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FORM PTO-1595

(Rev. 08/05)

Office OMB No. 0651-0027 (exp. 06/30/2008)



R SHEET

U.S. DEPARTMENT OF COMMERCE

United States Patent and Trademark

103352134 ONLY

To the Director of the U.S. Patent and Trademark Office: Please record the attached documents or the new address(es) below.

1. Name of conveying party(ies):

Silicon Valley Bank

3003 Tasman Dr HF-154

Santa Clara, CA 95054

Additional name(s) of conveying party(ies) attached? ☐ Yes ☒ No**3. Nature of conveyance/Execution Date(s):**

Execution Date: 12/08/2006

- ☐ Assignment ☐ Merger
☐ Security Agreement ☐ Change of Name
☐ Joint Research Agreement
☐ Government Interest Assignment
☐ Executive Order 9424, Confirmatory License
☒ Other : Release

2. Name and address of receiving party(ies):

Name: Vistascape Security Systems Corp

Internal Address:

Street Address: 5901 B Peachtree Dunwoody Rd Ste 550

City: Atlanta

State: GA

Country: USA

Zip: 30328

Additional name(s) & address(es) attached? ☐ Yes ☒ No**4. Application or patent number(s):**☐ This document is being filed together with a new application.

A. Patent Application No.(s)

B. Patent No.(s)

7,106,333

6,989,745

Additional numbers attached? ☐ Yes ☒ No**5. Name and address of party to whom correspondence concerning document should be mailed:**

Name: Silicon Valley Bank

Internal Address: Loan Collateral HF154

Street Address: 3003 Tasman Drive

City: Santa Clara

State: CA

Zip: 95054

Phone Number: (408) 654-4042

Fax Number: (408) 654-6313

Email Address: ldc@svbank.com

6. Total number of applications and patents involved: 2

7. Total fee (37 CFR 1.21 (h) & 3.41) \$80.00

- ☐ Authorized to be charged by credit card
☐ Authorized to be charged to deposit account
☒ Enclosed
☐ None required (government interest not affecting title)

8. Payment Information

a. Credit Card Last 4 Numbers

Expiration Date

b. Deposit Account Number

Authorized User Name

9. Signature: Lana Lowe Signature

Date

Lana Lowe

Name of Person Signing

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

Documents to be recorded (including cover sheet) should be faxed to (571) 273-0140, or mailed to:
 Mail Stop Assignment Recordation Services, Director of the USPTO, P.O. Box 1450, Alexandria, V.A. 22313-1450

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PATENT
 REEL: 018711 FRAME: 0491

SILICON VALLEY BANK LOAN AND SECURITY AGREEMENT

This **LOAN AND SECURITY AGREEMENT** (this "Agreement") dated as of March 28, 2005, between **SILICON VALLEY BANK**, a California chartered bank, with its principal place of business at 3003 Tasman Drive, Santa Clara, California 95054 (FAX (408) 980-6410) ("Bank") and **VISTASCAPE SECURITY SYSTEMS CORP.**, a Georgia corporation, with offices at 5901B Peachtree Dunwoody Road, Suite 550, Atlanta, GA 30328 (FAX (678) 919-1142) ("Borrower"), provides the terms on which Bank shall lend to Borrower and Borrower shall repay Bank. The parties agree as follows:

1 ACCOUNTING AND OTHER TERMS

Accounting terms not defined in this Agreement shall be construed following GAAP. Calculations and determinations must be made following GAAP. The term "financial statements" includes the notes and schedules. The terms "including" and "includes" always mean "including (or includes) without limitation," in this or any Loan Document. Capitalized terms in this Agreement shall have the meanings set forth in Section 13. All other terms contained in this Agreement, unless otherwise indicated, shall have the meanings provided by the Code, to the extent such terms are defined therein.

2 LOAN AND TERMS OF PAYMENT

2.1 Promise to Pay. Borrower hereby unconditionally promises to pay Bank the unpaid principal amount of all Advances hereunder with all interest, fees and finance charges due thereon as and when due in accordance with this Agreement.

2.1.1 Financing of Accounts.

(a) Availability. (i) Subject to the terms of this Agreement, Borrower may request that Bank finance specific Eligible Accounts. Bank may, in its good faith business discretion in each instance, finance such Eligible Accounts by extending credit to Borrower in an amount equal to the result of the Advance Rate multiplied by the face amount of the Eligible Account (the "Advance"). Bank may, in its sole discretion, change the percentage of the Advance Rate for a particular Eligible Account on a case by case basis. When Bank makes an Advance, the Eligible Account becomes a "Financed Receivable."

(ii) Subject to the terms of this Agreement, Borrower may also request advances of up to \$500,000 on a non-formula basis (a "Sublimit Advance"). Notwithstanding anything to the contrary elsewhere herein, all outstanding Sublimit Advances plus accrued but unpaid Interest thereon, shall be due and payable on the earlier of (A) June 15, 2005 or (B) the closing date of Borrower's Equity Financing (the "Sublimit Maturity Date").

(iii) Subject to the terms of this Agreement and at all times that Borrower maintains an Adjusted Quick Ratio of not less than 1.25:1.00, Borrower may request that Bank make advances of an amount up to (A) \$1,500,000 (Net) less (B) the amount of outstanding Sublimit Advances; in the aggregate outstanding at any one time (each a "PO Advance"), to fund purchase orders with qualified shipping dates within 90 days (a "Purchase Order"), which will, upon advance by Bank to Borrower, be considered a "Financed Receivable" for purposes of this Agreement. In the event the aggregate amount of Sublimit Advances and PO Advances exceeds \$1,500,000 at any time, Borrower will immediately repay the difference. Notwithstanding anything to the contrary elsewhere herein, all outstanding PO Advances plus accrued but unpaid Finance Charges thereon, shall be due and payable immediately if Borrower's Adjusted Quick Ratio falls below 1.25:1.00.

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(b) Maximum Advances. The aggregate face amount of all Financed Receivables and Sublimit Advances outstanding at any time may not exceed the Facility Amount.

(c) Borrowing Procedure. Borrower will deliver an Invoice Transmittal for each Eligible Account it offers. Bank may rely on information set forth in or provided with the Invoice Transmittal.

(d) Credit Quality; Confirmations. Bank may, at its option, conduct a credit check of the Account Debtor for each Account requested by Borrower for financing hereunder in order to approve any such Account Debtor's credit before agreeing to finance such Account. Bank may also verify directly with the respective Account Debtors the validity, amount and other matters relating to the Accounts (including confirmations of Borrower's representations in Section 5.3) by means of mail, telephone or otherwise, from time to time in its sole discretion.

(e) Accounts Notification/Collection. Bank may notify any Person owing Borrower money of Bank's security interest in the funds and verify and/or collect the amount of the Account.

(f) Early Termination. This Agreement may be terminated prior to the Maturity Date as follows: (i) by Borrower, effective three Business Days after written notice of termination is given to Bank; or (ii) by Bank at any time after the occurrence of an Event of Default, without notice, effective immediately. If this Agreement is terminated (A) by Bank in accordance with clause (ii) in the foregoing sentence, or (B) by Borrower for any reason, Borrower shall pay to Bank a termination fee in an amount determined by dividing the Minimum Finance Charge by 30 and multiplying the result by the number of days remaining from the date of termination through the Maturity Date (the "Early Termination Fee"). The Early Termination Fee shall be due and payable on the effective date of such termination and thereafter shall bear interest at a rate equal to the highest rate applicable to any of the Obligations. Notwithstanding the foregoing, Bank agrees to waive the Early Termination Fee if Bank agrees to refinance and redocument this Agreement under another division of Bank (in its sole and exclusive discretion) prior to the Maturity Date.

(g) Maturity. This Agreement shall terminate and all Obligations outstanding hereunder shall be immediately due and payable on the Maturity Date.

(h) Suspension of Advances. Borrower's ability to request that Bank finance Eligible Accounts hereunder will terminate if, in Bank's sole discretion, there has been a material adverse change in the general affairs, management, results of operation, condition (financial or otherwise) or the prospect of repayment of the Obligations, or there has been any material adverse deviation by Borrower from the most recent business plan of Borrower presented to and accepted by Bank prior to the execution of this Agreement.

2.2 Collections, Finance Charges, Remittances and Fees. The Obligations shall be subject to the following fees, Finance Charges and Interest. Unpaid fees, Finance Charges and Interest may, in Bank's discretion, accrue additional interest and fees as described in Section 9.2 hereof.

2.2.1 Collections. Collections will be credited to the Financed Receivable Balance for such Financed Receivable, but if there is an Event of Default then existing, Bank may apply Collections to the Obligations in any order it chooses. If Bank receives a payment for both a Financed Receivable and a non-Financed Receivable, the funds will first be applied to the Financed Receivable, and, if there is no Event of Default then existing, the excess will be remitted to Borrower, subject to Section 2.2.7.

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2.2.2 Facility Fee. A fully earned, non-refundable facility fee of Twenty Thousand Dollars (\$20,000) is due upon execution of this Agreement.

2.2.3 Finance Charges; Interest. In computing Finance Charges on the Obligations under this Agreement, all Collections received by Bank shall be deemed applied by Bank on account of the Obligations three (3) Business Days after receipt of the Collections. Borrower will pay a finance charge (the "Finance Charge") on each Financed Receivable which is equal to the Applicable Rate divided by 360 multiplied by the number of days each such Financed Receivable is outstanding multiplied by the outstanding Financed Receivable Balance for such Financed Receivable. The Finance Charge is payable when the Advance or PO Advance made based on such Financed Receivable is payable in accordance with Section 2.3 hereof. When and if Borrower's Adjusted Quick Ratio is equal to or less than 2.50 to 1.00, in the event that the aggregate amount of Finance Charges earned by Bank in any Reconciliation Period is less than the Minimum Finance Charge, Borrower shall pay to Bank an additional Finance Charge equal to (i) the Minimum Finance Charge minus (ii) the aggregate amount of all Finance Charges earned by Bank in such Reconciliation Period. Such additional Finance Charge shall be payable on the first day of next Reconciliation Period.

