

2002 DEC 24 AM 9:42



Form PTO-1595 (Rev. 10/02)

OMB No. 0651-0027 (Exp. 6/30/2005)

Tab settings

RECORDATION

FINANCE SECTION

PATI

102325314

ENT OF COMMERCE and Trademark Office

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

1. Name of conveying party(ies): Rock-it Marketing, LLC, a Colorado limited liability company 4975 Jackson Street Denver, CO 80216

12-24-02

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

3. Nature of conveyance: [] Assignment [] Merger [X] Security Agreement [] Change of Name [] Other

Execution Date:

2. Name and address of receiving party(ies)

Name: Polyrock Technologies, L.L.C.

Internal Address:

Street Address: 575 Logan St.

City: Denver State: CO Zip: 80203

Additional name(s) & address(es) attached? [] Yes [X] No

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

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

A. Patent Application No.(s) 09/148,241

60/409,686 10/236,667

B. Patent No.(s)

Additional numbers attached? [] Yes [X] No

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

Name: John A. Leonard, Esq.

Internal Address:

Street Address: FAIRFIELD AND WOODS, P.C.

1700 Lincoln St., Suite 2400

City: Denver State: CO Zip: 80203

6. Total number of applications and patents involved: 3

7. Total fee (37 CFR 3.41): \$ 120.00

[X] Enclosed

[] Authorized to be charged to deposit account

8. Deposit account number:

DO NOT USE THIS SPACE

9. Signature. ROCK-IT MARKETING, LLC

By: Bruce E. Harrington Name of Person Signing

Signature

12-11-02 Date

Total number of pages including cover sheet, attachments, and documents: 16

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

12/31/2002 6TON11 00000029 09148241

01 FC:8021

120.00 OP

OFFICE OF PUBLIC RECORDS

FINANCE SECTION

2002 DEC 24 AM 9:42

PATENT

REEL: 013606 FRAME: 0980

SECURITY AGREEMENT

THIS SECURITY AGREEMENT made and entered into as of the 11th day of November, 2002, by and between Rock-it Marketing, LLC, a Colorado limited liability company with a registered d/b/a, ConDecco (the "Debtor"), whose address is 4975 Jackson Street, Denver, CO 80216, in favor of Polyrock Technologies, Inc., whose address is 575 Logan Street, Denver, CO 80203, (the "Secured Party");

RECITALS

A. The Secured Party wishes to assure itself of the performance of the obligations of the Debtor under the Royalty and Transfer Agreement between the parties of even date herewith (the "Transfer Agreement"); and

B. The Debtor wishes to grant the Secured Party a security interest in its technology, information, documentation, patents, trade secrets, inventions, and other similar and related things necessary in order for the Secured Party to enjoy full use of its rights under the Transfer Agreement;

NOW, THEREFORE, in consideration of good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the parties hereby agree as follows:

ARTICLE I

GENERAL TERMS

Section 1.01 Terms Defined Above. As used in this Security Agreement, the terms "Debtor" and "Secured Party" shall have the meanings indicated above.

Section 1.02 Definitions Contained in the Transfer Agreement. Unless otherwise defined herein, all terms beginning with a capital letter which are defined in the Transfer Agreement shall have the same meanings herein as therein unless the context hereof otherwise requires.

Section 1.03 Certain Definitions. As used in this Security Agreement, the following terms shall have the following meanings, unless the context otherwise requires:

"Code" shall mean the Uniform Commercial Code as presently in effect in the State of Colorado.

"Collateral" shall mean and refer to any and all of Debtor's present and future right, title and interest in and to the following items, together with any and all rights corresponding or similar to the following items under applicable law: all technology involving trade

secrets, formulas, processes, equipment designs, know-how and other proprietary technology used to manufacture imitation stone and rock products, including without limitation any and all Enhancements as defined in the Transfer Agreement, the intellectual property contained in any and all patents and patent applications, including U.S. Patent Application serial number 09/148,241, entitled "Method and Apparatus for Producing Manufactured Articles Having Natural Characteristics", filed on September 4, 1998, which application can be further identified by Dorr, Carson, Sloan & Birney, P.C. Docket No. 9084/1; USCIP Patent Application Serial No. 60/409,686 filed on September 9, 2002 entitled "Improved Method and Apparatus for Producing Manufacturing Articles Having Natural Characteristics", and USCIP Patent Application Serial No. 10/236667 filed on September 6, 2002 having the same title as 09/148,241, as well as all foreign patents and patent applications, and future patents that may issue from these applications, or any continuances, divisionals or continuations in part.

