

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
Crossrate Technology, LLC	07/03/2008

RECEIVING PARTY DATA

Name:	Small Enterprise Growth Board
Street Address:	18 Pleasant Street, Suite 201
City:	Brunswick
State/Country:	MAINE
Postal Code:	04011

PROPERTY NUMBERS Total: 2

Property Type	Number
Application Number:	60955085
Application Number:	11612288

CORRESPONDENCE DATA

Fax Number: (207)772-3627

Correspondence will be sent via US Mail when the fax attempt is unsuccessful.

Phone: 207 772-1941

Email: dnathanson@dwmlaw.com

Correspondent Name: Daina J. Nathanson

Address Line 1: 245 Commercial Street P.O. Box 9781

Address Line 4: Portland, MAINE 04104-5081

NAME OF SUBMITTER:

Daina J. Nathanson

Total Attachments: 38

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SECURITY AGREEMENT

This **SECURITY AGREEMENT** is dated as of the 3rd day of July, 2008 between **CROSSRATE TECHNOLOGY, LLC**, a Maine limited liability company with a principal place of business at 15 Pine Drive, Standish, ME 04084 (the "Debtor"), the lenders listed on Exhibit A attached hereto (collectively the "Lenders" and each a "Lender") and **SMALL ENTERPRISE GROWTH BOARD** as a lender and in its capacity as agent for the other Lenders (the "Secured Party").

WITNESSETH:

WHEREAS, pursuant to the terms of the Note Purchase and Investment Agreement of near or even date by and between the Debtor, the Secured Party and the other Lenders (as the same may be amended from time to time, the "NPA"), the Debtor agreed to borrow from the Lenders the amounts listed on Exhibit A (as the same may be amended from time to time collectively and each individually, the "Loan"), each Loan being evidenced by a Term Note of even or near even date issued by Debtor (together with any additional Term Note that may be issued from time to time to evidence any Loan made by a Lender that becomes a party hereto following the date hereof in accordance with the terms hereof, and with any and all amendments or modifications thereto, substitutions therefor, and renewals, extensions, or rearrangements thereof, collectively and each individually, the "Note"), and

WHEREAS, the obligation of each Lender to make its/his/her Loan is subject to the condition, among other things, that the Debtor shall execute and deliver this Security Agreement ("Agreement") and grant the security interests hereinafter described.

NOW, THEREFORE, in consideration of the willingness of the Secured Party to make the Loan to the Debtor and for other good and valuable consideration paid, the receipt and sufficiency of which is hereby acknowledged, it is hereby agreed as follows:

1. Defined Terms.

(a) All capitalized terms not defined herein have the meanings assigned to them in the NPA.

(b) The following term shall have the following meaning:

"Required Lenders" shall mean Lenders holding in the aggregate 66.66% of the aggregate principal amount of all outstanding Loans.

(b) The following term shall have the following meaning, unless the context otherwise requires:

“Trademarks” shall mean the registered trademarks and pending applications shown in the attached Schedule A, and those trademarks which are currently used or hereafter adopted or acquired by Debtor, and all right, title and interest therein and thereto, and all registrations, applications, and recordings thereof, including, without limitation, applications, registrations and recordings in the United States Patent and Trademark Office or in any similar office or agency of the United States, any State thereof, or any foreign country, all whether now owned or hereafter acquired by Debtor.

2. Grant of Security Interest in Collateral. As security for the Secured Obligations described in Section 3 hereof, the Debtor hereby grants to Secured Party a present and continuing security interest in and valid third lien (such lien, and the indebtedness secured thereby, being subject and subordinated to the liens on the Debtor's assets (and indebtedness secured thereby) previously granted by the Debtor to the Finance Authority of Maine and to Norway Savings Bank (together, the “Senior Lenders”)) on all of the Debtor's property described below (the parties intending the same to be a description of all of the Debtor's assets of every nature and type, and in each case and for each item, category or type of property listed below, whether now existing or hereafter arising or acquired), together with any and all additions, accessions and accessories thereto, replacements, proceeds (including without limitation insurance proceeds) and products thereof, and substitutions therefor, wherever the same may be located from time to time and whether now existing or hereafter arising or acquired by Debtor or any instrumentality of the Debtor (hereinafter referred to collectively as the “Collateral”):

