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04-18-2002

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U.S. DEPARTMENT OF COMMERCE
Patent and Trademark Office

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To the Honorable Commissioner of Patents



102059036

1 original documents or copy thereof.

1. Name of conveying party(ies): 4-18-02
MERITAGE, INC.
9912 South Pioneer Boulevard
Santa Fe Springs, CA 90670

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

3. Nature of conveyance:

☐ Assignment☐ Merger☒ Security Agreement☐ Change of Name☐ Other _____Execution Date: April 5, 2002

2. Name and address of receiving party(ies)

Name: FOOTHILL CAPITAL CORPORATION, AS AGENTInternal Address: Suite 3000WStreet Address: 2450 Colorado AvenueCity: Santa Monica State: CA ZIP: 90404Additional name(s) & address(es) attached? ☐ Yes ☒ No

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

If this document is being filled together with a new application, the execution date of the application is: _____

A. Patent Application No.(s)

Please see attached Schedule A.

B. Patent No.(s)

Please see attached Schedule A.

Additional numbers attached? ☒ Yes ☐ No

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

Name: FEDERAL RESEARCH CORPORATION

Internal Address: _____

Attn: Penelope AgodaaSuite 101Street Address: 400 7th Street N.W.City: Washington State: DC ZIP: 200046. Total number of applications and patents involved: 27. Total fee (37 CFR 3.41).....\$ 80.00☒ Enclosed☐ Authorized to be charged to deposit account

8. Deposit account number:

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

DO NOT USE THIS SPACE

04/19/2002 6TOM11 00000044 5503500

01 PCT361

80.00

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.

Kimberley A. Lathrop
Name of Person SigningKimberley A. Lathrop
SignatureApril 17, 2002
Date23

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

Mail documents to be recorded with required cover sheet information to:
Commissioner of Patents & Trademarks, Box AssignmentsPATENT
REEL: 012785 FRAME: 0367

1. Additional names of conveying parties:

MERITAGE, INC., a Maryland corporation

ELLISON MACHINERY CO., a California corporation

ELLISON MACHINERY COMPANY OF MINNESOTA, a Minnesota corporation

ELLISON MACHINERY COMPANY OF NORTHERN CALIFORNIA, a California corporation

ELLISON MACHINERY COMPANY OF SOUTHERN CALIFORNIA, a California corporation

ELLISON MACHINERY COMPANY OF THE MIDWEST, an Illinois corporation

ELLISON MACHINERY COMPANY OF THE NORTHWEST, a Washington corporation

ELLISON MACHINERY COMPANY OF WISCONSIN, a Wisconsin corporation

HARTWIG, INC., a Maryland corporation

JRP MACHINERY, LLC, a Texas limited liability company

MACHINE TOOL SYSTEMS, INC., a South Carolina corporation

MERITAGE SERVICES, INC., a Connecticut corporation

MIDWEST MANUFACTURING RESOURCES, an Ohio corporation

REM SALES, INCORPORATED, a Connecticut corporation

R.O. DEADERICK COMPANY, INC., a Delaware corporation

SCC MANUFACTURING, INC., a California corporation

SIERRA CONCEPTS CORPORATION, a Maryland corporation

SUPERIOR METALWORKING SYSTEMS, INC., a California corporation

THE TECHNICAL EQUIPMENT SALES COMPANY, an Ohio corporation

THE ROBERT E. MORRIS COMPANY, a Maryland corporation

TRIDENT MACHINE TOOLS, INC., a Connecticut corporation

SCHEDULE A

United States Patents and Patent Applications

Disclosure Number	Title	Inventors	Utility Number	Utility Date	Patent Number	Issued Date
1.	Apparatus for, and the method of, drilling lug holes and valve stem holes in motor vehicle wheels	Eugene W. Amiguet; Jonathan A. Perez			5503508	4/2/1996
2.	Motorized inbound laser orientation and wheel recognition station	Eugene W. Amiguet; Dennis C. Kuhns; Jonathan A. Perez			6173213	1/9/2001