Sublimit Advances accrue interest on the outstanding principal balance at a per annum rate equal to the Prime Rate plus four and one half percent (4.5%) per annum (the "Interest"). Interest due on Sublimit Advances is payable on the first day of each month. Payments received after 3:00 p.m. Eastern time are considered received at the opening of business on the next Business Day. When a payment is due on a day that is not a Business Day, the payment is due the next Business Day and additional interest shall accrue.

2.2.4 Collateral Handling Fee. Borrower will pay to Bank a collateral handling fee equal to (a) when Borrower's Adjusted Quick Ratio is equal to or greater than 1.50 to 1.00, 0.15% and (b) when Borrower's Adjusted Quick Ratio is less than 1.50 to 1.00, 0.45%; per calendar month (pro rata for any partial calendar months during the term of this Agreement) of the average gross daily Financed Receivable Balance of each applicable calendar month for each Financed Receivable outstanding based upon a 360 day year (the "Collateral Handling Fee"). The Collateral Handling Fee is payable when the Advance or PO Advance made based on such Financed Receivable is payable in accordance with Section 2.3 hereof. In Computing Collateral Handling Fees under this agreement, all Collections received by Bank shall be deemed applied by Bank on account of Obligations three (3) Business Days after receipt of the Collections. After an Event of Default, the Collateral Handling Fee will increase an additional 0.50% effective immediately upon such Event of Default. There shall be no Collateral Handling Fee payable on Sublimit Advances.

2.2.5 Accounting. After each Reconciliation Period, Bank will provide an accounting of the transactions for that Reconciliation Period, including the amount of all Financed Receivables, Sublimit Advances, all Collections, Adjustments, Finance Charges, Interest, Collateral Handling Fee and the Facility Fee. If Borrower does not object to the accounting in writing within thirty (30) days it shall be considered accurate. All Finance Charges, Interest and other interest and fees are calculated on the basis of a 360-day year and actual days elapsed.

2.2.6 Deductions. Bank may deduct fees, Finance Charges, Interest, Advances, PO Advances, and Sublimit Advances which become due pursuant to Section 2.3, and other amounts due pursuant to this Agreement from any Advances, PO Advances or Sublimit Advances made or Collections received by Bank.

2.2.7 Lockbox; Account Collection Services. Borrower shall direct each Account Debtor (and each depository institution where proceeds of Accounts are on deposit) to remit payments with respect to the Accounts to a lockbox account established with Bank or to wire transfer payments to a cash collateral account that Bank controls (collectively, the "Lockbox"). It will be considered an immediate Event of Default if the Lockbox is not set-up and operational

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within forty-five (45) days from the date of this Agreement. Until such Lockbox is established, the proceeds of the Accounts shall be paid by the Account Debtors to an address consented to by Bank. Upon receipt by Borrower of such proceeds, the Borrower shall immediately transfer and deliver same to Bank, along with a detailed cash receipts journal. Provided no Event of Default exists or an event that with notice or lapse of time will be an Event of Default, within three (3) days of receipt of such amounts by Bank, Bank will turn over to Borrower the proceeds of the Accounts other than Collections with respect to Financed Receivables and the amount of Collections in excess of the amounts for which Bank has made an Advance or PO Advance to Borrower, less any amounts due to Bank, such as Finance Charges, Interest, the Facility Fee, payments due to Bank, other fees and expenses, or otherwise; provided, however, Bank may hold such excess amount with respect to Financed Receivables as a reserve until the end of the applicable Reconciliation Period if Bank, in its discretion, determines that other Financed Receivable(s) may no longer qualify as an Eligible Account at any time prior to the end of the subject Reconciliation Period. This Section does not impose any affirmative duty on Bank to perform any act other than as specifically set forth herein. All Accounts and the proceeds thereof are Collateral and if an Event of Default occurs and is continuing, Bank may apply the proceeds of such Accounts to the Obligations.

2.2.8 Good Faith Deposit. Borrower has paid to Bank a Good Faith Deposit of \$10,000 (the "Good Faith Deposit") to initiate Bank's due diligence review process. Any portion of the Good Faith Deposit not utilized to pay Bank Expenses will be applied to the Facility Fee.

2.2.9 Agreements Concerning Interest and Other Charges. Borrower and the Bank agree that the only charges imposed or to be imposed by Bank upon Borrower for the use of money in connection with the Obligations is and will be the interest required to be paid under the provisions of this Agreement as well as the related provisions of the Loan Documents. The amount of interest due and payable under this Agreement or the Loan Documents will not exceed the maximum rate of interest allowed by applicable law and, if any payment is made by Borrower or received by Bank in excess of such payment, such sum shall be credited as a payment of principal. It is the express intent that Borrower not pay and the Bank not receive, directly or indirectly or in any manner, interest in excess of that which may be lawfully paid under applicable law. All interest and other charges, fees or other amounts deemed to be interest which are paid or agreed to be paid to Bank under this Agreement or the Loan Documents shall, to the maximum extent permitted by applicable law, be amortized, allocated and spread on a pro-rata basis throughout the entire actual term of the Obligations. Any and all fees payable under this Agreement are not intended, and will not be deemed to be interest or a charge for use of money, but rather will constitute an "other charge" within the meaning of O.C.G.A. 7-4-2(a)(1).

2.3 Repayment of Obligations; Adjustments.

2.3.1 Repayment. Borrower will repay each Advance or PO Advance on the earliest of: (a) the date on which payment is received of the Financed Receivable with respect to which the Advance was made, (b) the date on which the Financed Receivable is no longer an Eligible Account, (c) the date on which any Adjustment is asserted to the Financed Receivable (but only to the extent of the Adjustment if the Financed Receivable remains otherwise an Eligible Account), (d) the date on which there is a breach of any warranty or representation set forth in Section 5.3 or a breach of any covenant in this Agreement, or (e) the Maturity Date (including any early termination). Each payment will also include all accrued Finance Charges and Collateral Handling Fees with respect to such Advance or PO Advance and all other amounts then due and payable hereunder. Borrower will repay each Sublimit Advance on the Sublimit Maturity Date (including any early termination)

2.3.2 Repayment on Event of Default. When there is an Event of Default, Borrower will, if Bank demands (or, upon the occurrence of an Event of Default under Section 8.5, immediately without notice or demand from Bank) repay all of the Advances, PO Advances and Sublimit Advances. The demand may, at Bank's option, include the Advance or PO Advance for

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each Financed Receivable then outstanding and all accrued Finance Charges, Sublimit Advances and all accrued Interest thereon, the Early Termination Fee, Collateral Handling Fee, attorneys and professional fees, court costs and expenses, and any other Obligations.

2.3.3 Debit of Accounts. Bank may debit any of Borrower's deposit accounts for payments or any amounts Borrower owes Bank hereunder upon any such amount becoming due hereunder. Bank shall promptly notify Borrower when it debits Borrower's accounts. These debits shall not constitute a set-off.

2.3.4 Adjustments. If at any time during the term of this Agreement any Account Debtor asserts an Adjustment or if Borrower issues a credit memorandum or if any of the representations, warranties or covenants set forth in Section 5.3 are no longer true in all material respects, Borrower will promptly advise Bank.

2.4 Power of Attorney. Borrower irrevocably appoints Bank and its successors and assigns as attorney-in-fact and authorizes Bank, to: (i) following the occurrence of an Event of Default that shall be continuing, sell, assign, transfer, pledge, compromise, or discharge all or any part of the Financed Receivables; (ii) following the occurrence of an Event of Default that shall be continuing, demand, collect, sue, and give releases to any Account Debtor for monies due and compromise, prosecute, or defend any action, claim, case or proceeding about the Financed Receivables, including filing a claim or voting a claim in any bankruptcy case in Bank's or Borrower's name, as Bank chooses; (iii) following the occurrence of an Event of Default that shall be continuing, prepare, file and sign Borrower's name on any notice, claim, assignment, demand, draft, or notice of or satisfaction of lien or mechanics' lien or similar document; (iv) regardless of whether there has been an Event of Default, notify all Account Debtors to pay Bank directly; (v) regardless of whether there has been an Event of Default, receive, open, and dispose of mail addressed to Borrower; (vi) regardless of whether there has been an Event of Default, endorse Borrower's name on checks or other instruments (to the extent necessary to pay amounts owed pursuant to this Agreement); and (vii) regardless of whether there has been an Event of Default, execute on Borrower's behalf any instruments, documents, financing statements to perfect Bank's interests in the Financed Receivables and Collateral and do all acts and things necessary or expedient, as determined solely and exclusively by Bank, to protect or preserve, Bank's rights and remedies under this Agreement, as directed by Bank.

3 CONDITIONS OF LOANS

3.1 Conditions Precedent to Initial Advance. Bank's agreement to make an initial advance hereunder is subject to the condition precedent that Bank shall have received, in form and substance reasonably satisfactory to Bank, such documents, and completion of such other matters, as Bank may reasonably deem necessary or appropriate, including, without limitation, subject to the condition precedent that Bank shall have received, in form and substance satisfactory to Bank, the following:

- (a) a Corporate Borrowing Resolution;
- (b) an Intellectual Property Security Agreement;
- (c) subordination agreements by Paladin Homeland Security Fund, L.P. ("Paladin") and H.I.G. Ventures ("HIG");
- (d) Disclosure Schedule by Borrower;
- (e) Warrant to purchase up to 139,875 shares of Borrower's Series D Convertible Preferred Stock (the "Initial Warrant");

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- (f) insurance certificates;
- (g) payment of the fees and Bank Expenses then due and payable;
- (h) Certificate of Good Standing/Legal Existence from the Georgia Secretary of State;
- (i) Written commitment, acceptable to Bank in its reasonable judgment, for at least \$4,000,000 in equity financing from Paladin and HIG; and
- (j) such other documents, and completion of such other matters, as Bank may reasonably deem necessary or appropriate.