"Default" shall mean the occurrence of any of the events specified in Section 5.02 hereof, whether or not any requirement for notice or lapse of time or other condition precedent has been satisfied.

"Event of Default" shall mean the occurrence of any of the events specified in Section 5.02 hereof, provided that any requirement for notice or lapse of time or other condition precedent has been satisfied.

"General Intangibles" shall have the meaning as set forth in the Code.

"Indebtedness" shall mean any and all amounts owing or to be owing by Debtor to Secured Party in connection with the Transfer Agreement, or any of the Security Instruments, including without limitation, this Security Agreement, and all other liabilities of the Debtor to the Secured Party from time to time existing, whether in connection with this or other transactions.

"Obligations" shall have the meaning indicated in Section 2.02 hereof.

"Other Liable Party" shall mean any person, other than Debtor, primarily or secondarily liable for any of the Obligations or one who grants Secured Party a Lien on any Property as security for the Obligations.

"Related Rights" shall mean all chattel papers, documents and instruments relating to the Collateral or derivatives thereof and all rights now or hereafter existing in and to all security agreements, assignments, leases, and other contracts securing or otherwise relating to any Collateral or derivatives thereof or any such chattel papers, documents and instruments.

“Security Agreement” shall mean this Security Agreement, as the same may from time to time be amended or supplemented.

“Security Instruments” shall mean this Security Agreement, the Transfer Agreement and all other documents executed in connection with or as security for the Indebtedness.

Section 1.04 Terms Defined in Code. All terms used herein which are defined in the Code shall have the same meaning herein unless the context otherwise requires.

ARTICLE II

SECURITY INTEREST

Section 2.01 Grant of Security Interest. For valuable consideration, the Debtor hereby grants to the Secured Party a security interest in the Collateral; any additional properties from time to time delivered to or deposited with Secured Party as security for the Obligations or otherwise pursuant to the terms of this Security Agreement; and the proceeds, products, additions to, substitutions for, derivatives to any of the foregoing. Upon the Secured Party’s request, the Debtor shall execute a financing statement or statements covering the Collateral and take such other steps as are necessary to cooperate with the Secured Party to perfect its security interest granted hereunder. Debtor grants to Secured Party the right to execute and have filed all documents required to perfect its security interest.

Section 2.02 Obligations Secured. This Security Agreement and the security interest created hereby are given for the purpose of securing Debtor’s performance of all obligations of the Debtor to the Secured Party under the Transfer Agreement. All obligations secured hereby are hereinafter collectively referred to as the “Obligations.”

ARTICLE III

REPRESENTATIONS AND WARRANTIES

In order to induce Secured Party to accept this Security Agreement, Debtor represents and warrants to Secured Party (which representations and warranties will survive the creation of the Indebtedness and any extension of credit thereunder) that:

Section 3.01 Ownership and Liens. Except for the security interest of Secured Party granted in this Security Agreement, Debtor owns good and indefeasible title to the Collateral free and clear of any other Liens, adverse claims or options. Debtor has full right, power and authority to grant a security interest in the Collateral to Secured Party in the manner provided herein, free and clear of any other Liens, adverse claims and options. No other Lien, adverse claim or option has been created by Debtor or is known by Debtor to exist with respect to any

Collateral. At the time the security interest in favor of Secured Party attaches, good and indefeasible title to all after-acquired Property included within the Collateral, free and clear of any other Liens, adverse claims or options (other than those permitted by the first sentence of this Section 3.01) will be vested in Debtor.

Section 3.02 Status of Related Rights. All Related Rights are, and those hereafter arising will be, valid and genuine. Any chattel paper included in the Related Rights has, and those hereafter arising will have, only one duplicate original counterpart which constitutes chattel paper or collateral within the meaning of the Code or the law in any applicable jurisdiction.