PATENT SECURITY AGREEMENT

This **PATENT SECURITY AGREEMENT** (this "Agreement"), dated as of April 5, 2002 is made by **MERITAGE, INC.**, a Maryland corporation ("Parent"), and each of Parent's Subsidiaries identified on the signature pages hereof (such Subsidiaries, together with Parent, are referred to hereinafter each individually as a "Debtor", and individually and collectively, jointly and severally, as the "Debtors"), in favor of **FOOTHILL CAPITAL CORPORATION**, a California corporation, as the arranger and administrative agent for the Lenders ("Secured Party"), with reference to the following:

WHEREAS, Debtors, the lenders identified on the signature pages thereto (collectively, the "Lenders"), and Secured Party have entered into that certain Loan and Security Agreement, dated as of the date hereof (as amended, modified, renewed or extended from time to time, the "Loan Agreement"), pursuant to which the Lender Group has agreed to make certain financial accommodations to Debtors, and pursuant to which Debtors have granted to Secured Party, for the benefit of the Lender Group and any Bank Product Provider, security interests in (among other things) certain of the general intangibles of Debtors.

WHEREAS, pursuant to the Loan Agreement and as one of the conditions precedent to the obligations of the Lender Group under the Loan Agreement, Debtors have agreed to execute and deliver this Agreement to Secured Party for filing with the PTO and with any other relevant recording systems in any domestic or foreign jurisdiction, and as further evidence of and to effectuate Secured Party's existing security interests in the patents and other general intangibles described herein.

NOW, THEREFORE, for valuable consideration, the receipt and adequacy of which is hereby acknowledged, Debtors hereby agree in favor of Secured Party, for the benefit of the Lender Group and any Bank Product Provider, as follows:

1. Definitions; Interpretation.

(a) Certain Defined Terms. As used in this Agreement, the following terms shall have the following meanings:

"Agreement" shall have the meaning ascribed to such term in the preamble to this Agreement.

"Debtor" and "Debtors" shall have the respective meanings ascribed to such terms in the preamble to this Agreement.

"Lien" shall mean any interest in property securing an obligation owed to, or a claim by, any Person other than the owner of the property, whether such interest shall be based on the common law, statute, or contract, whether such interest shall be recorded or

perfected, and whether such interest shall be contingent upon the occurrence of some future event or events or the existence of some future circumstance or circumstances.

“Loan Agreement” shall have the meaning ascribed to such term in the recitals to this Agreement.

“Patent Collateral” shall have the meaning ascribed to such term in Section 2.

“Patents” shall have the meaning ascribed to such term in Section 2.

“Person” means and includes natural persons, corporations, limited liability companies, limited partnerships, general partnerships, limited liability partnerships, joint ventures, trusts, land trusts, business trusts, or other organizations, irrespective of whether they are legal entities, and governments and agencies and political subdivisions thereof.

“Proceeds” shall mean whatever is receivable or received from or upon the sale, lease, license, collection, use, exchange or other disposition, whether voluntary or involuntary, of any Patent Collateral, including “proceeds” as defined in the UCC, and all proceeds of proceeds. Proceeds shall include (i) any and all accounts, chattel paper, instruments, general intangibles, cash and other proceeds, payable to or for the account of any Debtor, from time to time in respect of any of the Patent Collateral, (ii) any and all proceeds of any insurance, indemnity, warranty or guaranty payable to or for the account of any Debtor from time to time with respect to any of the Patent Collateral, (iii) any and all claims and payments (in any form whatsoever) made or due and payable to any Debtor from time to time in connection with any requisition, confiscation, condemnation, seizure or forfeiture of all or any part of the Patent Collateral by any Person acting under color of governmental authority, and (iv) any and all other amounts from time to time paid or payable under or in connection with any of the Patent Collateral or for or on account of any damage or injury to or conversion of any Patent Collateral by any Person.

“PTO” shall mean the United States Patent and Trademark Office and any successor thereto.

“Secured Party” shall have the meaning ascribed to such term in the preamble to this Agreement.

“UCC” shall mean the Uniform Commercial Code as in effect from time to time in the State of California.

“United States” and “U.S.” shall each mean the United States of America.

(b) Terms Defined in UCC. Where applicable and except as otherwise defined herein, terms used in this Agreement shall have the meanings ascribed to them in the UCC.

(c) Terms Defined in the Loan Agreement. Capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed to them in the Loan Agreement.