(a) all of the Debtor's goods as defined in the Maine Uniform Commercial Code (the “Maine UCC”), as the same may be amended from time to time, and all equipment, machinery, furniture, fixtures, trade fixtures, all other goods, computer hardware and software, motor vehicles, rolling stock and all other tangible personal property of the Debtor other than inventory, any parts for any of the foregoing, and all documents evidencing the Debtor's title to any of the foregoing, all accessions, accessories and attachments thereto, and any guaranties, warranties, indemnities, and other agreements of manufacturers, vendors and others with respect to the foregoing, all whether now owned or hereafter acquired and wherever located and any other rights related thereto, as defined in the Maine UCC;

(b) all of the Debtor's inventory as defined in the Maine UCC, as the same may be amended from time to time, whether now owned or hereafter acquired and all goods, merchandise and other personal property of every type held by and intended for sale, use or lease by the Debtor or to be furnished by the Debtor under contracts of service, and all raw materials, parts inventories, work-in-process, finished goods, materials and other supplies of every nature used or usable in connection with the

packing, shipping, advertising, selling, leasing or furnishing of the foregoing, wherever located, whether in transit, on consignment, in outlets, warehouses, terminals or elsewhere;

(c) any and all of the Debtor's accounts as defined in the Maine UCC, as the same may be amended from time to time, and, to the extent not included therein, all rights to payments for goods and inventory (including parts inventory) sold, leased or licensed, or for services rendered whether or not evidenced by instruments or chattel paper and whether or not earned by performance, including also, all accounts, accounts receivable, deposit accounts, health care insurance receivables, rebates, all amounts owed to the Debtor for the licensing of intellectual property rights, instruments, chattel paper, any other obligations or indebtedness owed to the Debtor from whatever source arising, including, without limitation, obligations or indebtedness owed to the Debtor from companies related to the Debtor, all rights of the Debtor to receive any payments in money or in kind, and further including, without limitation, all right, title and interest in and to any and all goods, and/or inventory which give rise to any of the foregoing, and any security for any of the foregoing, and any cash or non-cash proceeds thereof, whether now existing or hereafter arising;

(d) all of the entire right, title and interest of Debtor in and to the Trademark registrations and applications appurtenant thereto listed on **Schedule A** hereto (as the same may be amended pursuant hereto from time to time), all proceeds of infringement suits, the rights to sue for past, present and future infringements and all rights corresponding thereto and the goodwill of the business to which each of the Trademarks relates, all whether now owned or hereafter acquired by the Debtor;

(e) all of Debtor's present and future United States registered copyrights and copyright registrations, and all of Debtor's present and future copyrights that are not registered in the Copyright Office (collectively, the "Copyrights"), and any and all royalties, payments, and other amounts payable to Debtor in connection with the Copyrights, together with all renewals and extensions of the Copyrights, the right to recover for all past, present, and future infringements of the Copyrights, and all manuscripts, documents, writings, tapes, disks, storage media, computer programs, computer databases, computer program flow diagrams, software, source codes, object codes and all tangible property embodying or incorporating the Copyrights, and all other rights of every kind whatsoever accruing thereunder or pertaining thereto;

(f) all patents, patent applications and like protections including, without limitation, improvements, divisions, continuations, renewals, reissues, extensions and continuations-in-part of the same, including without limitation the patents and patent applications set forth on **Exhibit B** attached hereto (collectively, the "Patents");

(g) any and all claims for damages by way of past, present and future infringements of any of the rights included in (h) above, with the right, but not the

obligation, to sue for and collect such damages for said use or infringement of the rights identified above;

(h) all licenses or other rights to use any of the Patents and all license fees and royalties arising from such use to the extent permitted by such license or rights, including, without limitation those set forth on Exhibit C attached hereto (collectively, the "Licenses");

(i) all amendments, extensions, renewals and extensions of any of the Patents and Licenses;

