

PATENT ASSIGNMENT

Electronic Version v1.1
 Stylesheet Version v1.1

SUBMISSION TYPE:	NEW ASSIGNMENT
NATURE OF CONVEYANCE:	SECURITY AGREEMENT

CONVEYING PARTY DATA

Name	Execution Date
nCircle Network Security, Inc.	05/05/2008

RECEIVING PARTY DATA

Name:	Velocity Financial Group, Inc.
Street Address:	8501 W. Higgins Road
Internal Address:	Suite 420
City:	Chicago
State/Country:	ILLINOIS
Postal Code:	60631

PROPERTY NUMBERS Total: 9

Property Type	Number
Application Number:	11004289
Application Number:	11033414
Application Number:	11424088
Application Number:	11621027
Application Number:	11676051
Patent Number:	7073198
Patent Number:	6957348
Patent Number:	7181769
Patent Number:	7162742

CORRESPONDENCE DATA

Fax Number: (773)243-1254
Correspondence will be sent via US Mail when the fax attempt is unsuccessful.
 Phone: 7732431269
 Email: janderson@velocityfg.com
 Correspondent Name: James Anderson

OP \$360.00 11004289

Address Line 1: 8501 W. Higgins Road
Address Line 2: Suite 420
Address Line 4: Chicago, ILLINOIS 60631

ATTORNEY DOCKET NUMBER:

029012

NAME OF SUBMITTER:

Rhett Skubis

Total Attachments: 9

source=Patent Grant nCircle-Velocity#page1.tif
source=Patent Grant nCircle-Velocity#page2.tif
source=Patent Grant nCircle-Velocity#page3.tif
source=Patent Grant nCircle-Velocity#page4.tif
source=Patent Grant nCircle-Velocity#page5.tif
source=Patent Grant nCircle-Velocity#page6.tif
source=Patent Grant nCircle-Velocity#page7.tif
source=Patent Grant nCircle-Velocity#page8.tif
source=Patent Grant nCircle-Velocity#page9.tif

PATENT GRANT OF SECURITY INTEREST

This Patent Grant of Security Interest (this "Agreement") is dated the 5th day of May, 2008 between nCircle Network Security, Inc., a California corporation ("Grantor"), which maintains its chief executive office and principal place of business located at 101 2nd Street, Suite 400, San Francisco, California 94019 and Velocity Financial Group, Inc., with its chief executive office and principal place of business located at 8501 W. Higgins Road, Suite 420, Chicago, Illinois 60631 (together with its successors and assigns, the "Secured Party").

RECITALS

A. Grantor owns the patents and patent applications and is a party to the patent licenses listed on Schedule 1 hereto.

B. Secured Party and Grantor are parties to a Loan and Security Agreement dated May 5, 2008 (the "Loan Agreement") and certain other Loan Documents (as such term is defined in the Loan Agreement), all as may be amended from time to time (the Loan Agreement, together with the Loan Documents referred to above, are referred to collectively herein as the "Loan Documents").

C. Pursuant to the terms of the Loan Agreement, Grantor has granted to Secured Party a security interest in all of the tangible and intangible property of Grantor, including all right, title and interest of Grantor in, to and under all of Grantor's Patents, all of Grantor's Patent applications and all of Grantor's Patent Licenses, whether presently existing or hereafter arising or acquired, and all products and proceeds thereof, including, without limitation, any and all causes of action which may exist by reason of infringement thereof for the full term of the Patents, to secure the payment of the Indebtedness.

D. All capitalized terms not defined herein shall have the meanings set forth in the Loan Agreement.

NOW, THEREFORE, in consideration of the premises contained herein, Grantor agrees with Secured Party as follows:

1. To secure the complete and timely satisfaction of all the Obligations, Grantor hereby grants and conveys to Secured Party a continuing security interest in and lien on all of Grantor's entire right, title and interest in and to all Grantor's Patents and Patent applications, including without limitation those listed on Schedule 1 hereto (as may be amended from time to time) and the proceeds thereof (such as, by way of example, license royalties and proceeds of infringements, all rights corresponding thereto throughout the world and all reissues, divisions, continuations, renewals, extensions and continuations-in-part thereof and in any written agreement granting any right or license to use any invention on which a patent or patent application is pending or in which agreement the Grantor now holds or hereafter acquires any interest (collectively, the "Patent Collateral"). Secured Party is authorized to file this Agreement with the United States Patent and Trademark Office or any other governmental agency it deems necessary or desirable in order to secure and perfect its rights under this Agreement or the other Loan Documents.