(d) Interpretation. In this Agreement, except to the extent the context otherwise requires:

(i) Any reference to a Section or a Schedule is a reference to a section hereof, or a schedule hereto, respectively, and to a subsection or a clause is, unless otherwise stated, a reference to a subsection or a clause of the section or subsection in which the reference appears.

(ii) The words "hereof," "herein," "hereto," "hereunder" and the like mean and refer to this Agreement as a whole and not merely to the specific section, subsection, paragraph or clause in which the respective word appears.

(iii) The meaning of defined terms shall be equally applicable to both the singular and plural forms of the terms defined.

(iv) The words "including," "includes" and "include" shall be deemed to be followed by the words "without limitation."

(v) References to agreements and other contractual instruments shall be deemed to include all subsequent amendments and other modifications thereto.

(vi) References to statutes or regulations are to be construed as including all statutory and regulatory provisions consolidating, amending or replacing the statute or regulation referred to.

(vii) Any captions and headings are for convenience of reference only and shall not affect the construction of this Agreement.

(viii) In the event of a direct conflict between the terms and provisions of this Agreement and the Loan Agreement, it is the intention of the parties hereto that both such documents shall be read together and construed, to the fullest extent possible, to be in concert with each other. In the event of any actual, irreconcilable conflict that cannot be resolved as aforesaid, the terms and provisions of the Loan Agreement shall control and govern; provided, however, that the inclusion herein of additional obligations on the part of the Debtors and supplemental rights and remedies in favor of Secured Party (whether under California law or applicable federal law), in each case in respect of the Patent Collateral, shall not be deemed a conflict with the Loan Agreement.

2. Security Interest.

(a) Assignment and Grant of Security Interests. As security for the prompt payment and performance of the Obligations, Debtors hereby grant, assign, transfer, and convey to Secured Party, for the benefit of the Lender Group and any Bank Product Provider, continuing security interests in all of Debtors' right, title and interest in, to and

under the following property, whether now existing or hereafter acquired or arising (collectively, the "Patent Collateral"):

(i) all letters patent of the U.S. or any other country, all registrations and recordings thereof, and all applications for letters patent of the U.S. or any other country, owned, held, or used by any Debtor in whole or in part, including all existing U.S. patents and patent applications of any Debtor which are described on Schedule A hereto, as the same may be amended or supplemented pursuant hereto from time to time, and together with and including all patent licenses held by any Debtor, including such patent licenses which are described on Schedule A hereto, together with all reissues, divisions, continuations, renewals, extensions and continuations-in-part thereof and the inventions disclosed therein, and all rights corresponding thereto throughout the world, including the right to make, use, lease, sell and otherwise transfer the inventions disclosed therein, and all proceeds thereof, including all license royalties and proceeds of infringement suits (collectively, the "Patents");

(ii) all claims, causes of action and rights to sue for past, present and future infringement or unconsented use of any of the Patents and all rights arising therefrom and pertaining thereto;

(iii) all general intangibles (as defined in the UCC) and all intangible intellectual or other similar property of any Debtor of any kind or nature, whether now owned or hereafter acquired or developed, associated with or arising out of any of the Patents and not otherwise described above; and

(iv) all products and Proceeds of any and all of the foregoing.

The foregoing notwithstanding, the "Patent Collateral" shall not include any General Intangibles that are now or hereafter held by any Debtor as licensee, in the event that: (a) as a result of the grant of a security interest therein, any such Debtor's rights in or with respect to such asset would be forfeited or would become terminable, or if any such Debtor would be deemed to have breached or defaulted under the applicable license or other agreement; and (b) any such restriction is effective and enforceable under applicable law; provided, however, that the term "Patent Collateral" shall include (1) any and all proceeds of such assets, and (2) such assets at any time that the restrictions in the license or other agreement are no longer effective and enforceable or at any time that the applicable licensor or other applicable party's consent is obtained to the grant of a security interest in and to such asset in favor of Secured Party.

(b) [Intentionally omitted]

(c) Continuing Security Interests. Debtors agree that this Agreement shall create continuing security interests in the Patent Collateral which shall remain in effect until terminated in accordance with Section 17.

(d) Incorporation into Loan Agreement. This Agreement shall be fully incorporated into the Loan Agreement and all understandings, agreements and provisions contained in the Loan Agreement shall be fully incorporated into this Agreement. Without limiting the foregoing, the Patent Collateral described in this Agreement shall constitute part of the Collateral in the Loan Agreement.