Section 3.03 Location. Debtor's chief executive office and chief place of business are located at the address set forth in the opening paragraph of this Security Agreement. The office where Debtor keeps its records concerning the General Intangibles and the original of all Related Rights has the same address as Debtor's chief executive office and chief place of business. Debtor's state of organization is Colorado.

Section 3.04 Secured Party's Security Interest. This Security Agreement creates a valid and binding security interest in the Collateral securing the Obligations.

ARTICLE IV

COVENANTS AND AGREEMENTS

A deviation from the provisions of this Article IV shall not constitute a Default under this Security Agreement if such deviation is consented to in writing by Secured Party. Without the prior written consent of Secured Party, Debtor will at all times comply with the covenants contained in this Article IV, from the date hereof and for so long as any part of the Indebtedness is outstanding.

Section 4.01 Title; Prohibited Liens and Filings. Debtor agrees to protect or to cause to be protected the title to the Collateral. Debtor will not pledge, mortgage, otherwise encumber, create or suffer a Lien to exist on any of the Collateral (other than in favor of Secured Party or sell, assign or otherwise transfer any of the Collateral to or in favor of any Person other than Secured Party. Debtor will not file or permit to be filed or recorded any financing statement or other security instrument with respect to the Collateral other than in favor of Secured Party.

Section 4.02 Taxes, Etc. Debtor agrees to pay or cause to be paid prior to delinquency all taxes, charges, Liens and assessments against the Collateral and, upon the failure of Debtor to do so, Secured Party at its option may pay any of them and shall be the sole judge of the legality or validity thereof and of the amount necessary to discharge the same.

Section 4.03 Possession of Collateral. Secured Party shall be deemed to have possession of any of the Collateral in transit to it or set apart for it. Otherwise the Collateral shall remain in Debtor's possession or control at all times at Debtor's risk of loss and shall (except for temporary removal consistent with its normal use) be kept at the locations represented in Section 3.05 hereof and any other locations) agreed to in writing by Secured Party.

Section 4.04 Inspection of Collateral. Secured Party may from time to time, upon request, inspect Debtor's records concerning the General Intangibles, the originals of the Related Rights, and other Collateral.

Section 4.05 Further Assurances. Debtor will from time to time sign, execute, deliver and file, alone or with Secured Party, any financing statements, security agreements or other documents; patent office filings; procure any instruments or documents as may be requested by Secured Party; and take all further action that may be necessary or desirable, or that Secured Party may request, to conform, perfect, preserve and protect the security interests intended to be granted hereby, and in addition, Debtor hereby authorizes Secured Party to execute and deliver on behalf of Debtor and to file such financing statements, patent office documents, security agreements and other documents without the signature of Debtor either in Secured Party's name or in the name of Debtor and as agent and attorney-in-fact for Debtor. Debtor shall do all such additional and further acts or things, give such assurances and execute such documents or instruments as Secured Party requires to vest more completely in and assure to Secured Party its rights under this Security Agreement, including, without limiting the generality of the foregoing, (i) marking conspicuously each item of chattel paper included in the Collateral with a legend and, at the request of Secured Party, each of its records pertaining to the Collateral with a legend in form and substance satisfactory to Secured Party, indicating that such Collateral is subject to the security interest granted by this Security Agreement and (ii) if any General Intangible or Related Right is evidenced by a note, chattel paper or other instrument, transferring, delivering, and assigning to Secured Party such note, chattel paper or other instrument duly endorsed and accompanied by duly executed instruments of transfer and assignment, all in form and substance satisfactory to Secured Party, to be held by Secured Party as Collateral under this Security Agreement.

Section 4.06 Filing Reproductions. At the option of Secured Party, a carbon, photographic or other reproduction of this Security Agreement or of a financing statement covering the Collateral shall be sufficient as a financing statement and may be filed as a financing statement.

Section 4.07 Delivery of Information. Debtor will transmit to Secured Party promptly all information that Debtor may have or receive with respect to (i) the Collateral or (ii) General Intangibles and the Related Rights which might in any way affect the value of the Collateral or Secured Party's right or remedies with respect thereto.