2. Grantor represents, warrants and covenants that:

(a) Grantor is the sole and exclusive owner of the entire and unencumbered right, title and interest in and to all of the Patent Collateral, free and clear of any liens, charges and encumbrances, including without limitation, pledges, assignments, licenses, shop rights and covenants by Grantor not to sue third persons, except for Permitted Liens;

(b) The Patent Collateral is subsisting, and no part of the Patent Collateral has been adjudged invalid or unenforceable, in whole or in part;

(c) To the best of Grantor's knowledge, the Patent Collateral is valid and enforceable;

(d) No claim has been made that the use of any of the Patent Collateral does or may infringe or violate the rights of any third person; and

(e) Grantor has the unqualified right to enter into this Agreement and perform its terms.

3. Grantor agrees that, until all of the Obligations shall have been Indefeasibly Paid in Full (as defined in the Loan Agreement), it will not enter into any agreement relating to Grantor's Patents (for example, a license agreement) except as permitted under the Loan Agreement, without Secured Party's prior written consent.

4. If, before the Obligations shall have been Indefeasibly Paid in Full, Grantor shall obtain rights to any new patentable inventions, become entitled to the benefit of any Patent application or Patent for any reissue, division, continuation, renewal, extension, or continuation-in-part of any Patent, any improvement on any Patent, or any rights that would come within the definition of Patent Collateral had such rights existed on the date hereof, the provisions of paragraph 1 shall automatically apply thereto and Grantor shall give to Secured Party notice thereof in writing within thirty (30) days of becoming aware of such rights. Failure to provide such notice shall constitute a material breach of this Agreement.

5. Grantor authorizes Secured Party unilaterally to modify this Agreement by amending Schedule 1 to include any future Patents or other rights described in paragraphs 1 and 4 hereof under paragraph 1 or paragraph 4 hereof.

6. If any Event of Default shall have occurred and be continuing, Secured Party shall have, in addition to all other rights and remedies given it by this Agreement or the other Loan Documents, those allowed by law and the rights and remedies of a secured party under the UCC as enacted in any jurisdiction in which either the Patents may be located or is otherwise applicable and, without limiting the generality of the foregoing, Secured Party may immediately, without demand of performance and without other notice (except as set forth below) or demand whatsoever to Grantor, all of which are hereby expressly waived, and without advertisement, sell at public or private sale or otherwise realize upon, the whole or from time to time any part of the Patents, or any interest which the Grantor may have therein, and after deducting from the proceeds of sale or other disposition of the Patents all expenses (including reasonable expenses for brokers' fees and legal services), shall apply the residue of such proceeds toward the payment

of the Obligations. Any remainder of the proceeds after payment in full of the Obligations shall be paid over to Grantor. Notice of any sale or other disposition of the Patents shall be given to Grantor at least ten (10) days before the time of any intended public or private sale or other disposition of the Patents is to be made, which Grantor hereby agrees shall be reasonable notice of such sale or other disposition. At any such sale or other disposition Secured Party or its Transferee (defined in paragraph 14 below) may, to the extent permissible under applicable law, purchase the whole or any part of the Patents sold, free from any right of redemption on the part of Grantor, which right is hereby waived and released.

