

Enclosed for recordation pursuant to 37 C.F.R. §3.11 is a Security Agreement dated November 1, 2000 by and between the assignee of the above-referenced patents and **Paul O. Hirschbiel**. The date of recording the aforementioned document pursuant to 37 C.F.R. §3.51 is requested as the "date-in" on the Express Mail, namely, January 9, 2001.

If you have any questions, please contact me.

Very truly yours,


Catherine A. Steffen

CAS/tlw

Enclosure

cc: Paul O. Hirschbiel, (w/enclosures)
J. Douglas Sorenson, Esquire, (w/enclosures)
Marshall B. Martin, Esquire, (w/out enclosures)

RECORDED: 01/10/2001

PATENT
REEL: 011436 FRAME: 0931