Section 4.08 Compromise of Collateral. Debtor will not adjust, settle or compromise, or permit any such adjustment, settlement or compromise of, any of the General Intangibles or the Related Rights without the prior written consent of Secured Party.

Section 4.09 Expenses. Debtor agrees to pay to Secured Party at Secured Party's address all advances, charges, costs and expenses (including attorneys' fees and legal expenses) incurred by Secured Party in connection with conforming, perfecting and preserving the security interest created under this Security Agreement, in connection with protecting Secured Party against the claims or interests of any Person against the Collateral, and in exercising any right, power or remedy conferred by this Security Agreement or by law or in equity (including, but not limited to, attorney's fees and legal expenses incurred by Secured Party in the collection of instruments deposited with or purchased by Secured Party and amounts incurred in connection with the operation, maintenance or foreclosure of any or all of the Collateral). The amount of all such advances, charges, costs and expenses shall be due and payable by Debtor to Secured Party upon demand together with statutory interest thereon.

Section 4.10 Financing Statement Filings; Notifications. Debtor authorizes Secured Party and recognizes that financing and other statements pertaining to the Collateral will be filed with the offices of the Secretary of State for the State of Colorado, the Patent Office, and other appropriate offices. Debtor will immediately notify Secured Party of any condition or event that may change the proper location for the filing of any financing statements or other public notice or recordings for the purpose of perfecting a security interest in the Collateral. Without limiting the generality of the foregoing, Debtor will (a) immediately notify Secured Party of any change to a jurisdiction other than as represented in Section 3.03 hereof (i) in the location of Debtor's chief executive office or chief place of business; (ii) in the location of the office where Debtor keeps its records concerning the General Intangibles; or (iii) in the "location" of Debtor within the meaning of Section 9-307 of the Code; (iv) in its state of incorporation or organization, as the case may be; and (b) immediately notify Secured Party of any change in Debtor's name, identity or corporate partnership structure or entity structure, as the case may be. In any notice furnished pursuant to this paragraph, Debtor will expressly state that the notice is required by this Security Agreement and contains facts that will or may require additional filings of financing statements or other notices for the purpose of continuing perfection of the Secured Party's security interest in the Collateral.

Section 4.11 Insurance. Debtor shall have and maintain, with financially sound and reputable insurers, insurance satisfactory in all respects to Secured Party. Policies evidencing any such property insurance shall contain a standard mortgagee's endorsement providing for payment of any loss to Secured Party and shall provide for a minimum of thirty (30) days' prior written notice to Secured Party of any cancellation. Debtor shall furnish Secured Party with certificates or other evidence of compliance with the foregoing insurance provisions. Secured Party may act as attorney for Debtor and Debtor hereby irrevocably appoints Secured Party as Debtor's true and lawful attorney and agent-in-fact, with full power of substitution, in Secured

Party's name or Debtor's name or otherwise, but at Debtor's cost and expense and without notice to Debtor, to obtain, adjust, sell and cancel such insurance and endorse any draft drawn by insurers of the goods included in the Collateral. If any insurance policy covering the Collateral expires or is cancelled before the Indebtedness is paid in full or before the termination of the Commitment, at Secured Party's option, Secured Party may obtain replacement insurance which may, but need not, be single interest insurance in favor of Secured Party and Secured Party may pay the premiums thereunder.

ARTICLE V

RIGHTS, REMEDIES AND DEFAULT

Section 5.01 With Respect to Collateral. Secured Party is hereby fully authorized and empowered (without the necessity of any further consent or authorization from Debtor) and the right is expressly granted to Secured Party, and Debtor hereby constitutes, appoints and makes Secured Party as Debtor's true and lawful attorney-in-fact and agent for Debtor and in Debtor's name, place and stead with full power of substitution, in Secured Party's name or Debtor's name or otherwise, for Secured Party's sole use and benefit, but at Debtor's cost and expense, to exercise, without notice, all or any of the following powers at any time with respect to all or any of the Collateral (regardless of whether any Default has occurred or not):