(e) Licenses. Anything in this Agreement to the contrary notwithstanding, Debtors may grant new licenses of the Patent Collateral to any other Person on a non-exclusive basis (subject to the security interests of Secured Party therein) in the ordinary course of business consistent with past practice.

3. Further Assurances; Appointment of Secured Party as Attorney-in-Fact. Debtors at their expense shall execute and deliver, or cause to be executed and delivered, to Secured Party any and all documents and instruments, in form and substance satisfactory to Secured Party, and take any and all action, which Secured Party, in the exercise of its Permitted Discretion, may request from time to time, to perfect and continue perfected, maintain the priority of or provide notice of Secured Party's security interests in the Patent Collateral and to accomplish the purposes of this Agreement. If any Debtor refuses to execute and deliver, or fails timely to execute and deliver, any of the documents it is requested to execute and deliver by Secured Party in accordance with the foregoing, Secured Party shall have the right to, in the name of such Debtor, or in the name of Secured Party or otherwise, without notice to or assent by such Debtor, and each Debtor hereby irrevocably constitutes and appoints Secured Party (and any of Secured Party's officers or employees or agents designated by Secured Party) as such Debtor's true and lawful attorney-in-fact with full power and authority, (i) to sign the name of such Debtor on all or any of such documents or instruments, and perform all other acts, that Secured Party, in the exercise of its Permitted Discretion, deems necessary or advisable in order to perfect or continue perfected, maintain the priority or enforceability of or provide notice of Secured Party's security interests in, the Patent Collateral, and (ii) to execute any and all other documents and instruments, and to perform any and all acts and things for and on behalf of such Debtor, which Secured Party, in the exercise of its Permitted Discretion, may deem necessary or advisable to maintain, preserve and protect the Patent Collateral and to accomplish the purposes of this Agreement, including (A) upon the occurrence and during the continuance of any Event of Default, to defend, settle, adjust or institute any action, suit or proceeding with respect to the Patent Collateral, (B) upon the occurrence and during the continuance of any Event of Default, to assert or retain any rights under any license agreement for any of the Patent Collateral, including any rights of such Debtor arising under Section 365(n) of the Bankruptcy Code, and (C) upon the occurrence and during the continuance of any Event of Default, to execute any and all applications, documents, papers and instruments for Secured Party to use the Patent Collateral, to grant or issue any exclusive or non-exclusive license with respect to any Patent Collateral, and to assign, convey or otherwise transfer title in or dispose of the Patent Collateral. The power of attorney set forth in this Section 3, being coupled with an interest, is irrevocable so long as this Agreement shall not have terminated in accordance with Section 17.

4. Representations and Warranties. Each Debtor represents and warrants to Secured Party, as follows:

(a) No Other Patents. A true and correct list of all Patents owned, held (whether pursuant to a license or otherwise) or used by such Debtor, in whole or in part, is set forth on Schedule A.

(b) Validity. Each of the Patents listed on Schedule A is subsisting and has not been adjudged invalid or unenforceable, in whole or in part, all maintenance fees required to be paid on account of any Patents have been timely paid for maintaining such Patents in force, and, to the best of such Debtor's knowledge, each of the Patents is valid and enforceable.

(c) Title. (i) Such Debtor has rights in and good title to the existing Patent Collateral, (ii) with respect to the Patent Collateral shown on Schedule A hereto as owned by it, such Debtor is the sole and exclusive owner thereof, free and clear of any Liens and rights of others (other than (A) Liens in favor of Secured Party for the benefit of the Lender Group and any Bank Product Provider, and (B) Permitted Liens), including licenses, shop rights and covenants by such Debtor not to sue third persons and (iii) with respect to any Patent for which such Debtor is either a licensor or a licensee pursuant to a license or licensee agreement regarding such Patent, each such license or licensing agreement is in full force and effect, such Debtor is not in default of any of its obligations thereunder and, other than (A) the parties to such licenses or licensing agreements, or (B) in the case of any non-exclusive license or license agreement entered into by such Debtor or any such licensor regarding such Patent Collateral, the parties to any other such non-exclusive licenses or license agreements entered into by such Debtor or any such licensor with any other Person, no other Person is known by such Debtor to have any rights in or to any of the Patent Collateral.