(j) all of the Debtor's other tangible or intangible personal property of every type or nature to the extent not described above, including, without limitation, all present and future contract rights (including, without limitation, any and all rights of the Debtor as lessor or lessee under any real property or equipment leases arising from time to time), general intangibles (as defined in the Maine UCC, as the same may be amended from time to time), payment intangibles, supporting obligations, letter of credit rights, chattel paper, patents, copyrights and trademarks (together with any goodwill associated with the same), trade names (including the Debtor's corporate name and all assumed names), trade secrets, other intellectual property, copyright materials, goodwill, computer programs, customer lists, business and corporate records, licenses, notes (including any notes due from third parties, subsidiaries and affiliates), money, cash, instruments, documents, bills, drafts, acceptances, choses in action, commercial tort claims, all licenses, permits, agreements of any kind or nature pursuant to which the Debtor possesses, uses or has authority to possess or use the property of others, license fees and other rights to payment for the licensing of intellectual property rights, causes of action, contract rights, letter of credit rights, royalties, rights to tax refunds, and all debts, obligations and liabilities in whatever form, owing to the Debtor from any person, firm or corporation, whether now existing or hereafter arising, now or hereafter received by or belonging or owing to the Debtor, all guaranties and security therefor, all of the Debtor's rights as an unpaid vendor or lienor, including the rights of stoppage in transit, replevin and reclamation, and all monies, securities and other property (and any proceeds thereof), now or hereafter held or received by or in transit to the Secured Party from or for the Debtor, whether for safekeeping, pledge, custody, transmission, collection or otherwise and all credits and balances of the Debtor at any time existing with the Secured Party (but excluding any licenses, permits and consents which will become void or be invalidated upon the grant of a security interest and further provided that nothing contained herein shall be deemed to violate the requirement to obtain any necessary consents to an assignment of any licenses, permits and consents);

(k) all investment property as defined in the Maine UCC, as the same may be amended from time to time, and also including without limitation, all certificated and uncertificated securities, investment securities, security entitlements, security

accounts, commodity accounts and commodity contracts, and all proceeds and products thereof;

(l) all books and records pertaining to any of the foregoing, and any equipment containing any such books and records; and

(m) to the extent not listed above as original collateral, proceeds and products of the foregoing; or

(n) any of the foregoing assets or property of any subsidiary of the Debtor.

3. Obligations Secured by the Collateral. The security interest hereby granted in the Collateral shall secure the due and punctual payment and performance of the following liabilities and obligations of the Debtor (hereinafter called the "Secured Obligations" and each individually a "Secured Obligation"):

(a) The principal of and interest on each Note and each Loan and advances of every nature and type made by Secured Party pursuant to the NPA, in each instance as and when the same shall be due, and including any modifications or amendments thereto, renewals, extensions or rearrangements thereof and substitutions therefor;

(b) Any and all other obligations of the Debtor to any Lender and/or Secured Party under the Note, the NPA, this Agreement and all other documents executed in connection therewith (collectively, the "Loan Documents"), or under any agreement or instrument relating thereto, as the same may be amended from time to time;

(c) Any and all amounts due from Debtor to Secured Party under any modifications, amendments, restatements, renewals or extensions of any obligations referred to above; and

(d) Any other indebtedness, liabilities or obligations of the Debtor to the Secured Party arising from time to time of every nature and type and whether now existing or hereinafter arising and any other agreements, representations, confirmations and instruments referred to therein or created in connection therewith.

(e) Any of the foregoing that arises or may arise after the filing of a petition by or against the Debtor under the Bankruptcy Code, even if the obligations do not accrue because of the automatic stay under the Bankruptcy Code or otherwise.

4. Authorizations and Request. Debtor authorizes and requests that the Director of the United States Patent and Trademark Office record this Agreement and any amendments thereto or copies thereof. Debtor authorizes Secured Party to file such financing statements, continuations, assignments, notices and other documents from time

to time as may be necessary or convenient to perfect or continue the perfection of Lender's security interest in the Collateral.

5. Special Representations, Warranties and Covenants of the Debtor. The Debtor hereby represents, warrants and covenants to the Secured Party that:

(a) The chief executive office of the Debtor and the Debtor's additional places of business, if any, and the location of all the Collateral are listed in **Schedule D** attached hereto. The Debtor's jurisdiction of organization or formation is the State of Maine and its organization number is 20050252 DC. The Debtor will not change its chief executive office or any other place of business or the location of any Collateral without at least thirty (30) days prior written notice to the Secured Party of any such event. The Debtor will from time to time at the reasonable request of the Secured party provide Secured Party with current lists as to all locations of Collateral. The Debtor will not change its legal name, mailing address, organization number if it has one (and if it does not and hereafter acquires one, it will forthwith notify Secured Party of the same), without at least fifteen (15) days prior written notice to Secured Party. The Debtor will not change its type of organization, jurisdiction of organization or legal structure without the prior written consent of the Secured Party.

(b) The Debtor will not sell, assign, transfer or otherwise dispose of any of the Collateral, or any interest therein, if such sale, assignment, transfer, or disposition is prohibited by the NPA. For the avoidance of doubt, notwithstanding anything to the contrary herein, until an Event of Default occurs, Debtor may sell inventory in the ordinary course of business and collect its accounts and accounts receivable in the ordinary course of its business.