- (a) to demand, sue for, collect, receive and give acquittance for any and all monies due or to become due by virtue thereof and otherwise deal with proceeds;
- (b) to receive, take, endorse, assign and deliver any and all checks, notes, drafts, documents, patent office documents and other negotiable and non-negotiable instruments and chattel paper taken or received by Secured Party in connection therewith;
- (c) to settle, compromise, compound, prosecute or defend any action or proceeding with respect thereto;
- (d) to sell, transfer, assign or otherwise deal in or with the same or the proceeds or avails thereof or the relative goods, as fully and effectively as if Secured Party were the absolute owner thereof; and
- (e) to extend the time of payment of any or all thereof and to grant waivers and make any allowance or other adjustment with reference thereto;
- (f) to make any and all filings, initiate and take all actions, or otherwise act in order to prosecute, perfect, assemble, define and protect the Collateral whatsoever;

provided, however, Secured Party shall be under no obligation or duty to exercise any of the powers hereby conferred upon it and shall be without liability for any act or failure to act in connection with the collection of, or the preservation of any rights under, any Collateral.

Section 5.02 Event of Default. The occurrence of any or all of the following shall be considered an "Event of Default" under this Security Agreement:

- (i) default is made in the Transfer Agreement; or
- (ii) any representation or warranty made by the Debtor or others in this Security Agreement or in any other Security Instrument proves to have been incorrect in any material respect as of the date thereof; or
- (iii) default is made in the due observance or performance of any of the covenants (whether affirmative or negative) or agreements in this Security Agreement or in any other Security Instrument to be kept or performed by the Debtor and such default continues unremedied beyond the expiration of any applicable grace period which may be expressly allowed under such Security Instrument; or
- (iv) a receiver, conservator, liquidator or trustee of the Debtor or any interest Debtor may have in any property or asset, whether real, personal or mixed, tangible or intangible (any such property or interest herein called "Debtor's Property") is appointed by the order or decree of any court or agency or supervisory authority having jurisdiction, and such decree or order remains in effect for more than thirty (30) days; or the Debtor is adjudicated bankrupt or insolvent; or any of Debtor's Property is sequestered by court order and such order remains in effect for more than thirty (30) days; or a petition is filed against the Debtor under any state or federal bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution, liquidation or receivership law of any jurisdiction, whether now or hereafter in effect, and is not dismissed within thirty (30) days after such filing; or
- (v) the Debtor files a petition in voluntary bankruptcy or seeks relief under any provisions of any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction, whether now or hereafter in effect, or consents to the filing of any petition against it under any such law; or
- (vi) the Debtor makes an assignment for the benefit of its creditors, or admits in writing its inability to pay its debts generally as they become due, or consents to the appointment of a receiver, trustee or liquidator of the Debtor or of all or any part of Debtor's property; or
- (vii) Debtor discontinues its usual business; or

(viii) the Debtor fails to make any payment due on any indebtedness or security (as "security" is defined in the Securities Act of 1933, as amended); or any event shall occur or any condition shall exist in respect of any indebtedness or security of the Debtor, or under any agreement securing or relating to such indebtedness or security, the effect of which is (i) to cause or to permit any holder of such indebtedness or other security or a trustee to cause (whether or not such holder or trustee elects to cause) such indebtedness or security, or a portion thereof, to become due prior to its stated maturity or prior to its regularly scheduled dates of payment, or (ii) to permit a trustee or the holder of any security (other than common stock of the Debtor) to elect (whether or not such holder or trustee does elect) a majority of the directors on the board of directors of the Debtor; or

(ix) judgment for the payment of money in excess of \$50,000 is rendered by any court or other governmental body against the Debtor and the Debtor does not discharge the same or provide for its discharge in accordance with its terms, or procure a stay of execution thereof within thirty (30) days from the date of entry thereof, and within said period of thirty (30) days from the date of entry thereof or such longer period during which execution of such judgment shall have been stayed, appeal therefrom and cause the execution thereof to be stayed during such appeal while providing such reserves therefor as may be required under generally accepted accounting principles; or