In addition, at the time of the first Sublimit Advance hereunder, if any, Borrower shall issue Bank an additional Warrant in substantially the same form as the Initial Warrant, to purchase up to 65,275 shares of Borrower's Series D Convertible Preferred Stock at a price per share equal to \$0.5361926.

3.2 Conditions Precedent to all Advances/PO Advances. Bank's agreement to make each Advance or PO Advance, including the initial advance, is subject to the following:

- (a) receipt of the Invoice Transmittal;
- (b) Bank shall have (at its option) conducted the confirmations and verifications as described in Section 2.1.1 (d); and
- (c) each of the representations and warranties in Section 5 shall be true on the date of the Invoice Transmittal and on the effective date of each Advance or PO Advance and no Event of Default shall have occurred and be continuing, or result from the Advance or PO Advance. Each Advance or PO Advance is Borrower's representation and warranty on that date that the representations and warranties in Section 5 remain true.

3.3 Conditions Precedent to all Sublimit Advances. Bank's shall make no Sublimit Advances if an Event of Default shall have occurred and be continuing, or result from the Sublimit Advance.

4 CREATION OF SECURITY INTEREST

4.1 Grant of Security Interest. Borrower hereby grants Bank, to secure the payment and performance in full of all of the Obligations and the performance of each of Borrower's duties under the Loan Documents, a continuing security interest in, and pledges and assigns to Bank, the Collateral, wherever located, whether now owned or hereafter acquired or arising, and all proceeds and products thereof. Borrower warrants and represents that the security interest granted herein shall be a first priority security interest in the Collateral.

Except as noted on the Disclosure Schedule, Borrower is not a party to, nor is bound by, any material license or other agreement with respect to which Borrower is the licensee that prohibits or otherwise restricts Borrower from granting a security interest in Borrower's interest in such license or agreement or any other property. Without prior consent from Bank, Borrower shall not enter into, or become bound by, any such license or agreement which is reasonably likely to have a material impact on Borrower's business or financial condition. Borrower shall take such steps as Bank requests to obtain the consent of, or waiver by, any person whose consent or waiver is necessary for all such licenses or contract rights to be deemed "Collateral" and for Bank to have a security interest in it that might otherwise be restricted or prohibited by law or by the terms of any such license or agreement, whether now existing or entered into in the future.

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If the Agreement is terminated, Bank's lien and security interest in the Collateral shall continue until Borrower fully satisfies its Obligations. If Borrower shall at any time, acquire a commercial tort claim, Borrower shall promptly notify Bank in a writing signed by Borrower of the brief details thereof and grant to Bank in such writing a security interest therein and in the proceeds thereof, all upon the terms of this Agreement, with such writing to be in form and substance satisfactory to Bank.

4.2 Authorization to File Financing Statements. Borrower hereby authorizes Bank to file financing statements, without notice to Borrower, with all appropriate jurisdictions in order to perfect or protect Bank's interest or rights hereunder, which financing statements may indicate the Collateral as "all assets of the Debtor" or words of similar effect, or as being of an equal or lesser scope, or with greater detail, all in Bank's discretion.

5 REPRESENTATIONS AND WARRANTIES

Borrower represents and warrants as follows:

5.1 Due Organization and Authorization. Borrower and each Subsidiary is duly existing and in good standing in its state of formation and qualified and licensed to do business in, and in good standing in, any state in which the conduct of its business or its ownership of property requires that it be qualified except where the failure to do so could not reasonably be expected to cause a Material Adverse Change. Borrower represents and warrants to Bank that: (a) Borrower's exact legal name is that indicated on the Disclosure Schedule and on the signature page hereof; and (b) Borrower is an organization of the type, and is organized in the jurisdiction, set forth in the Disclosure Schedule; and (c) the Disclosure Schedule accurately sets forth Borrower's organizational identification number or accurately states that Borrower has none; and (d) the Disclosure Schedule accurately sets forth Borrower's place of business, or, if more than one, its chief executive office as well as Borrower's mailing address if different, and (e) all other information set forth on the Disclosure Schedule pertaining to Borrower is accurate and complete. If Borrower does not now have an organizational identification number, but later obtains one, Borrower shall forthwith notify Bank of such organizational identification number.

The execution, delivery and performance of the Loan Documents have been duly authorized, and do not conflict with Borrower's organizational documents, nor constitute an event of default under any material agreement by which Borrower is bound. Borrower is not in default under any agreement to which or by which it is bound in which the default could reasonably be expected to cause a Material Adverse Change.

5.2 Collateral. Borrower has good title to the Collateral, free of Liens except Permitted Liens. All inventory is in all material respects of good and marketable quality, free from material defects. Borrower has no deposit account, other than the deposit accounts with Bank and deposit accounts described in the Disclosure Schedule delivered to Bank in connection herewith. The Collateral is not in the possession of any third party bailee (such as a warehouse). Except as hereafter disclosed to Bank in writing by Borrower, none of the components of the Collateral shall be maintained at locations other than as provided in the Disclosure Schedule. In the event that Borrower, after the date hereof, intends to store or otherwise deliver any portion of the Collateral to a bailee, then Borrower will first receive the written consent of Bank and such bailee must acknowledge in writing that the bailee is holding such Collateral for the benefit of Bank.

5.3 Financed Receivables. Borrower represents and warrants for each Financed Receivable:

- (a) Each Financed Receivable is an Eligible Account.

- (b) Borrower is the owner with legal right to sell, transfer, assign and encumber such Financed Receivable;
- (c) The correct amount is on the Invoice Transmittal and is not disputed;
- (d) Payment is not contingent on any obligation or contract and Borrower has fulfilled all its obligations as of the Invoice Transmittal date;
- (e) Each Financed Receivable is based on an actual sale and delivery of goods and/or services rendered, is due to Borrower, is not past due or in default, has not been previously sold, assigned, transferred, or pledged and is free of any liens, security interests and encumbrances other than Permitted Liens;
- (f) There are no defenses, offsets, counterclaims or agreements for which the Account Debtor may claim any deduction or discount;
- (g) Borrower reasonably believes no Account Debtor is insolvent or subject to any Insolvency Proceedings;
- (h) Borrower has not filed or had filed against it Insolvency Proceedings and does not anticipate any filing;
- (i) Bank has the right to endorse and/ or require Borrower to endorse all payments received on Financed Receivables and all proceeds of Collateral; and
- (j) No representation, warranty or other statement of Borrower in any certificate or written statement given to Bank contains any untrue statement of a material fact or omits to state a material fact necessary to make the statement contained in the certificates or statement not misleading.

5.4 Litigation. There are no actions or proceedings pending or, to the knowledge of Borrower's Responsible Officers or legal counsel, threatened by or against Borrower or any Subsidiary in which an adverse decision could reasonably be expected to cause a Material Adverse Change.

5.5 No Material Deviation in Financial Statements. All consolidated financial statements for Borrower and any Subsidiary delivered to Bank fairly present in all material respects as of the dates of such financial statements Borrower's consolidated financial condition and Borrower's consolidated results of operations. There has not been any material deterioration in Borrower's consolidated financial condition since the date of the most recent financial statements submitted to Bank.

5.6 Solvency. Borrower is able to pay its debts (including trade debts) as they mature.

5.7 Regulatory Compliance. Borrower is not an "investment company" or a company "controlled" by an "investment company" under the Investment Company Act. Borrower is not engaged as one of its important activities in extending credit for margin stock (under Regulations X, T and U of the Federal Reserve Board of Governors). Borrower has complied in all material respects with the Federal Fair Labor Standards Act. Borrower has not violated any laws, ordinances or rules, the violation of which could reasonably be expected to cause a Material Adverse Change. None of Borrower's or any Subsidiary's properties or assets has been used by Borrower or any Subsidiary or, to the best of Borrower's knowledge, by previous Persons, in disposing, producing, storing, treating, or transporting any hazardous substance other than legally. Borrower and each Subsidiary has timely filed all required tax returns and paid, or made

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adequate provision to pay, all material taxes, except those being contested in good faith with adequate reserves under GAAP. Borrower and each Subsidiary has obtained all consents, approvals and authorizations of, made all declarations or filings with, and given all notices to, all government authorities that are necessary to continue its business as currently conducted except where the failure to obtain or make such consents, declarations, notices or filings would not reasonably be expected to cause a Material Adverse Change.

5.8 Subsidiaries. Borrower does not own any stock, partnership interest or other equity securities except for Permitted Investments.

5.9 Full Disclosure. No written representation, warranty or other statement of Borrower in any certificate or written statement given to Bank contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements contained in the certificates or statements not misleading.

6 AFFIRMATIVE COVENANTS

Borrower shall do all of the following:

6.1 Government Compliance. Borrower shall maintain its and all Subsidiaries' legal existence and good standing in its jurisdiction of formation and maintain qualification in each jurisdiction in which the failure to so qualify would reasonably be expected to have a material adverse effect on Borrower's business or operations. Borrower shall comply, and have each Subsidiary comply, with all laws, ordinances and regulations to which it is subject, noncompliance with which could reasonably be expected to have a material adverse effect on Borrower's business or operations or would reasonably be expected to cause a Material Adverse Change.