7. Grantor hereby authorizes and empowers Secured Party to make, constitute and appoint any officer or agent of Secured Party, as Secured Party may select in its exclusive discretion, as Grantor's true and lawful attorney-in-fact, with the power, during the existence of an Event of Default, to endorse Grantor's name on all applications, documents, papers and instruments necessary or desirable for Secured Party to use the Patents, or to grant or issue any exclusive or nonexclusive license under the Patents to any third person, or necessary or desirable for Secured Party to assign, pledge, convey or otherwise transfer title in or dispose of the Patents to any third person as a part of Secured Party's realization on such collateral upon acceleration of the Obligations following an Event of Default, Grantor hereby ratifies all that such attorney-in-fact shall lawfully do or cause to be done by virtue hereof. This power of attorney being coupled with an interest shall be irrevocable for the life of this Agreement.

8. If Grantor fails to comply with any of its obligations hereunder, Secured Party may do so in Grantor's name or in Secured Party's name, but at Grantor's expense, and Grantor hereby agrees to reimburse and indemnify Secured Party in full for all expenses, including reasonable attorneys' fees, incurred by Secured Party in protecting, defending and maintaining the Patent Collateral, to the extent required under Section 10.03 of the Loan Agreement.

9. All reasonable fees, costs and expenses, of whatever kind or nature, including the reasonable attorneys' fees and legal expenses incurred by Secured Party in connection with the preparation of this Agreement and all other documents relating hereto and the consummation of the transactions contemplated by this Agreement, the filing or recording of any documents (including all taxes in connection therewith) in public offices; the payment or discharge of any taxes, counsel fees, maintenance fees, encumbrances or otherwise protecting, maintaining or preserving the Patent Collateral, or in defending or prosecuting any actions or proceedings arising out of or related to the Patent Collateral, shall be borne and paid by Grantor on demand by Secured Party and until so paid shall bear interest at the Default Rate.

10. Grantor shall use commercially reasonable efforts (i) to prosecute diligently any United States Patent applications pending as of the date of this Agreement or thereafter until the Obligations shall have been indefeasibly paid in full, (ii) to make application on unpatented but patentable inventions that Grantor determines to be important for the conduct of Grantor's business and (iii) to preserve and maintain all rights in Grantor's United States Patent applications and Grantor's Patent Collateral, including without limitation, the payment of all maintenance fees. Any expenses incurred in connection with such an application shall be borne by Grantor. The Grantor shall not abandon any right to file a material United States Patent application, or any pending material United States Patent application or Patent Collateral without the consent of Secured Party.

11. No course of dealing between Grantor and Secured Party, nor any failure to exercise, nor any delay in exercising, on the part of Secured Party, any right, power or privilege hereunder or under the Loan Documents shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege hereunder or thereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

12. All of Secured Party's rights and remedies with respect to the Patents, whether established hereby, the Loan Documents, any other agreements or by law shall be cumulative and may be exercised singularly or concurrently.

13. The provisions of this Agreement are severable, and if any clause or provision shall be held invalid and unenforceable in whole or in part in any jurisdiction, then such provision shall be ineffective only to the extent and duration of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement.

14. Grantor acknowledges and understands that Secured Party may sell, assign and/or transfer all or part of its interest hereunder to any person or entity (a "Transferee") without prior notice to or consent of Grantor. After such assignment, the term "Secured Party" as used in this Agreement shall mean and include such Transferee, and such Transferee shall be vested with all rights, powers and remedies of Secured Party hereunder with respect to the interest so assigned; but with respect to any such interest not so transferred, Secured Party shall retain all rights, powers and remedies hereby given. No such assignment by Secured Party shall relieve Grantor of any of its obligations hereunder. Grantor may not sell, assign or transfer its rights and obligations hereunder without the prior written consent of Secured Party.

15. This Agreement is subject to modification only by a writing signed by both parties, except as provided in paragraph 5.

16. The validity and interpretation of this Agreement and the rights and obligations of the parties shall be governed by the internal laws of the State of Illinois, excluding conflict of laws principles that would cause the application of laws of any other jurisdiction. To the extent the provisions of the UCC govern any aspect of this Agreement, the UCC as the same is, from time to time, in effect in the State of Illinois shall govern; provided, that in the event that, by reason of mandatory provisions of law, any or all of the attachment, perfection or priority of, or remedies with respect to, the security interest granted on the Patent Collateral is required to be governed by the UCC as the same is, from time to time, in effect in a jurisdiction other than the State of Illinois, then such jurisdiction's UCC, as in effect, from time to time, shall govern only to the extent required by applicable law.