(d) No Infringement. To the best of such Debtor's knowledge, (i) no material infringement or unauthorized use presently is being made of any of the Patent Collateral by any Person, and (ii) the past, present and contemplated future use of the Patent Collateral by such Debtor has not, does not and will not infringe upon or violate any right, privilege or license agreement of or with any other Person.

(e) Powers. Such Debtor has the unqualified right, power and authority to pledge and to grant to Secured Party, for the benefit of the Lender Group and any Bank Product Provider, security interests in all of the Patent Collateral pursuant to this Agreement, and to execute, deliver and perform its obligations in accordance with the terms of this Agreement, without the consent or approval of any other Person except as already obtained.

5. Covenants. Each Debtor covenants that so long as this Agreement shall be in effect, such Debtor shall:

(a) comply with all of the covenants, terms and provisions of this Agreement, the Loan Agreement and the other Loan Documents;

(b) promptly give Secured Party written notice of the occurrence of any event that could have a material adverse effect on any of the Patents or the Patent Collateral, including any petition under the Bankruptcy Code filed by or against any licensor of any of the Patents for which such Debtor is a licensee;

(c) on a continuing basis, make, execute, acknowledge and deliver, and file and record in the proper filing and recording places, all such instruments and documents, including appropriate financing and continuation statements and security agreements, and take all such action as may be necessary or advisable or may be requested by Secured Party, in the exercise of its Permitted Discretion, to carry out the intent and purposes of this Agreement, or for assuring, confirming or protecting the grant or perfection of the security interests granted or purported to be granted hereby, to ensure such Debtor's compliance with this Agreement or to enable Secured Party to exercise and enforce its rights and remedies hereunder with respect to the Patent Collateral. Without limiting the generality of the foregoing sentence, such Debtor:

(i) hereby authorizes Secured Party in its sole discretion if such Debtor refuses to execute and deliver, or fails timely to execute and deliver, any of the documents it is requested to execute and deliver by Secured Party, to modify this Agreement without first obtaining such Debtor's approval of or signature to such modification by amending Schedule A hereof to include a reference to any right, title or interest in any existing Patent Collateral or Patent Collateral acquired or developed by such Debtor after the execution hereof, or to delete any reference to any right, title or interest in any Patent Collateral in which such Debtor no longer has or claims any right, title or interest; and

(ii) hereby authorizes Secured Party, in its sole discretion, to file one or more financing or continuation statements, or if such Debtor refuses to execute and deliver, or fails timely to execute and deliver, any such amendment thereto it is requested to execute and deliver by Secured Party, any amendments thereto, relative to all or any portion of the Patent Collateral, without the signature of such Debtor where permitted by law;

(d) comply, in all material respects, with all applicable statutory and regulatory requirements in connection with any and all of the Patent Collateral and give such notice of patent, prosecute such material claims, and do all other acts and take all other measures which, in such Debtor's reasonable business judgment, may be necessary or desirable to preserve, protect and maintain the Patent Collateral and all of such Debtor's rights therein, including the diligent prosecution of any material patent application pending as of the date of this Agreement or thereafter;

(e) comply with each of the terms and provisions of this Agreement, and not enter into any agreement (for example, a license agreement) which is inconsistent with the obligations of such Debtor under this Agreement without Secured Party's prior written consent; and

(f) not permit the inclusion in any contract to which such Debtor becomes a party of any provision that could or might impair or prevent the creation of a security interest in favor of Secured Party in such Debtor's rights and interest in any property included within the definition of Patent Collateral acquired under such contracts.

6. Future Rights. If and when any Debtor shall obtain rights to any new patentable inventions, or become entitled to the benefit of any Patent, or any reissue, division, continuation, renewal, extension or continuation-in-part of any Patent or Patent Collateral or any improvement thereof (whether pursuant to any license or otherwise), the provisions of this Agreement shall automatically apply thereto and any such Debtor shall give to Secured Party prompt notice thereof. Each Debtor shall do all things deemed necessary or advisable by Secured Party to ensure the validity, perfection, priority and enforceability of the security interests of Secured Party in such future acquired Patent Collateral. Each Debtor hereby authorizes Secured Party to modify, amend or supplement the Schedules hereto and to re-execute this Agreement from time to time on such Debtor's behalf and as its attorney-in-fact to include any future patents which are or become Patent Collateral and to cause such re-executed Agreement or such modified, amended or supplemented Schedules to be filed with the PTO.