6.2 Financial Statements, Reports, Certificates.

(a) Borrower shall deliver to Bank: (i) as soon as available, but no later than thirty (30) days after the last day of each month, a company prepared unaudited consolidated balance sheet and income statement covering Borrower's consolidated operations during the period certified by a Responsible Officer and in a form reasonably acceptable to Bank; (ii) as soon as available, but no later than one hundred eighty (180) days after the last day of Borrower's fiscal year, audited consolidated financial statements prepared under GAAP, consistently applied, together with an unqualified opinion on the financial statements from an independent certified public accounting firm reasonably acceptable to Bank, including any "Big 4" accounting firm, which firms are hereby deemed reasonably acceptable to Bank; (iii) in the event that Borrower's stock becomes publicly held, within five (5) days of filing, copies of all statements, reports and notices made available to Borrower's security holders or to any holders of Subordinated Debt and all reports on Form 10-K, 10-Q and 8-K filed with the Securities and Exchange Commission; (iv) a prompt report of any legal actions pending or threatened against Borrower or any Subsidiary that could result in damages or costs to Borrower or any Subsidiary of One Hundred Thousand Dollars (\$100,000.00) or more; (v) prompt notice of any material change in the composition of the Intellectual Property Collateral, or the registration of any copyright, including any subsequent ownership right of Borrower in or to any Copyright, Patent or Trademark not shown in the IP Agreement or knowledge of an event that materially adversely affects the value of the Intellectual Property Collateral; and (vi) budgets, sales projections, operating plans or other financial information prepared by Borrower in the ordinary course of its business that is reasonably requested by Bank.

(b) Within thirty (30) days after the last day of each month, Borrower shall deliver to Bank with the monthly financial statements a Compliance Certificate signed by a Responsible Officer in the form of **Exhibit B**.

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(c) Borrower will allow Bank to audit Borrower's Collateral, including, but not limited to, Borrower's Accounts and accounts receivable, at Borrower's expense, upon reasonable notice to Borrower; provided, however, prior to the occurrence of an Event of Default, Borrower shall be obligated to pay for not more than one (1) audit per year. After the occurrence of an Event of Default, Bank may audit Borrower's Collateral, including, but not limited to, Borrower's Accounts and accounts receivable at Borrower's expense and at Bank's sole and exclusive discretion and without notification and authorization from Borrower.

(d) Upon Bank's request, provide a written report respecting any Financed Receivable, if payment of any Financed Receivable does not occur by its due date and include the reasons for the delay.

(e) Provide Bank with, as soon as available, but no later than thirty (30) days following each Reconciliation Period, an aged listing of accounts receivable and accounts payable by invoice date, in form reasonably acceptable to Bank.

(f) Provide Bank with, as soon as available, but no later than thirty (30) days following each Reconciliation Period, a Deferred Revenue report and a Purchase Order report, in form reasonably acceptable to Bank.

(g) Within 30 days after the last day of Borrower's fiscal year, Borrower shall deliver to Bank its annual operating budget which budget shall include, at a minimum, projected balance sheets, income statements and cash flow statements in a quarterly format.

6.3 Taxes. Borrower shall make, and cause each Subsidiary to make, timely payment of all material federal, state, and local taxes or assessments required to be paid by Borrower (other than taxes and assessments which Borrower is contesting in good faith, with adequate reserves maintained in accordance with GAAP) and will deliver to Bank, on demand, appropriate certificates attesting to such payments.

6.4 Insurance. Borrower shall keep its business and the Collateral insured for risks and in amounts, and as Bank may reasonably request; provided, however, that such coverage for risks and amounts shall not be required to exceed the coverage for such risks and amount in place on the date hereof. Insurance policies shall be in a form, with companies, and in amounts that are satisfactory to Bank. All property policies shall have a lender's loss payable endorsement showing Bank as an additional loss payee and all liability policies shall show Bank as an additional insured and all policies shall provide that the insurer must give Bank at least twenty (20) days notice before canceling its policy. At Bank's request, Borrower shall deliver certified copies of policies and evidence of all premium payments. Proceeds payable under any policy shall, at Bank's option, be payable to Bank on account of the Obligations. If Borrower fails to obtain insurance as required under this Section or to pay any amount or furnish any required proof of payment to third persons and Bank, Bank may make all or part of such payment or obtain such insurance policies required in this Section and take any action under the policies Bank deems prudent.

6.5 Accounts.

(a) In order to permit Bank to monitor Borrower's financial performance and condition, Borrower, and all Borrower's Subsidiaries, shall maintain Borrower's, and such Subsidiaries depository accounts and its primary operating and securities accounts with Bank.

(b) Borrower shall identify to Bank, in writing, any bank or securities account opened by Borrower with any institution other than Bank. In addition, for each such account that Borrower at any time opens or maintains, Borrower shall, at Bank's request and option, pursuant to an agreement in form and substance acceptable to Bank, cause the

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depository bank or securities intermediary to agree that such account is the collateral of Bank pursuant to the terms hereunder. The provisions of the previous sentence shall not apply to deposit accounts exclusively used for payroll, payroll taxes and other employee wage and benefit payments to or for the benefit of Borrower's employees.

6.6 Subordination Agreements. No later than 30 days following the Effective Date, Bank shall have received subordination agreements, in a form acceptable to Bank, executed by Myron Dwoskin, Douglas Reid, Tim Doughty and Robert Desmond.

6.7 Further Assurances. Borrower shall execute any further instruments and take further action as Bank reasonably requests to perfect or continue Bank's security interest in the Collateral or to effect the purposes of this Agreement.

7 NEGATIVE COVENANTS

Borrower shall not do any of the following without Bank's prior written consent.

7.1 Dispositions. Convey, sell, lease, transfer or otherwise dispose of (collectively a "Transfer"), or permit any of its Subsidiaries to Transfer, all or any material part of its business or property, except for Transfers (i) of inventory in the ordinary course of business; (ii) of non-exclusive licenses and similar arrangements for the use of the property of Borrower or its Subsidiaries in the ordinary course of business; or (iii) of worn-out or obsolete equipment.

7.2 Changes in Business, Ownership, Management or Business Locations. Engage in or permit any of its Subsidiaries to engage in any material line of business other than the businesses currently engaged in by Borrower or reasonably related thereto, or have a material change in its ownership (other than by the sale of Borrower's equity securities in a public offering or to venture capital investors so long as Borrower identifies to Bank the venture capital investors prior to the closing of the investment), or management. Borrower shall not, without at least thirty (30) days prior written notice to Bank: (i) relocate its chief executive office, or add any new offices or business locations, including warehouses (unless such new offices or business locations contain less than Five Thousand Dollars (\$5,000.00) in Borrower's assets or property), or (ii) change its jurisdiction of organization, or (iii) change its organizational structure or type, or (iv) change its legal name, or (v) change any organizational number (if any) assigned by its jurisdiction of organization.

7.3 Mergers or Acquisitions. Merge or consolidate, or permit any of its Subsidiaries to merge or consolidate, with any other Person, or acquire, or permit any of its Subsidiaries to acquire, all or substantially all of the capital stock or property of another Person. A Subsidiary may merge or consolidate into another Subsidiary or into Borrower.

7.4 Indebtedness. Create, incur, assume, or be liable for any Indebtedness, or permit any Subsidiary to do so, other than Permitted Indebtedness.

7.5 Encumbrance. Create, incur, or allow any Lien on any of its property, or assign or convey any right to receive income, including the sale of any Accounts, or permit any of its Subsidiaries to do so, except for Permitted Liens, or permit any Collateral not to be subject to the first priority security interest granted herein. The Collateral may also be subject to Permitted Liens.

7.6 Distributions; Investments. (i) Directly or indirectly acquire or own any Person, or make any Investment in any Person, other than Permitted Investments, or permit any of its Subsidiaries to do so; or (ii) pay any dividends or make any distribution or payment or redeem, retire or purchase any capital stock.

7.7 Transactions with Affiliates. Directly or indirectly enter into or permit to exist any material transaction with any Affiliate of Borrower (excluding Permitted Investments), except for transactions that are in the ordinary course of Borrower's business, upon fair and reasonable terms that are no less favorable to Borrower than would be obtained in an arm's length transaction with a non-affiliated Person.

7.8 Subordinated Debt. Make or permit any payment on any Subordinated Debt, except under the terms of the Subordinated Debt, or amend any provision in any document relating to the Subordinated Debt, without Bank's prior written consent.

7.9 Compliance. Become an "investment company" or a company controlled by an "investment company", under the Investment Company Act of 1940 or undertake as one of its important activities extending credit to purchase or carry margin stock, or use the proceeds of any Advance for that purpose; fail to meet the minimum funding requirements of ERISA, permit a Reportable Event or Prohibited Transaction, as defined in ERISA, to occur; fail to comply with the Federal Fair Labor Standards Act or violate any other law or regulation, if the violation of any of the foregoing could reasonably be expected to have a material adverse effect on Borrower's business or operations or would reasonably be expected to cause a Material Adverse Change, or permit any of its Subsidiaries to do so.