(x) the Security Instruments after delivery thereof shall for any reason, except to the extent permitted by the terms thereof, cease to create a valid and perfected first priority lien in any of the collateral purported to be covered thereby, or the Debtor (or any other person who may have granted or purported to grant such lien) shall so state in writing; or

(xi) any deterioration, impairment or decline in character or value of any part of the Collateral or any other property subject to a lien in favor of the Lender under any Security Instrument (whether actual or anticipated) that causes the Collateral or such other Property in the judgment of the Lender to become unsatisfactory as to character or value, and such deterioration, impairment or decline in character or value was caused by the action or inaction of the Debtor; or

(xii) any material adverse change occurs in Debtor's ability to carry out its business as presently conducted or presently proposed to be conducted or to meet its obligations under any of the Security Instruments on a timely basis; or

(xiii) the Lender shall declare a default under any of the Security Instruments.

Section 5.03 Default Remedies. On the happening, or at any time thereafter, of any Event of Default specified in Section 5.02 hereof, which Event of Default remains uncured for thirty days after written notice thereof to Debtor in accordance with paragraph 1(b) of the

Transfer Agreement, Secured Party (in addition to all rights and remedies under the other Security Instruments and in addition to all rights and remedies of a secured party under the Code or other applicable statute or rule) shall have the following rights and remedies:

(a) Secured Party may at any time and from time to time, without process of law or prior intervention of any court or other proceeding, enter upon the premises of Debtor (or any other premises where the Collateral is located) without resistance or interference by Debtor and immediately assemble, collect and take possession of the Collateral or render the Collateral unusable, without being deemed guilty of trespass and without liability for damages thereby occasioned. In the event that Secured Party does not personally repossess or take possession of the Collateral, Secured Party may proceed to obtain a court order for the possession or other disposition of the Collateral without prior hearing, and Debtor expressly waives all rights to such prior hearing;

(b) Secured Party may require Debtor and Debtor agrees to assemble the Collateral and make it available, immediately upon notice by Debtor, at a place designated by Secured Party, reasonably convenient to both parties, to allow Secured Party to take possession of the Collateral for purposes of effecting a sale or other disposition of the Collateral;

(c) Secured Party may apply, offset, collect, sell in one or more sales, lease, or otherwise dispose of, any or all of the Collateral in its then condition or following any commercially reasonable preparation or processing in such order as Secured Party may elect; any such sale may be made either at public or private sale at its place of business or elsewhere, or at any brokers' board or securities exchange, either for cash or upon credit or for future delivery, at such price and on such terms as Secured Party may deem fair, and Secured Party may be the Purchaser of any or all Collateral so sold and may hold the same thereafter in its own right free from any claim of Debtor or any right of redemption. No such purchase or holding by Secured Party shall be deemed a retention of Secured Party in satisfaction of the Obligations. To the extent permitted by applicable law, any sale hereunder may be conducted by an auctioneer or any officer or agent of Secured Party.

(d) Debtor specifically waives all demands, notices and advertisements, and the presentment of property at sale. If notwithstanding the foregoing provisions, any applicable provision of the Code or other applicable statute or rule requires Secured Party to give reasonable notice of any such sale, disposition or other action, Debtor hereby agrees five days' written notice shall constitute reasonable notice.

(e) Secured Party may record in Debtor's name all necessary documents in order to transfer the Collateral from Debtor's name to another party including Secured Party.

- (f) Secured Party may take those actions described in Section 5.01.
- (g) Secured Party may effect the transfer of the Technology to Secured Party or its assignee.

Section 5.04 Proceeds. After the happening of any Event of Default specified in Section 5.02 hereof, the proceeds, if any, from a sale or other disposition of the Collateral and all sums received or collected by Secured Party from or on account of the Collateral shall be applied by Secured Party in the manner set forth in the Code.