7. Events of Default. The occurrence of any "Event of Default" under the Loan Agreement shall constitute an Event of Default hereunder.

8. Remedies. Upon the occurrence and during the continuance of an Event of Default, Secured Party shall have all rights and remedies available to it under the Loan Agreement and applicable law (which rights and remedies are cumulative) with respect to the security interests in any of the Patent Collateral or any other Collateral. Each Debtor agrees that such rights and remedies include the right of Secured Party as a secured party to sell or otherwise dispose of its Collateral after default, pursuant to the UCC. Each Debtor agrees that Secured Party shall at all times have such non-exclusive, royalty free licenses, to the extent permitted by law, for any Patent Collateral that is reasonably necessary to permit the exercise of any of Secured Party's rights or remedies upon the occurrence and during the continuation of an Event of Default with respect to (among other things) any tangible asset of such Debtor in which Secured Party has a security interest, including Secured Party's rights to sell inventory, tooling or packaging which is acquired by such Debtor (or its successor, assignee or trustee in bankruptcy). In addition to and without limiting any of the foregoing, upon the occurrence and during the continuance of an Event of Default, Secured Party shall have the right but shall in no way be obligated to bring suit, or to take such other action as Secured Party, in the exercise of its Permitted Discretion, deems necessary or advisable, in the name of any Debtor or Secured Party, to enforce or protect any of the Patent Collateral, in which event any such Debtor shall, at the request of Secured Party, do any and all lawful acts and execute any and all documents required by Secured Party in aid of such enforcement. To the extent that Secured Party shall elect not to bring suit to enforce such Patent Collateral, upon the occurrence and during the continuation of an Event of Default, each Debtor, in the exercise of its reasonable business judgment, agrees to use all reasonable measures and its diligent efforts, whether by action, suit, proceeding or otherwise, to prevent the infringement, misappropriation or violations thereof by others and for that purpose agrees

diligently to maintain any action, suit or proceeding against any Person necessary to prevent such infringement, misappropriation or violation.

9. Binding Effect. This Agreement shall be binding upon, inure to the benefit of and be enforceable by Debtors and Secured Party and their respective successors and assigns.

10. Notices. All notices and other communications hereunder shall be in writing and shall be mailed, sent or delivered in accordance with the Loan Agreement.

11. Governing Law. This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of California, except to the extent that the validity or perfection of the security interests hereunder in respect of the Patent Collateral are governed by federal law, in which case such choice of California law shall not be deemed to deprive Secured Party of such rights and remedies as may be available under federal law.

12. Entire Agreement; Amendment. This Agreement and the Loan Agreement, together with the Schedules hereto and thereto, contains the entire agreement of the parties with respect to the subject matter hereof and supersedes all prior drafts and communications relating to such subject matter. Neither this Agreement nor any provision hereof may be modified, amended or waived except by the written agreement of the parties, as provided in the Loan Agreement. Notwithstanding the foregoing, Secured Party may re-execute this Agreement or modify, amend or supplement the Schedules hereto as provided in Section 6 hereof.

13. Severability. If one or more provisions contained in this Agreement shall be invalid, illegal or unenforceable in any respect in any jurisdiction or with respect to any party, such invalidity, illegality or unenforceability in such jurisdiction or with respect to such party shall, to the fullest extent permitted by applicable law, not invalidate or render illegal or unenforceable any such provision in any other jurisdiction or with respect to any other party, or any other provisions of this Agreement.

14. Counterparts; Telefacsimile Execution. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute but one and the same agreement. Delivery of an executed counterpart of this Agreement by telefacsimile shall be equally as effective as delivery of an original executed counterpart of this Agreement. Any party delivering an executed counterpart of this Agreement by telefacsimile also shall deliver an original executed counterpart of this Agreement but the failure to deliver an original executed counterpart shall not affect the validity, enforceability, and binding effect of this Agreement

15. Loan Agreement. Each Debtor acknowledges that the rights and remedies of Secured Party with respect to the security interests in the Patent Collateral granted hereby are more fully set forth in the Loan Agreement and all such rights and remedies are cumulative.