8 EVENTS OF DEFAULT

Any one of the following is an Event of Default:

8.1 Payment Default. Borrower fails to pay any of the Obligations when due;

8.2 Covenant Default. Borrower fails or neglects to perform any obligation in Section 6 or violates any covenant in Section 7 or fails or neglects to perform, keep, or observe any other material term, provision, condition, covenant or agreement contained in this Agreement, any Loan Documents and as to any default under any such term, provision, condition, covenant or agreement that can be cured, has failed to cure the default within ten (10) days after Borrower's knowledge (whether actual or constructive) thereof; provided, however, grace and cure periods provided under this section shall not apply to financial covenants or any other covenants that are required to be satisfied, completed or tested by a date certain;

8.3 Material Adverse Change. A Material Adverse Change occurs;

8.4 Attachment. (i) Any portion of Borrower's assets is attached, seized, levied on, or comes into possession of a trustee or receiver and the attachment, seizure or levy is not removed in thirty (30) days; (ii) the service of process upon Borrower seeking to attach, by trustee or similar process, any funds of Borrower on deposit with Bank, or any entity under the control of Bank (including a subsidiary); (iii) Borrower is enjoined, restrained, or prevented by court order from conducting any part of its business; (iv) a judgment or other claim becomes a Lien on a portion of Borrower's assets; or (v) a notice of lien, levy, or assessment is filed against any of Borrower's assets by any government agency and not paid within thirty (30) days after Borrower receives notice;

8.5 Insolvency. (i) Borrower is unable to pay its debts (including trade debts) as they become due or otherwise becomes insolvent; (ii) Borrower begins an Insolvency Proceeding; or (iii) an Insolvency Proceeding is begun against Borrower and not dismissed or stayed within thirty (30) days (but no Advances shall be made before any Insolvency Proceeding is dismissed);

8.6 Other Agreements. If there is a default in any agreement to which Borrower is a party with a third party or parties resulting in a right by such third party or parties, whether or not

exercised, to accelerate the maturity of any indebtedness in an amount in excess of One Hundred Thousand Dollars (\$100,000) or that could result in a Material Adverse Change;

8.7 Judgments. If a judgment or judgments for the payment of money in an amount, individually or in the aggregate, of at least Two Hundred Thousand Dollars (\$200,000) shall be rendered against Borrower and shall remain unsatisfied and unstayed for a period of thirty (30) days (provided that no Advances, PO Advances or Sublimit Advances will be made prior to the satisfaction or stay of such judgment);

8.8 Misrepresentations. If Borrower or any Person acting for Borrower makes any material misrepresentation or material misstatement now or later in any warranty or representation in this Agreement or in any writing delivered to Bank or to induce Bank to enter this Agreement or any Loan Document;

8.9 Subordinated Debt. A default or breach occurs under any agreement between Borrower and any creditor of Borrower that signed a subordination agreement with Bank, or any creditor that has signed a subordination agreement with Bank breaches any terms of the subordination agreement.

9 BANK'S RIGHTS AND REMEDIES

9.1 Rights and Remedies. When an Event of Default occurs and continues Bank may, without notice or demand, do any or all of the following during any such period:

(a) Declare all Obligations immediately due and payable (but if an Event of Default described in Section 8.5 occurs all Obligations are immediately due and payable without any action by Bank);

(b) Stop advancing money or extending credit for Borrower's benefit under this Agreement or under any other agreement between Borrower and Bank;

(c) Settle or adjust disputes and claims directly with Account Debtors for amounts, on terms and in any order that Bank reasonably considers advisable and notify any Person owing Borrower money of Bank's security interest in such funds and verify the amount of such account. Borrower shall collect all payments in trust for Bank and, if requested by Bank, immediately deliver the payments to Bank in the form received from the Account Debtor, with proper endorsements for deposit;

(d) Make any payments and do any acts it considers necessary or reasonable to protect its security interest in the Collateral. Borrower shall assemble the Collateral if Bank requests and make it available as Bank designates. Bank may enter premises where the Collateral is located, take and maintain possession of any part of the Collateral, and pay, purchase, contest, or compromise any Lien which appears to be prior or superior to its security interest and pay all expenses incurred. Borrower grants Bank a license to enter and occupy any of its premises, without charge, to exercise any of Bank's rights or remedies;

(e) Apply to the Obligations any (i) balances and deposits of Borrower it holds, or (ii) any amount held by Bank owing to or for the credit or the account of Borrower;

(f) Ship, reclaim, recover, store, finish, maintain, repair, prepare for sale, advertise for sale, and sell the Collateral. Bank is hereby granted a non-exclusive, royalty-free license or other right to use, without charge, Borrower's labels, patents, copyrights, mask works, rights of use of any name, trade secrets, trade names, trademarks, service marks, and advertising matter, or any similar property as it pertains to the Collateral, in completing production of, advertising for sale, and selling any Collateral and, in connection with Bank's exercise of its

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rights under this Section, Borrower's rights under all licenses and all franchise agreements (to the extent allowable under such licenses and agreements) inure to Bank's benefit;

(g) Place a "hold" on any account maintained with Bank and/or deliver a notice of exclusive control, any entitlement order, or other directions or instructions pursuant to any control agreement or similar agreements providing control of any Collateral; and

(h) Exercise all rights and remedies and dispose of the Collateral according to the Code.

9.2 Bank Expenses; Unpaid Fees. Any amounts paid by Bank as provided herein shall constitute Bank Expenses and are immediately due and payable, and shall bear interest at the Default Rate and be secured by the Collateral. No payments by Bank shall be deemed an agreement to make similar payments in the future or Bank's waiver of any Event of Default. In addition, any amounts advanced hereunder which are not based on Financed Receivables (including, without limitation, unpaid fees and Finance Charges as described in Section 2.2) shall accrue interest at the Default Rate and be secured by the Collateral.

9.3 Bank's Liability for Collateral. So long as Bank complies with reasonable banking practices regarding the safekeeping of collateral, Bank shall not be liable or responsible for: (a) the safekeeping of the Collateral; (b) any loss or damage to the Collateral; (c) any diminution in the value of the Collateral; or (d) any act or default of any carrier, warehouseman, bailee, or other Person. Borrower bears all risk of loss, damage or destruction of the Collateral.

9.4 Remedies Cumulative. Bank's rights and remedies under this Agreement, the Loan Documents, and all other agreements are cumulative. Bank has all rights and remedies provided under the Code, by law, or in equity. Bank's exercise of one right or remedy is not an election, and Bank's waiver of any Event of Default is not a continuing waiver. Bank's delay is not a waiver, election, or acquiescence. No waiver hereunder shall be effective unless signed by Bank and then is only effective for the specific instance and purpose for which it was given.

9.5 Demand Waiver. Borrower waives demand, notice of default or dishonor, notice of payment and nonpayment, notice of any default, nonpayment at maturity, release, compromise, settlement, extension, or renewal of accounts, documents, instruments, chattel paper, and guarantees held by Bank on which Borrower is liable.

9.6 Default Rate. After the occurrence of an Event of Default, all Obligations shall accrue interest at the Applicable Rate plus five percent (5.0%) per annum (the "Default Rate").

10 NOTICES.

Notices or demands by either party about this Agreement must be in writing and personally delivered or sent by an overnight delivery service, by certified mail postage prepaid return receipt requested, or by fax to the addresses listed at the beginning of this Agreement. A party may change notice address by written notice to the other party.

11 CHOICE OF LAW, VENUE AND JURY TRIAL WAIVER

Georgia law governs the Loan Documents without regard to principles of conflicts of law. Borrower and Bank each submit to the exclusive jurisdiction of the State and Federal courts in Georgia and Borrower accepts jurisdiction of the courts and venue in Fulton County, Georgia. NOTWITHSTANDING THE FOREGOING, BANK SHALL HAVE THE RIGHT TO BRING ANY ACTION OR PROCEEDING AGAINST BORROWER OR ITS PROPERTY IN THE COURTS OF ANY OTHER JURISDICTION WHICH IS NECESSARY IN ORDER TO REALIZE ON THE

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COLLATERAL OR TO OTHERWISE ENFORCE BANK'S RIGHTS AGAINST BORROWER OR ITS PROPERTY.

BORROWER AND BANK EACH WAIVE THEIR RIGHT TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION ARISING OUT OF OR BASED UPON THIS AGREEMENT, THE LOAN DOCUMENTS OR ANY CONTEMPLATED TRANSACTION, INCLUDING CONTRACT, TORT, BREACH OF DUTY AND ALL OTHER CLAIMS. THIS WAIVER IS A MATERIAL INDUCEMENT FOR BOTH PARTIES TO ENTER INTO THIS AGREEMENT. EACH PARTY HAS REVIEWED THIS WAIVER WITH ITS COUNSEL.

12 GENERAL PROVISIONS

12.1 Successors and Assigns. This Agreement binds and is for the benefit of the successors and permitted assigns of each party. Borrower may not assign this Agreement or any rights or Obligations under it without Bank's prior written consent which may be granted or withheld in Bank's discretion. Bank has the right, without the consent of or notice to Borrower, to sell, transfer, negotiate, or grant participation in all or any part of, or any interest in, Bank's obligations, rights and benefits under this Agreement, the Loan Documents or any related agreement.

12.2 Indemnification. Borrower hereby indemnifies, defends and holds Bank and its officers, employees, directors and agents harmless against: (a) all obligations, demands, claims, and liabilities asserted by any other party in connection with the transactions contemplated by the Loan Documents; and (b) all losses or Bank Expenses incurred, or paid by Bank from, following, or consequential to transactions between Bank and Borrower (including reasonable attorneys' fees and expenses), except for losses caused by Bank's gross negligence or willful misconduct.

12.3 Right of Set-Off. Borrower hereby grants to Bank, a lien, security interest and right of setoff as security for all Obligations to Bank, whether now existing or hereafter arising upon and against all deposits, credits, collateral and property, now or hereafter in the possession, custody, safekeeping or control of Bank or any entity under the control of Bank (including a Bank subsidiary) or in transit to any of them. At any time after the occurrence and during the continuance of an Event of Default, without demand or notice, Bank may set off the same or any part thereof and apply the same to any liability or obligation of Borrower even though unmatured and regardless of the adequacy of any other collateral securing the Obligations. ANY AND ALL RIGHTS TO REQUIRE BANK TO EXERCISE ITS RIGHTS OR REMEDIES WITH RESPECT TO ANY OTHER COLLATERAL WHICH SECURES THE OBLIGATIONS, PRIOR TO EXERCISING ITS RIGHT OF SETOFF WITH RESPECT TO SUCH DEPOSITS, CREDITS OR OTHER PROPERTY OF BORROWER, ARE HEREBY KNOWINGLY, VOLUNTARILY AND IRREVOCABLY WAIVED.

12.4 Time of Essence. Time is of the essence for the performance of all Obligations in this Agreement.

12.5 Severability of Provision. Each provision of this Agreement is severable from every other provision in determining the enforceability of any provision.

12.6 Amendments in Writing; Integration. All amendments to this Agreement must be in writing signed by both Bank and Borrower. This Agreement and the Loan Documents represent the entire agreement about this subject matter, and supersede prior negotiations or agreements. All prior agreements, understandings, representations, warranties, and negotiations between the parties about the subject matter of this Agreement and the Loan Documents merge into this Agreement and the Loan Documents.