(c) The Debtor will promptly execute and deliver to the Secured Party such certificates and other documents or instruments as reasonably requested by the Secured Party and as may be necessary to enable the Secured Party to perfect or from time to time renew the security interest granted hereby.

(d) The exact legal name of the Debtor is set forth in the first paragraph of this Agreement. The Debtor has not conducted its business under any trade name or trade style other than the name identified at the beginning of this Agreement as its legal name. The Debtor will not conduct its business hereafter under any other trade name or trade style except upon thirty (30) days prior written notice to the Secured Party.

(e) Subject to Debtor's right to sell inventory in the ordinary course of business until an Event of Default, the Debtor is and shall hereafter remain the owner of the Collateral free from any adverse attachments, liens, security interests or other encumbrances (including, without limitation, pledges, assignments, licenses, registered user agreements and covenants by Debtor not to sue third persons) with the exception of the security interest granted hereby and any other liens authorized under the NPA, and

subject to any existing liens in favor of the Senior Lenders. The Debtor will defend the Collateral against all claims or demands of all persons and entities (other than Secured Party) claiming the Collateral or any interest herein except any other liens permitted under the NPA and liens granted in favor of the Senior Lenders.

(f) The Debtor shall maintain casualty insurance coverage on the Collateral in such amounts and of such types as required by the NPA.

(g) The Debtor will promptly pay all taxes and other governmental charges levied or assessed upon and against any Collateral or upon or against the creation, perfection or continuance of the security interest, as well as all other claims of any kind (including claims for labor, material and supplies) against or with respect to the Collateral, except as otherwise permitted under the NPA.

(h) The Debtor will, upon reasonable prior notice, at reasonable times and without undue disruption of the Debtor's business, permit the Secured Party or its representatives to examine or inspect any Collateral, any evidence of Collateral and the Debtor's books and records concerning the Collateral, wherever located; provided that, to the extent the Secured Party or any employees, agents or representatives of the Secured Party to which such access is provided, intend to examine or inspect the Debtor's books and records, then the Secured Party or its employee, agent or representative, as the case may be, shall execute a confidentiality agreement acceptable to Debtor by which it agrees to hold all information so reviewed in strict confidence and shall use such information only for the purpose of enforcement of this Agreement.

(i) The Debtor will promptly notify the Secured Party of any loss of or material damage to any material item of Collateral or of any substantial adverse change, known to the Debtor, in any material item of Collateral or the prospect of payment or performance thereof.

(j) The Debtor will use and keep the Collateral, and will require that others (to the extent it is commercially reasonable) use and keep the Collateral, only for lawful purposes, without violation of any applicable federal, state or local law, statute or ordinance.

(k) Subject to the liens and prior rights granted in favor of the Senior Lenders, as additional security for the payment and performance of the Secured Obligations, the Debtor hereby assigns to the Secured Party any and all monies (including proceeds of insurance and refunds of unearned premiums) due or to become due under, and all other rights of the Debtor with respect to, any and all policies of insurance now or at any time hereafter covering the Collateral or any evidence thereof or any business records or valuable papers pertaining thereto. At any time after the occurrence and during the continuance of any Event of Default that continues beyond any applicable cure period that is not waived by Secured Party, and subject to the liens and prior rights

granted in favor of the Senior Lenders, the Secured Party may (but need not), in the Secured Party's name or in the Debtor's name, execute and deliver proofs of claim, receive all such monies, endorse checks and other instruments representing payment of such monies, and adjust, litigate, compromise or release any claim against the issuer of any such policy.

(l) The Debtor authorizes Secured Party at any time and from time to time to file one or more financing statements, initial financing statements, fixture filings and any amendments thereto and continuations thereof in respect of the Collateral in such form and with such content (including an indication that the Collateral includes all assets of Debtor or words of similar effect) as Secured Party may require and in any jurisdiction Secured Party deems appropriate, which financing statements, amendments, and continuations may contain any other information as may be required by the applicable Uniform Commercial Code for the sufficiency of or filing office acceptance of any such financing statement, amendment or continuation. For any such fixture filing, Debtor agrees to provide Secured Party promptly and upon demand with a sufficient description of the real property to which the Collateral relates.

(m) Debtor shall take such further actions as Secured Party may reasonably request from time to time to perfect or continue the perfection of Secured Party's interest in the Collateral;

(n) Where Collateral is in the possession of a third party or bailee, the Debtor will join with Secured Party at the request of the Secured Party in notifying the third party of Secured Party's security interest in such Collateral, and if requested by the Secured Party, and subject to the liens and prior rights granted in favor of the Senior Lenders, take all commercially reasonable steps to promptly obtain an acknowledgment from the third party or bailee that it is holding the Collateral for the benefit of Secured Party and shall act upon instructions of the Secured Party.