16. No Inconsistent Requirements. Each Debtor acknowledges that this Agreement and the other Loan Documents may contain covenants and other terms and provisions variously stated regarding the same or similar matters, and such Debtor agrees that all such covenants, terms and provisions are cumulative and all shall be performed and satisfied in accordance with their respective terms. Each Debtor agrees that, to the extent of any conflict between the provisions of this Agreement and the Loan Agreement, the provisions of the Loan Agreement shall govern.

17. Termination. Upon the indefeasible payment in full in cash of the Obligations, including the cash collateralization, expiration, or cancellation of all Obligations, if any, consisting of letters of credit, and the full and final termination of any commitment to extend any financial accommodations under the Loan Agreement, this Agreement shall terminate and Secured Party shall execute and deliver such documents and instruments and take such further action reasonably requested by Debtors and at Debtors' expense as shall be necessary to evidence termination of the security interests granted by Debtors to Secured Party hereunder.

[Signature page follows]

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement, as of the date first above written.

**MERITAGE, INC.,
a Maryland corporation**

By: Charles A. Cusumano
Title:

**ELLISON MACHINERY CO.,
a California corporation**

By: Charles A. Cusumano
Title:

**ELLISON MACHINERY COMPANY OF
MINNESOTA,
a Minnesota corporation**

By: Charles A. Cusumano
Title:

**ELLISON MACHINERY COMPANY OF
NORTHERN CALIFORNIA,
a California corporation**

By: Charles A. Cusumano
Title:

**ELLISON MACHINERY COMPANY OF
SOUTHERN CALIFORNIA,
a California corporation**

By: Charles A. Cusumano
Title:

**ELLISON MACHINERY COMPANY OF
THE MIDWEST,
an Illinois corporation**

By: Charles A. Cusumano
Title:

**ELLISON MACHINERY COMPANY OF
THE NORTHWEST,
a Washington corporation**

By: Charles A. Cusumano
Title:

**ELLISON MACHINERY COMPANY OF
WISCONSIN,
a Wisconsin corporation**

By: Charles A. Cusumano
Title:

**HARTWIG, INC.,
a Maryland corporation**

By: _____
Title:

**JRP MACHINERY, LLC,
a Texas limited liability company**

By Meritage, Inc., a Maryland Corporation,
Its Sole Member

By: Charles A. Cusumano
Title:

**ELLISON MACHINERY COMPANY OF
THE MIDWEST,
an Illinois corporation**

By: _____
Title:


**ELLISON MACHINERY COMPANY OF
THE NORTHWEST,
a Washington corporation**

By: _____
Title:

**ELLISON MACHINERY COMPANY OF
WISCONSIN,
a Wisconsin corporation**

By: _____
Title:

**HARTWIG, INC.,
a Maryland corporation**

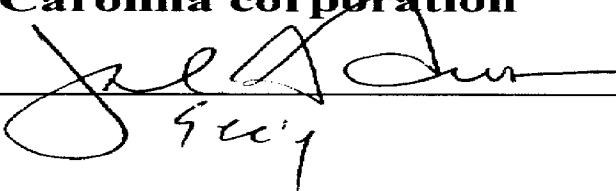
By: 
Title:

**JRP MACHINERY, LLC,
a Texas limited liability company**

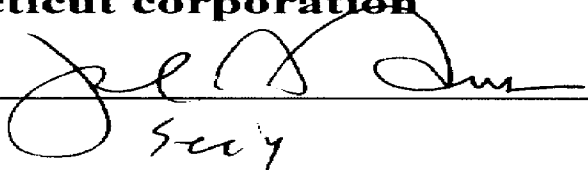
By Meritage, Inc., a Maryland Corporation,
Its Sole Member

By: _____
Title:

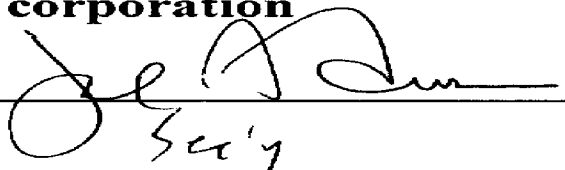
**MACHINE TOOL SYSTEMS, INC.,
a South Carolina corporation**