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12.7 Counterparts. This Agreement may be executed in any number of counterparts and by different parties on separate counterparts, each of which, when executed and delivered, are an original, and all taken together, constitute one Agreement.

12.8 Survival. All covenants, representations and warranties made in this Agreement continue in full force while any Obligations remain outstanding. The obligation of Borrower in Section 12.2 to indemnify Bank shall survive until the statute of limitations with respect to such claim or cause of action shall have run.

12.9 Confidentiality. In handling any confidential information, Bank shall exercise the same degree of care that it exercises for its own proprietary information, but disclosure of information may be made: (i) to Bank's subsidiaries or affiliates in connection with their business with Borrower; (ii) to prospective transferees or purchasers of any interest in the Advances (provided, however, Bank shall use commercially reasonable efforts in obtaining such prospective transferee's or purchaser's agreement to the terms of this provision); (iii) as required by law, regulation, subpoena, or other order, (iv) as required in connection with Bank's examination or audit; and (v) as reasonably appropriate in exercising remedies under this Agreement. Confidential information does not include information that either: (a) is in the public domain or in Bank's possession prior to being disclosed to Bank by Borrower, or becomes part of the public domain (other than via Bank) after disclosure to Bank; or (b) is disclosed to Bank by a third party, if Bank does not know that the third party is prohibited from disclosing the information.

12.10 Attorneys' Fees, Costs and Expenses. In any action or proceeding between Borrower and Bank arising out of the Loan Documents, the prevailing party will be entitled to recover its reasonable attorneys' fees and other reasonable costs and expenses incurred, in addition to any other relief to which it may be entitled.

13 DEFINITIONS

13.1 Definitions. In this Agreement:

"Accounts" are all existing and later arising accounts, contract rights, and other obligations owed Borrower in connection with its sale or lease of goods (including licensing software and other technology) or provision of services, all credit insurance, guaranties, other security and all merchandise returned or reclaimed by Borrower and Borrower's Books relating to any of the foregoing.

"Account Debtor" is as defined in the Code and shall include, without limitation, any person liable on any Financed Receivable, such as, a guarantor of the Financed Receivable and any issuer of a letter of credit or banker's acceptance.

"Adjusted Quick Ratio" is the ratio of Quick Assets to Current Liabilities minus Deferred Revenue.

"Adjustments" are all discounts, allowances, returns, disputes, counterclaims, offsets, defenses, rights of recoupment, rights of return, warranty claims, or short payments, asserted by or on behalf of any Account Debtor for any Financed Receivable.

"Advance" is defined in Section 2.1.1.

"Advance Rate" is eighty percent (80.0%), net of any offsets related to each specific Account Debtor other than Deferred Revenue, [or such other percentage as Bank establishes under Section 2.1.1]; provided however, if Borrower is unable to maintain an Adjusted Quick Ratio greater than 1.25 to 1.0, then during such time that Borrower is unable to maintain such Adjusted Quick Ratio of greater than 1.25 to 1.0, the Advance Rate will be eighty percent (80.0%)

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net of any offsets related to each specific Account Debtor, including, without limitation, Deferred Revenue.

"Affiliate" is a Person that owns or controls directly or indirectly the Person, any Person that controls or is controlled by or is under common control with the Person, and each of that Person's senior executive officers, directors, partners and, for any Person that is a limited liability company, that Person's managers and members.

"Applicable Rate" is, (a) when Borrower's Adjusted Quick Ratio is equal to or greater than 1.50 to 1.00, a per annum rate equal to the Prime Rate plus one and one-half percent (1.5%) or (b) when Borrower's Adjusted Quick Ratio is less than 1.50 to 1.00, a per annum rate equal to the Prime Rate plus three percent (3.0%).

"Bank Expenses" are all audit fees and expenses and reasonable costs or expenses (including reasonable attorneys' fees and expenses) for preparing, negotiating, administering, defending and enforcing the Loan Documents (including appeals or Insolvency Proceedings).

"Borrower's Books" are all Borrower's books and records including ledgers, records regarding Borrower's assets or liabilities, the Collateral, business operations or financial condition and all computer programs or discs or any equipment containing the information.

"Business Day" is any day that is not a Saturday, Sunday or a day on which Bank is closed.

"Closing Date" is the date of this Agreement.

"Code" is the Uniform Commercial Code as adopted in California, as amended and as may be amended and in effect from time to time.

"Collateral" is any and all properties, rights and assets of Borrower granted by Borrower to Bank or arising under the Code, now, or in the future, in which Borrower obtains an interest, or the power to transfer rights, as described on **Exhibit A**.

"Collateral Handling Fee" is defined in Section 2.2.4.

"Collections" are all funds received by Bank from or on behalf of an Account Debtor for Financed Receivables.

"Compliance Certificate" is attached as **Exhibit B**.

"Contingent Obligation" is, for any Person, any direct or indirect liability, contingent or not, of that Person for (i) any indebtedness, lease, dividend, letter of credit or other obligation of another such as an obligation directly or indirectly guaranteed, endorsed, co-made, discounted or sold with recourse by that Person, or for which that Person is directly or indirectly liable; (ii) any obligations for undrawn letters of credit for the account of that Person; and (iii) all obligations from any interest rate, currency or commodity swap agreement, interest rate cap or collar agreement, or other agreement or arrangement designated to protect a Person against fluctuation in interest rates, currency exchange rates or commodity prices; but "Contingent Obligation" does not include endorsements in the ordinary course of business. The amount of a Contingent Obligation is the stated or determined amount of the primary obligation for which the Contingent Obligation is made or, if not determinable, the maximum reasonably anticipated liability for it determined by the Person in good faith; but the amount may not exceed the maximum of the obligations under the guarantee or other support arrangement.

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"Current Liabilities" is all obligations and liabilities of Borrower to Bank, plus, without duplication, the aggregate amount of Borrower's Total Liabilities which mature within one (1) year.

"Default Rate" is defined in Section 9.6.

"Deferred Revenue" is all amounts received or invoiced, as appropriate, in advance of performance under contracts and not yet recognized as revenue.

"Disclosure Schedule" is a certain Schedule annexed hereto.

"Early Termination Fee" is defined in Section 2.1.1.

"Eligible Accounts" are billed Accounts in the ordinary course of Borrower's business that meet all Borrower's representations and warranties in Section 5.3, have been, at the option of Bank, confirmed in accordance with Section 2.1.1 (d), and are due and owing from Account Debtors deemed creditworthy by Bank in its sole discretion. For purposes of a PO Advance, purchase orders with qualified shipping dates within 90 days shall be considered "Eligible Accounts" so long as Borrower is in compliance with the Adjusted Quick Ratio threshold set forth in Section 2.1.1(a). Without limiting the fact that the determination of which Accounts are eligible hereunder is a matter of Bank discretion in each instance, Eligible Accounts shall not include the following Accounts (which listing may be amended or changed in Bank's discretion with notice to Borrower):

(a) Accounts that the Account Debtor has not paid within ninety (90) days of invoice date;

(b) Accounts for an Account Debtor, fifty percent (50%) or more of whose Accounts have not been paid within ninety (90) days of invoice date;

(c) Accounts for which the Account Debtor does not have its principal place of business in the United States, unless agreed to by Bank in writing, in its sole discretion, on a case-by-case basis;

(d) Accounts for which the Account Debtor is a federal, state or local government entity or any department, agency, or instrumentality thereof except for Accounts of the United States if the payee has assigned its payment rights to Bank and the assignment has been acknowledged under the Assignment of Claims Act of 1940 (31 U.S.C. 3727);

(e) Accounts for which Borrower owes the Account Debtor, but only up to the amount owed (sometimes called "contra" accounts, accounts payable, customer deposits or credit accounts);

(f) Accounts for demonstration or promotional equipment, or in which goods are consigned, sales guaranteed, sale or return, sale on approval, bill and hold, or other terms if Account Debtor's payment may be conditional;

(g) Accounts for which the Account Debtor is Borrower's Affiliate, officer, employee, or agent;

(h) Accounts in which the Account Debtor disputes liability or makes any claim and Bank believes there may be a basis for dispute (but only up to the disputed or claimed amount), or if the Account Debtor is subject to an Insolvency Proceeding, or becomes insolvent, or goes out of business;

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(i) Accounts for which Bank reasonably determines collection to be doubtful or any Accounts which are unacceptable to Bank for any reason.

"Equity Financing" is Borrower's next round of equity financing, of no less than \$4,000,000 in the aggregate, involving the sale of Borrower's preferred stock.

"ERISA" is the Employment Retirement Income Security Act of 1974, and its regulations.

"Events of Default" are set forth in Article 8.

"Facility Amount" is Three Million One Hundred Twenty Five Thousand Dollars (\$3,125,000.00) (Gross), or Two Million Five Hundred Thousand Dollars (\$2,500,000.00) (Net, based on an 80% Advance Rate).

"Facility Fee" is defined in Section 2.2.2.

"Finance Charges" is defined in Section 2.2.3.

"Financed Receivables" are all those Eligible Accounts, including their proceeds which Bank finances and makes an Advance or PO Advance, as set forth in Section 2.1.1. A Financed Receivable stops being a Financed Receivable (but remains Collateral) when the Advance or PO Advance made for the Financed Receivable has been fully paid.

"Financed Receivable Balance" is the total outstanding gross face amount, at any time, of any Financed Receivable.

"GAAP" is generally accepted accounting principles.

"Good Faith Deposit" is defined in Section 2.2.8.

"Indebtedness" is (a) indebtedness for borrowed money or the deferred price of property or services, such as reimbursement and other obligations for surety bonds and letters of credit, (b) obligations evidenced by notes, bonds, debentures or similar instruments, (c) capital lease obligations which in the aggregate exceed \$500,000 and (d) Contingent Obligations.