(o) After an Event of Default, and subject to the liens and prior rights granted in favor of the Senior Lenders, the Debtor will at the request of the Secured Party cooperate with Secured Party in obtaining control with respect to Collateral to the extent that Collateral includes (i) deposit accounts; (ii) investment property; (iii) letter of credit rights; and (iv) electronic chattel paper.

(p) After an Event of Default, if the Debtor shall at any time hold or acquire any promissory notes or tangible chattel paper, the Debtor shall, subject to the liens and prior rights granted in favor of the Senior Lenders, forthwith endorse, assign and deliver the same to the Secured Party, accompanied by such instruments of assignment and transfer duly executed in blank as the Secured Party may from time to time reasonably require.

(q) After an Event of Default, the Debtor will not create any chattel paper ("Chattel Paper") without placing a legend on the Chattel Paper reasonably acceptable to Secured Party indicating that Secured Party has a security interest in the Chattel Paper.

(r) No license, permit or consent material to the operation of the Debtor's business is voided or otherwise invalidated by the grant of security interest therein or collateral assignment thereof.

(s) The Debtor has full right, power and authority to execute, deliver and perform this Security Agreement and the same constitutes a legally valid and binding obligation of the Debtor, enforceable against the Debtor in accordance with its terms. Subject to the filing of a financing statement describing the Collateral in the office of the Secretary of State of the State of Maine, the provisions of this Security Agreement are effective to create in favor of Secured Party a valid and enforceable perfected security interest in the Collateral.

(t) Except for (i) the filing or recording of the financing statements and fixture filings that are to be filed in connection with this Security Agreement, (ii) consents obtained in connection with the NPA, and (iii) the consent of the Senior Lenders and any subordination and/or standstill agreements required by such Senior Lenders in connection herewith, no authorization, approval or other action by, no notice to or registration or filing with, any person or entity, including without limitation, any creditor of Debtor or any governmental authority or regulatory body is required, except as may be agreed to by Debtor and Secured Party: (i) for the grant by the Debtor of the security interest in the Collateral pursuant to this Security Agreement or for the execution, delivery or performance of this Security Agreement by the Debtor, (ii) for the perfection or maintenance of such security interest created hereby, or the exercise by Secured Party of the rights and remedies provided for in this Security Agreement (other than any required governmental consent or filing with respect to any Patents, Trademarks, Copyrights, governmental claims, tax refunds, licenses or permits, and the exercise of remedies requiring prior court approval), or (iii) for the enforceability of such security interest against third parties, including, without limitation, judgment lien creditors;

(u) Subject to the consent of the Senior Lenders, none of the execution, delivery and performance of this Security Agreement by Debtor, the consummation of the transactions herein contemplated, the fulfillment of the terms hereof or the exercise by Secured Party of any rights or remedies hereunder will constitute or result in a breach of any of the terms or provisions of, or constitute a default under, or constitute an event which with notice or lapse of time or both will result in a breach of or constitute a default under, any agreement, indenture, mortgage, deed of trust, equipment lease, instrument or other document to which Debtor is a party, conflict with or require approval, authorization, notice or consent under any law, order, rule, regulation, license or permit applicable to Debtor of any court or any federal or state government, regulatory body or

administrative agency, or any other governmental body having jurisdiction over Debtor or its properties, or require notice, consent, approval or authorization by or registration or filing with any person or entity (including, without limitation, any stockholder, member or creditor of Debtor) other than any notices to Debtor from Secured Party required hereunder except as provided in the Loan Documents or as otherwise agreed to by Debtor and Secured Party. Except for the permitted liens under the NPA and liens granted in favor of the Senior Lenders, none of the Collateral is subject to any agreement, indenture, mortgage, deed of trust, equipment lease, instrument or other document to which Debtor is a party which may restrict or inhibit Secured Party's rights or ability to sell or dispose of the Collateral or any part thereof after the occurrence of an Event of Default (as defined herein).

(v) If the Debtor shall at any time hold or acquire a commercial tort claim, the Debtor shall immediately notify the Secured Party in a writing signed by the Debtor of the brief details thereof.