By: 
Title: Sec'y

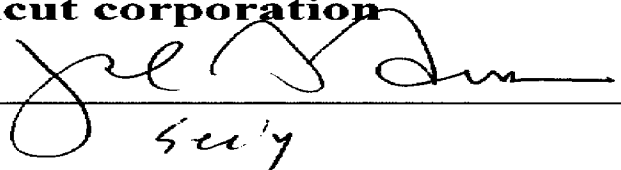
**MERITAGE SERVICES, INC.,
a Connecticut corporation**

By: 
Title: Sec'y

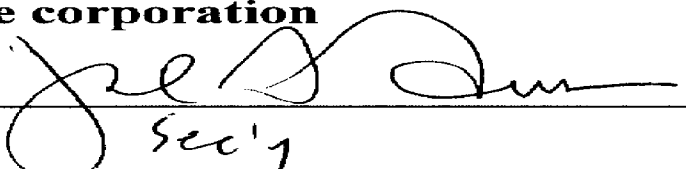
**MIDWEST MANUFACTURING
RESOURCES,
an Ohio corporation**

By: 
Title: Sec'y

**REM SALES, INCORPORATED,
a Connecticut corporation**

By: 
Title: Sec'y

**R.O. DEADERICK COMPANY, INC.,
a Delaware corporation**

By: 
Title: Sec'y

**SCC MANUFACTURING, INC.,
a California corporation**

By: _____
Title: _____

**MACHINE TOOL SYSTEMS, INC.,
a South Carolina corporation**

By: _____
Title: _____

**MERITAGE SERVICES, INC.,
a Connecticut corporation**

By: _____
Title: _____

**MIDWEST MANUFACTURING
RESOURCES,
an Ohio corporation**

By: _____
Title: _____


**REM SALES, INCORPORATED,
a Connecticut corporation**

By: _____
Title: _____

**R.O. DEADERICK COMPANY, INC.,
a Delaware corporation**

By: _____
Title: _____

**SCC MANUFACTURING, INC.,
a California corporation**

By: 
Title: _____

SIERRA CONCEPTS CORPORATION,
a Maryland corporation

By: Charles A. Eusemann
Title:

**SUPERIOR METALWORKING
SYSTEMS, INC.,**
a California corporation

By: Charles A. Eusemann
Title:

**THE TECHNICAL EQUIPMENT SALES
COMPANY,**
an Ohio corporation

By: _____
Title:

THE ROBERT E. MORRIS COMPANY,
a Maryland corporation

By: _____
Title:

TRIDENT MACHINE TOOLS, INC.,
a Connecticut corporation

By: _____
Title:


SIERRA CONCEPTS CORPORATION,
a Maryland corporation

By: _____
Title: _____


**SUPERIOR METALWORKING
SYSTEMS, INC.,**
a California corporation

By: _____
Title: _____

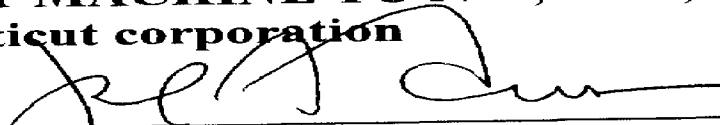
~~THE~~ **TECHNICAL EQUIPMENT SALES
COMPANY,**
an Ohio corporation

By: 
Title: Sec'y

THE ROBERT E. MORRIS COMPANY,
a Maryland corporation

By: 
Title: Sec'y

TRIDENT MACHINE TOOLS, INC.,
a Connecticut corporation

By: 
Title: Sec'y

FOOTHILL CAPITAL CORPORATION,
a California corporation, as Agent

By: C. MacDonald
Name: CHERI MACDONALD
Title: V.P.

SCHEDULE A

United States Patents and Patent Applications

Disclosure Number	Title	Inventors	Utility Number	Utility Date	Patent Number	Issued Date
1.	Apparatus for, and the method of, drilling lug holes and valve stem holes in motor vehicle wheels	Eugene W. Amiguet; Jonathan A. Perez			5503508	4/2/1996
2.	Motorized inbound laser orientation and wheel recognition station	Eugene W. Amiguet; Dennis C. Kuhns; Jonathan A. Perez			6173213	1/9/2001

Patent Licenses

None.

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