"Insolvency Proceeding" is any proceeding by or against any Person under the United States Bankruptcy Code, or any other bankruptcy or insolvency law, including assignments for the benefit of creditors, compositions, extensions generally with its creditors, or proceedings seeking reorganization, arrangement, or other relief.

"Investment" is any beneficial ownership of (including stock, partnership interest or other securities) any Person, or any loan, advance or capital contribution to any Person.

"Invoice Transmittal" shows Eligible Accounts which Bank may finance and, for each such Account, includes the Account Debtor's, name, address, invoice amount, invoice date and invoice number.

"IP Agreement" is a certain Intellectual Property Security Agreement executed and delivered by Borrower to Bank.

"Intellectual Property Collateral" is defined in the IP Agreement.

"Lockbox" is defined in Section 2.2.7.

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"Lien" is a mortgage, lien, deed of trust, charge, pledge, security interest or other encumbrance.

"Loan Documents" are, collectively, this Agreement, any note, or notes or guaranties executed by Borrower and any other present or future agreement between Borrower and/or for the benefit of Bank in connection with this Agreement, all as amended, extended or restated.

"Material Adverse Change" is: (i) A material impairment in the perfection or priority of Bank's security interest in the Collateral or in the value of such Collateral; (ii) a material adverse change in the business, operations, or condition (financial or otherwise) of Borrower; or (iii) a material impairment of the prospect of repayment of any portion of the Obligations.

"Maturity Date" is 364 days from the date of this Agreement.

"Minimum Finance Charge" is \$2,500.00.

"Obligations" are all advances, liabilities, obligations, covenants and duties owing, arising, due or payable by Borrower to Bank now or later under this Agreement or any other document, instrument or agreement, account (including those acquired by assignment) primary or secondary, such as all Advances, Finance Charges, Facility Fee, Early Termination Fee, Collateral Handling Fee, interest, fees, expenses, professional fees and attorneys' fees, or other amounts now or hereafter owing by Borrower to Bank.

"Permitted Indebtedness" is:

- (a) Borrower's indebtedness to Bank under this Agreement or the Loan Documents;
- (b) Subordinated Debt;
- (c) Indebtedness to trade creditors incurred in the ordinary course of business; and
- (d) Indebtedness secured by Permitted Liens.

"Permitted Investments" are: (i) marketable direct obligations issued or unconditionally guaranteed by the United States or its agency or any state maturing within 1 year from its acquisition, (ii) commercial paper maturing no more than 1 year after its creation and having the highest rating from either Standard & Poor's Corporation or Moody's Investors Service, Inc., (iii) Bank's certificates of deposit issued maturing no more than 1 year after issue, (iv) any other investments administered through Bank, (v) repurchases of stock from current or former employees, officers or directors of Borrower under the terms of applicable repurchase agreements or stock option agreements in an aggregate amount not to exceed One Hundred Thousand Dollars (\$100,000) in the aggregate in any fiscal year, (vi) Investments consisting of (A) travel advances and employee relocation loans and other employee loans and advances in the ordinary course of business, and (B) loans to employees, officers or directors relating to the purchase of equity securities of Borrower or its Subsidiaries pursuant to employee stock purchase plan agreements approved by Borrower's board of directors; in an aggregate amount not to exceed One Hundred Thousand Dollars (\$100,000) at any one time, (vii) Investments (including debt obligations) received in connection with the bankruptcy or reorganization of customers or suppliers and in settlement of delinquent obligations of, and other disputes with, customers or suppliers arising in the ordinary course of Borrower's business, (viii) Investments consisting of notes receivable of, or prepaid royalties and other credit extensions, to customers and suppliers who are not Affiliates, in the ordinary course of business, provided that this part shall not apply to Investments of Borrower in any Subsidiary, (ix) joint ventures or strategic alliances in the ordinary course of Borrower's business consisting of the non-exclusive licensing of technology, the development of technology or the providing of technical support, provided that any cash

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Investments by Borrower do not exceed One Hundred Thousand Dollars (\$100,000) in the aggregate in any fiscal year, and (x) Investments in Subsidiaries not to exceed One Hundred Thousand Dollars (\$100,000) in the aggregate in any fiscal year, unless such Subsidiary has guaranteed Borrower's Obligations under the Loan Documents and has granted Bank a first priority security interest in all of such Subsidiary's assets, in which case there shall be no cap on such Investments.

"Permitted Liens" are:

(a) Liens existing on the Closing Date and shown on the Schedule or arising under this Agreement or other Loan Documents;

(b) Liens for taxes, fees, assessments or other government charges or levies, either not delinquent or being contested in good faith and for which Borrower maintains adequate reserves on its Books, if they have no priority over any of Bank's security interests;

(c) Purchase money Liens securing no more than \$500,000 in the aggregate amount outstanding (i) on equipment acquired or held by Borrower incurred for financing the acquisition of the equipment, or (ii) existing on equipment when acquired, if the Lien is confined to the property and improvements and the proceeds of the equipment;

(d) Leases or subleases and non-exclusive licenses or sublicenses granted in the ordinary course of Borrower's business, if the leases, subleases, licenses and sublicenses permit granting Bank a security interest;

(e) Liens incurred in the extension, renewal or refinancing of the indebtedness secured by Liens described in (a) through (d), but any extension, renewal or replacement Lien must be limited to the property encumbered by the existing Lien and the principal amount of the indebtedness may not increase;

(f) statutory liens of landlords and liens of carriers, warehousemen, mechanics, materialmen and suppliers and other liens imposed by law or pursuant to customary reservation and retention of title arising in the ordinary course of business; provided that such liens secure only amounts not yet due and payable, or if due and payable, are unfiled and no other action has been taken to enforce the same or are being contested in good faith by appropriate proceedings for which adequate reserves determined in accordance with GAAP have been established;

(g) pledges or deposits in the ordinary course of business in connection with workers' compensation, unemployment insurance and other social security legislation;

(h) deposits to secure the performance of bids, trade contracts, leases, statutory obligations, surety bonds, performance bonds and other obligations of a like nature incurred in the ordinary course of business;

(i) leases or subleases granted to others not interfering in any material respect with the business of the Borrower;

(j) any interest or title of a lessor under any UCC financing statement (or equivalent filings, registrations or agreements) relating to leases permitted by this Agreement;

(k) liens of sellers of goods to Borrower and any of its Subsidiaries arising under Article 2 of the Code or similar provisions of applicable law in the ordinary course of business, covering only the goods sold securing only the unpaid purchase price for such goods and related expenses.

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"Person" is any individual, sole proprietorship, partnership, limited liability company, joint venture, company, trust, unincorporated organization, association, corporation, institution, public benefit corporation, firm, joint stock company, estate, entity or government agency.

"Prime Rate" is Bank's most recently announced "prime rate," even if it is not Bank's lowest rate.

"Quick Assets" is, on any date, Borrower's unrestricted cash and cash equivalents at Bank and net accounts receivable aged 90 days or less, determined according to GAAP.

"Reconciliation Day" is the last calendar day of each month.

"Reconciliation Period" is each calendar month.

"Responsible Officer" is each of the Chief Executive Officer, President, Chief Financial Officer and Controller of Borrower.

"Subordinated Debt" is debt incurred by Borrower subordinated to Borrower's debt to Bank (pursuant to a subordination agreement entered into between Bank, Borrower and the subordinated creditor), on terms acceptable to Bank.

"Subsidiary" is any Person, corporation, partnership, limited liability company, joint venture, or any other business entity of which more than 50% of the voting stock or other equity interests is owned or controlled, directly or indirectly, by the Person or one or more Affiliates of the Person.

"Total Liabilities" is on any day, obligations that should, under GAAP, be classified as liabilities on Borrower's consolidated balance sheet, including all Indebtedness, and current portion of Subordinated Debt permitted by Bank to be paid by Borrower, but excluding all other Subordinated Debt.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as a sealed instrument under the laws of the State of California as of the date first above written.

BORROWER:

VISTASCAPE SECURITY SYSTEMS CORP.

By: [Signature]
Name: Jon Versteege
Title: VP of Finance, Secretary & Treasurer

BANK:

SILICON VALLEY BANK

By: [Signature]
Name: Orville Kirkland
Title: SVP

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PATENT
REEL: 018711 FRAME: 0513

Schedule to Loan and Security Agreement

The exact correct corporate name of Borrower is (attach a copy of the formation documents, e.g., articles, partnership agreement): VistaScape Security Systems Corp.