Section 5.05 Secured Party's Duties. The powers conferred upon Secured Party by this Security Agreement are solely to protect its interest in the Collateral and shall not impose any duty upon Secured Party to exercise any such powers. Except as provided in paragraph 1b. of the Transfer Agreement which requires that Secured Party give Debtor written notice of a default, Secured Party shall be under no duty whatsoever to make or give any presentment, demand for performance, notice of nonperformance, protest, notice of protest, notice of dishonor, or other notice or demand in connection with any Collateral or the Obligations, or to take any steps necessary to preserve any rights against prior parties. Secured Party shall not be liable for failure to collect or realize upon any or all of the Obligations or Collateral, or for any delay in so doing, nor shall Secured Party be under any duty to take any action whatsoever with regard thereto. Secured Party shall use reasonable care in the custody and preservation of any Collateral in its possession but need not take any steps to keep the Collateral identifiable. Secured Party shall have no duty to comply with any recording, filing, or other legal requirements necessary to establish or maintain the validity, priority or enforceability of, or Secured Party's right in or to, any of the Collateral.

Section 5.06 Secured Party's Actions. Debtor waives any right to require Secured Party to proceed against any person, exhaust any Collateral, or have any Other Liable Party joined with Debtor in any suit arising out of the Obligations or this Security Agreement or pursue any other remedy in Secured Party's power; waives any and all notice of acceptance of this Security Agreement or of creation, modification, rearrangement, renewal or extension for any period of any of the Obligations from time to time; and waives any defense arising by reason of any disability or other defense of any Other Liable Party, or by reason of the cessation from any cause whatsoever of the liability of any Other Liable Party. All dealings between Debtor and Secured Party, whether or not resulting in the creation of the Obligations, shall conclusively be presumed to have been had or consummated in reliance upon this Security Agreement. Until all the Obligations shall have been paid in full, Debtor shall have no right to subrogation, and Debtor waives any right to enforce any remedy which Secured Party now has or may hereafter have against Other Liable Party and waives any benefit of and any right to participate in any Collateral or security whatsoever now or hereafter held by Secured Party. Debtor authorizes Secured Party, without notice or demand and without any reservation of rights against Debtor and without affecting Debtor's liability hereunder or on the Obligations, from time to time to (a) take and hold any other Property as collateral, other than the Collateral, as security for any or all of the Obligations, and exchange, enforce, waive and release any or all of the Collateral or such

other Property; (b) apply the Collateral or such other Property and direct the order or manner of sale thereof as Secured Party in its discretion may determine; (c) renew, extend for any period, accelerate, modify, compromise, settle or release the obligation of any Other Liable Party with respect to any or all of the Obligations or Collateral; (d) waive, enforce, modify, amend or supplement any of the provisions of any of the Security Instruments, including the Transfer Agreement; and (e) release or substitute any Other Liable Party.

Section 5.07 Continuing Agreement. This is a continuing agreement and the grant of a security interest hereunder shall remain in full force and effect and all the rights, powers and remedies of Secured Party hereunder shall continue to exist until the Obligations are paid in full; until Secured Party has no further obligation to advance monies to Debtor under the Transfer Agreement or otherwise and until Secured Party, upon request of Debtor, has executed a written termination statement, reassigned to Debtor, without recourse, the Collateral and all rights conveyed hereby and returned possession of the Collateral to Debtor. Furthermore, it is contemplated by the parties hereto that there may be times when no Indebtedness is owing; but notwithstanding such occurrences, this Security Agreement shall remain valid and shall be in full force and effect as to subsequent indebtedness provided Secured Party has not executed a written termination statement and returned possession of the Collateral to Debtor. Otherwise this Security Agreement shall continue irrespective of the fact that the liability of any Other Liable Party may have ceased, or irrespective of the validity or enforceability of the Security Instruments, including the Transfer Agreement, to which any Other Liable Party may be a party, and notwithstanding the reorganization, death, incapacity or bankruptcy of any Other Liable Party, and notwithstanding the reorganization or bankruptcy of Debtor, or any other event or proceeding affecting Debtor or any Other Liable Party.

Section 5.08 Cumulative Rights. The rights, powers and remedies of Secured Party hereunder shall be in addition to all rights, powers and remedies given by statute or rule of law and are cumulative. The exercise of any one or more of the rights, powers and remedies provided herein shall not be construed as a waiver of any other rights, powers and remedies of Secured Party. Furthermore, regardless of whether or not the Uniform Commercial Code is in effect in the jurisdiction where such rights, powers and remedies are asserted, Secured Party shall have the rights, powers and remedies of a secured party under the Code.