17. This Agreement has been delivered to Lender in the State of Illinois, and shall have been accepted by Lender in the State of Illinois. This Agreement shall be governed by, and construed and enforced in accordance with, the internal laws of the State of Illinois, excluding conflict of laws principles that would cause the application of laws of any other jurisdiction. The parties hereto agree that any suit, action or proceeding with respect to this Agreement shall be brought and maintained exclusively in the courts of the State of Illinois or in the United States District Court for the Northern District of Illinois; provided, that nothing in this

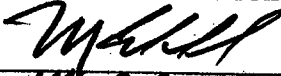
Agreement shall be deemed or operate to preclude Lender from bringing suit or taking other legal action in any other jurisdiction if such action is brought in connection with enforcing any of Lender's rights against Borrower or with respect to the Patent Collateral. The parties hereto hereby expressly and irrevocably submit to the jurisdiction of those courts for the purpose of any such suit, action or proceeding. The parties hereto hereby irrevocably waive, to the fullest extent permitted by law, any objection that any of them may now or hereafter have to venue of any suit, action or proceeding arising out of or relating to this Agreement or any judgment entered by any court in respect thereof brought in any such court referred to above, and hereby further irrevocably waive any claim that any such suit, action or proceeding has been brought in an inconvenient forum. Service of process on any party hereto in any action arising out of or relating to this Agreement shall be effective if given in accordance with the requirements for notice set forth in the Loan Agreement, and shall be deemed effective and received as set forth in Section 10.05 of the Loan Agreement.

[Remainder of page intentionally left blank]

1079826_3

IN WITNESS WHEREOF, each of the parties hereto, by their respective officers, have executed this Agreement as of the day and year first above written.

nCIRCLE NETWORK SECURITY, INC.

By: 
Name: MARK ELCHNOFF
Title: CFO

VELOCITY FINANCIAL GROUP, INC.

By: _____
Name: _____
Title: _____


[Signature Page to Patent Grant of Security Interest]

IN WITNESS WHEREOF, each of the parties hereto, by their respective officers, have executed this Agreement as of the day and year first above written.

nCIRCLE NETWORK SECURITY, INC.

By: _____
Name: _____
Title: _____

VELOCITY FINANCIAL GROUP, INC.

By:  _____
Name: Jim Haas
Title: President

SCHEDULE 1
TO
PATENT GRANT OF SECURITY INTEREST

PATENT APPLICATIONS			
Name	Status and Date Filed	Application Number	
Real Time Change Detection for Network Systems	Status: Pending Date Filed: 12/03/2004	11/004,289	
Persistent Host Determination	Status: Pending Date Filed: 01/10/2005	11/033,414	
Prioritization Network Security Vulnerabilities Using Accessibility	Status: Pending Date Filed: 06/14/2006	11/424,088	
Interoperability of Vulnerability and Intrusion Detection Systems	Status: Pending Date Filed: 01/06/2007	11/621,027	
Network Security Systems Having a Device Profiler Communicatively Coupled to a Traffic Monitor	Status: Pending Date Filed: 02/16/2007	11/676,051	
PATENTS			
Name	Status and Date Filed	Application Number	Patent Number
Method and Systems for Detecting a Vulnerability in an Network	Status: Issued Date Filed: 08/25/2000	09/648,211	7073198
Interoperability of Vulnerability and Intrusion Detection Systems	Status: Issued Date Filed: 01/10/2001	09/757,963	6957348
Network Security System	Status: Issued Date Filed: 06/06/2003	10/456,837	7181769
Interoperability of Vulnerability and Intrusion Detection Systems	Status: Issued Date Filed: 11/12/2004	10/967,988	7162742

PATENT LICENSES			
None as of the date of this Agreement.			

1079826_3