Borrower's State of formation: Georgia

Borrower has operated under only the following other names (if none, so state):
VistaScape Technology Corp. (prior to 3-27-03)

All other address at which the Borrower does business are as follows (attach additional sheets if necessary and include all warehouse addresses):
2235 Dulles Corner Blvd. Suite 500, Herndon, VA 20171 (a sales office)

Borrower has deposit accounts and/or investment accounts located only at the following institutions:

Bank of America
List Acct. Numbers: 003272751787

Liens existing on the Effective Date and disclosed to and accepted by Bank in writing:
none

Investments existing on the Effective Date and disclosed to and accepted by Bank in writing:
none

Subordinated Debt:

Indebtedness on the Effective Date and disclosed to and consented to by Bank in writing:
\$2,027,131 in principal of 10% notes, held by Paladin, HIG Ventures, Myron Dwoskin, Douglas Reid, Tim Doughty and Robert Desmond. \$2,000,000 dated 11-24-04, \$27,131 dated 12-24-04

The following is a list of the Borrower's copyrights (including copyrights of software) which are registered with the United States Copyright Office. (Please include name of the copyright and registration number and attach a copy of the registration):

The following is a list of all software which the Borrower sells, distributes or licenses to others, which is not registered with the United States Copyright Office. (Please include versions which are not registered):
none

The following is a list of all of the Borrower's patents which are registered with the United States Patent Office. (Please include name of the patent and registration number and attach a copy of the registration.):

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PATENT
REEL: 018711 FRAME: 0514

The following is a list of all of the Borrower's patents which are pending with the United States Patent Office. (Please include name of the patent and a copy of the application.):

APPLICATION NUMBER	TITLE	FILED	STATUS	OWNER
UTILITY 10/079,639	SURVEILLANCE SYSTEM	02-19-02	FILED	VISTASCAPE
UTILITY 10/236,819	SECURITY DATA MANAGEMENT SYSTEM	09-06-02	FILED	VISTASCAPE
UTILITY 10/237,203	SURVEILLANCE SYSTEM DATA CENTER	09-06-02	FILED	VISTASCAPE
UTILITY 10/237,202	SURVEILLANCE SYSTEM CONTROL UNIT	09-06-02	FILED	VISTASCAPE
UTILITY 10/236,720	SENSOR DEVICE FOR USE IN SURVEILLANCE SYSTEM	09-06-02	FILED	VISTASCAPE
PROVISIONAL 60/486,766	ENVIRONMENTALLY AWARE, INTELLIGENT SURVEILLANCE DEVICE	07-11-03	FILED	VISTASCAPE
UTILITY 10/889,224	ENVIRONMENTALLY AWARE, INTELLIGENT SURVEILLANCE DEVICE	7/12/2004	FILED	VISTASCAPE
PROVISIONAL 60/490,657	SYSTEM & METHOD FOR PROVIDING 3D INFORMATION FOR SECURITY	07-28-03	FILED	VISTASCAPE
UTILITY 10/676,395	SYSTEM AND METHOD FOR INTERPOLATING COORDINATE VALUE BASED UPON CORRELATION BETWEEN 2D ENVIRONMENT AND 3D ENVIRONMENT	10-1-03	FILED	VISTASCAPE

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APPLICATION NUMBER	TITLE	FILED	STATUS	OWNER
PROVISIONAL 60/499,974	A system and method for monitoring and securing areas with high traffic of allowed individuals or objects and detecting the presence and location of not allowed intruders	09-03-2003	FILED	VISTASCAPE
PROVISIONAL 60/502,150	A low cost system and method for monitoring and securing areas with high traffic of allowed individuals or vehicles and detecting the presence and location of not allowed intruders by leveraging existing radar and other electromagnetic devices that detect the presence of objects.	09-11-2003	FILED	VISTASCAPE
UTILITY 10/711,252	SYSTEM AND METHOD FOR THE CLASSIFICATION OF AN INDIVIDUAL OR OBJECT WITHIN A ZONE OF A SPECIFIED AREA WITH MULTIPLE SURVEILLANCE MEANS	09-03-2004	FILED	VISTASCAPE

The following is a list of all of the Borrower's registered trademarks. (Please include name of the trademark and a copy of the registration.):

TRADEMARK 76/505,194	VISTASCAPE (DESIGN)	04-9-03	FILED	VISTASCAPE
TRADEMARK 76/505,195	VISTASCAPE	04-09-03	FILED	VISTASCAPE
TRADEMARK 78/496,741	OPENIQ	10-08-04	FILED	VISTASCAPE
TRADEMARK 78/496,726	SITEIQ	10-08-04	FILED	VISTASCAPE

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TRADEMARK 78/488,541	A BETTER WAY TO VIEW SECURITY	9-23-04	FILED	VISTASCAPE
TRADEMARK 78/488,541	THE PERFECT SECURITY GUARD	9-16-04	FILED	VISTASCAPE
TRADEMARK 76/520,226	TM - OUR EYES NEVER BLINK	05-20-03	FILED	VISTASCAPE
TRADEMARK 76/520,227	TM - NEVER BLINK	05-20-03	FILED	VISTASCAPE
TRADEMARK 76/225,502	ZOVIAN TECHNOLOGY	03-16-01	PENDING (ALLOWED)	VISTASCAPE

Borrower is not subject to litigation which would have a material adverse effect on the Borrower's financial condition, except the following (attach additional comments, if needed):

none

Tax ID Number: 58-2498710

Organizational Number, if any: n/a

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PATENT
REEL: 018711 FRAME: 0517

EXHIBIT A

The Collateral consists of all of Borrower's right, title and interest in and to the following:

All goods, equipment, inventory, contract rights or rights to payment of money, leases, license agreements, franchise agreements, general intangibles (including payment intangibles), accounts (including health-care receivables), documents, instruments (including any promissory notes), chattel paper (whether tangible or electronic), cash, deposit accounts, fixtures, letters of credit rights (whether or not the letter of credit is evidenced by a writing), commercial tort claims, securities, and all other investment property, supporting obligations, and financial assets, whether now owned or hereafter acquired, wherever located; and

Any copyright rights, copyright applications, copyright registrations and like protections in each work of authorship and derivative work, whether published or unpublished, now owned or later acquired; any patents, trademarks, service marks and applications therefor; trade styles, trade names, any trade secret rights, including any rights to unpatented inventions, know-how, operating manuals, license rights and agreements and confidential information, now owned or hereafter acquired; or any claims for damages by way of any past, present and future infringement of any of the foregoing; and

All Borrower's books relating to the foregoing and any and all claims, rights and interests in any of the above and all substitutions for, additions, attachments, accessories, accessions and improvements to and replacements, products, proceeds and insurance proceeds of any or all of the foregoing.

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PATENT

REEL: 018711 FRAME: 0518



**SILICON VALLEY BANK
SPECIALTY FINANCE DIVISION
Compliance Certificate**

I, as authorized officer of VistaScape Security Systems Corp. ("Borrower") certify under the Loan and Security Agreement (the "Agreement") between Borrower and Silicon Valley Bank ("Bank") as follows (all capitalized terms used herein shall have the meaning set forth in the Agreement):

Borrower represents and warrants for each Financed Receivable:

Each Financed Receivable is an Eligible Account.

Borrower is the owner with legal right to sell, transfer, assign and encumber such Financed Receivable;

The correct amount is on the Invoice Transmittal and is not disputed;

Payment is not contingent on any obligation or contract and Borrower has fulfilled all its obligations as of the Invoice Transmittal date;

Each Financed Receivable is based on an actual sale and delivery of goods and/or services rendered, is due to Borrower, is not past due or in default, has not been previously sold, assigned, transferred, or pledged and is free of any liens, security interests and encumbrances other than Permitted Liens;

There are no defenses, offsets, counterclaims or agreements for which the Account Debtor may claim any deduction or discount;

It reasonably believes no Account Debtor is insolvent or subject to any Insolvency Proceedings;

It has not filed or had filed against it Insolvency Proceedings and does not anticipate any filing;

Bank has the right to endorse and/ or require Borrower to endorse all payments received on Financed Receivables and all proceeds of Collateral.

No representation, warranty or other statement of Borrower in any certificate or written statement given to Bank contains any untrue statement of a material fact or omits to state a material fact necessary to make the statement contained in the certificates or statement not misleading.

Additionally, Borrower represents and warrants as follows:

Borrower and each Subsidiary is duly existing and in good standing in its state of formation and qualified and licensed to do business in, and in good standing in, any state in which the conduct of its business or its ownership of property requires that it be qualified except where the failure to do so could not reasonably be expected to cause a Material Adverse Change. The execution, delivery and performance of the Loan Documents have been duly authorized, and do not conflict with Borrower's organizational documents, nor constitute an event of default under any material agreement by which Borrower is bound. Borrower is not in default under any agreement to which or by which it is bound in which the default could reasonably be expected to cause a Material Adverse Change.

Borrower has good title to the Collateral, free of Liens except Permitted Liens. All inventory is in all material respects of good and marketable quality, free from material defects.

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Borrower is not an "investment company" or a company "controlled" by an "investment company" under the Investment Company Act. Borrower is not engaged as one of its important activities in extending credit for margin stock (under Regulations X, T and U of the Federal Reserve Board of Governors). Borrower has complied in all material respects with the Federal Fair Labor Standards Act. Borrower has not violated any laws, ordinances or rules, the violation of which could reasonably be expected to cause a Material Adverse Change. None of Borrower's or any Subsidiary's properties or assets has been used by Borrower or any Subsidiary or, to the best of Borrower's knowledge, by previous Persons, in disposing, producing, storing, treating, or transporting any hazardous substance other than legally. Borrower and each Subsidiary has timely filed all required tax returns and paid, or made adequate provision to pay, all material taxes, except those being contested in good faith with adequate reserves under GAAP. Borrower and each Subsidiary has obtained all consents, approvals and authorizations of, made all declarations or filings with, and given all notices to, all government authorities that are necessary to continue its business as currently conducted except where the failure to obtain or make such consents, declarations, notices or filings would not reasonably be expected to cause a Material Adverse Change.

Borrower's Adjusted Quick Ratio for the period ending ____January 31, 2005_____, is .84:1.00.

All representations and warranties in the Agreement are true and correct in all material respects on this date, and the Borrower represents that there is no existing Event of Default.

Sincerely,

VISTASCAPE SECURITY SYSTEMS CORP.

By: 
Name: Don Veistee
Title: VP of Finance, Secretary & Treasurer

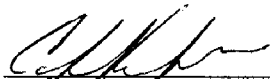
ATLANTA:4718463.3

**RELEASE OF SECURITY AGREEMENT COVERING
INTERESTS IN PATENTS**

Silicon Valley Bank ("Secured Party"), hereby releases its security interest in the interests of **Vistascape Security Systems Corp** ("Assignor") in the **patented** works set forth in that certain **Intellectual Property Security Agreement** dated March 28, 2005, executed by Assignor in favor of Secured Party recorded with the United States Department of Commerce, Patent and Trademark Office on March 30, 2005 Reel 015840, Frame(s) 0514.

Dated: **December 8, 2006**

SILICON VALLEY BANK

By: 
Name: Shannon Kennedy
Title: Supervisor