Section 5.9 Exercise of Rights, Etc. Time shall be of the essence for the performance of any act under this Security Agreement or the Obligations by Debtor or Other Liable Party, but neither Secured Party's acceptance of partial or delinquent payments nor any forbearance, failure or delay by Secured Party in exercising any right, power or remedy shall be deemed a waiver of any obligation of Debtor or of Other Liable Party or of any right, power or remedy of Secured Party or preclude any other or further exercise thereof; and no single or partial exercise of any right, power or remedy shall preclude any other or further exercise thereof, or the exercise of any other right, power or remedy.

Section 5.10 Remedy and Waiver. Secured Party may remedy any Default and may waive any Default without waiving the Default remedied or waiving any prior or subsequent Default.

Section 5.11 Non-Judicial Remedies. Secured Party may enforce its rights hereunder without prior judicial process or judicial hearing, and Debtor expressly waives, renounces and knowingly relinquishes any and all legal rights which might otherwise require Secured Party to enforce its rights by judicial process. In so providing for non-judicial remedies, Debtor recognizes and concedes that such remedies are consistent with the usage of the trade, are responsive to commercial necessity, and are the result of bargaining at arm's length. Nothing herein is intended to prevent Secured Party or Debtor from resorting to judicial process at either party's option.

ARTICLE VI

MISCELLANEOUS

Section 6.01 Preservation of Liability. Neither this Security Agreement nor the exercise by Secured Party of (or the failure to so exercise) any right, power or remedy conferred herein or by law shall be construed as relieving any Person liable on the Obligations from liability on the Obligations and for any deficiency thereon.

Section 6.02 Notices. Any notice or demand under this Security Agreement or in connection with this Security Agreement may be given as provided in the Transfer Agreement, but actual notice, however given or received, shall always be effective.

Section 6.03 Construction. This Security Agreement has been made in and the security interest granted hereby is granted in and each shall be governed by laws of the State of Colorado (except to the extent that the laws of any other jurisdiction govern the perfection and priority of the security interest granted hereby) and of the United States of America, as applicable, in all respects, including matters of construction, validity, enforcement and performance.

Section 6.04 Amendment and Waiver. This Security Agreement may not be amended (nor may any of its terms be waived) except in the manner provided in the Transfer Agreement.

Section 6.05 Invalidity. If any provision of this Security Agreement is rendered or declared invalid, illegal or unenforceable by reason of any existing or subsequently enacted legislation or by a judicial decision which shall have become final, Debtor and Secured Party shall promptly meet and negotiate substitute provisions for those rendered invalid, illegal or unenforceable, but all of the remaining provisions shall remain in full force and effect.

Section 6.06 Survival of Agreements. All representations and warranties of Debtor herein, and all covenants and agreements herein not fully performed before the effective date of this Security Agreement, shall survive such date.

Section 6.07 Successors and Assigns. The covenants and agreements herein contained by or on behalf of Debtor shall bind Debtor, and Debtor's legal representatives, successors and assigns and shall inure to the benefit of Secured Party, its successors and assigns.

Section 6.08 Title of Articles, Sections and Subsections. All titles or headings to articles, sections, subsections or other divisions of this Security Agreement are only for the convenience of the parties and shall not be construed to have any effect or meaning with respect to the other content of such articles, sections, subsections or other divisions, such other content being controlling as to the agreement between the parties hereto.

Section 6.09 Venue and Choice of Law. This Security Agreement shall be interpreted under the laws of the State of Colorado, excluding rules relating to conflict of laws. Venue for any dispute or proceeding shall be Denver County, Colorado.

Section 6.10 Counterparts. This Security Agreement may be executed in two or more counterparts, and it shall not be necessary that the signatures of all parties hereto be contained on any one counterpart hereof; each counterpart shall be deemed an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be duly executed as of the date set forth above.

DEBTOR:

ROCK-IT MARKETING, LLC,
d/b/a CONDECCO, a Colorado limited
liability company

By:  _____

Printed: Bruce Harrington

Title: Chief Executive Officer