(w) With respect to the Trademarks, to the Debtor's knowledge, (i) the Trademarks are subsisting and have not been adjudged invalid or unenforceable in whole or in part; (ii) each of the Trademarks is valid and enforceable; (iii) there is no outstanding claim that the use of any of the Trademarks violates the rights of any third person; (iv) Debtor is the sole and exclusive owner of the entire and unencumbered right, title and interest in and to each of the Trademarks, free and clear of any liens, charges and encumbrances (including without limitation pledges, assignments, licenses, registered user agreements and covenants by Debtor not to sue third persons), other than liens granted in favor of the Senior Lenders; or (v) Debtor has used, and will continue to use for the duration of this Agreement, proper statutory notice, where appropriate, in connection with its use of the Trademarks; and (vi) Debtor has used, and will continue to use for the duration of this Agreement, consistent standards of quality in its manufacture of products sold under the Trademarks.

(x) To the Debtor's knowledge, the Patents are subsisting and have not been adjudged invalid or unenforceable, and no part of the Collateral has been judged invalid or unenforceable, in whole or in part, and no claim has been made that any part of the Collateral violates the rights of any third party.

(y) Debtor represents and warrants to Secured Party that:

(i) On a continuing basis, Debtor shall make, execute acknowledge and deliver, and file and record in the proper filing and recording places, all such instruments and documents, and take all such action requested by Secured Party that are necessary or advisable to carry out the intent and purposes of the Agreement, or for assuring, confirming or protecting the grant or perfection of the security interest, granted or purported to be granted hereby, to ensure

Debtor's compliance with this agreement or to enable Secured Party to exercise and enforce its rights and remedies hereunder with respect to the Collateral, including any documents for filing with the Copyright Office or any applicable state office. Secured Party may record this Agreement, an abstract there of, or any other document describing the Secured Party's interest in the Copyrights with the Copyright Office, at the expense of Debtor. In addition, Debtor authorizes Secured Party to file financing statements describing the Collateral in any UCC filing office deemed appropriate by Secured Party.

- (ii) Debtor shall give Secured Party prompt notice of any United States copyright registrations or applications therefor made by Debtor after the date hereof. In such case, the Debtor authorizes Secured Party to modify this Agreement by adding Schedule E or F listing such United States registered copyrights or applications therefor of Debtor. Notwithstanding the foregoing, no failure to so modify this Agreement or to add Schedule E or F shall in any way affect, invalidate or detract from Secured Party's continuing security interest in all Collateral.

6. Fixtures. Without limiting the generality of the foregoing, on request of Secured Party, the Debtor will use commercially reasonable efforts to promptly obtain waivers of lien or disclaimers with respect to any interest in the Collateral, in form reasonably satisfactory to the Secured Party, from each lessor and owner of real property on which any of the Collateral is or is to be located.

7. The Secured Party's Duties. The powers conferred on the Secured Party hereunder are solely to protect its interest in the Collateral and shall not impose any duty upon it to exercise any such powers. The Secured Party shall be accountable only for the amounts that it actually receives as a result of the exercise of its powers hereunder and neither it nor any of its officers, directors, employees or agents shall be responsible to the Debtor for any action or failure to act except for Secured Party's own gross negligence or willful misconduct. The Secured Party shall be deemed to have exercised reasonable care in the safekeeping of any Collateral in its possession if such Collateral is accorded treatment substantially equal to the safekeeping which the Secured Party accords its own property of like kind. Except for the safekeeping of any Collateral in its possession and the accounting for monies and for other properties actually received by it hereunder, the Secured Party shall have no duty, as to any Collateral, as to ascertaining or taking action with respect to calls, conversions, exchanges, maturities, tenders or other matters relative to any Collateral, whether or not the Secured Party has or is deemed to have knowledge of such matters, or as to the taking of any necessary steps to preserve rights against any persons or any other rights pertaining to any Collateral. The Secured Party will take

action in the nature of exchanges, conversions, redemptions, tenders and the like requested in writing by the Debtor with respect to the Collateral in the Secured Party's possession if the Secured Party in its reasonable judgment determines that such action will not impair the security interest or the value of the Collateral, but a failure of the Secured Party to comply with any such request shall not of itself be deemed a failure to exercise reasonable care.

8. New Trademarks or Patents.

(a) If, before the Secured Obligations shall have been paid in full in cash, Debtor shall obtain rights to any new Trademarks or Patents, or become entitled to the benefit of any trademark application or trademark registration, or patent application or patent registration, for any reissue, division, continuation, renewal, extension, or continuation in part of any Trademark or Patent or any improvement on any Trademark or Patent, the provisions of Section 2 shall automatically apply thereto and Debtor shall give Secured Party prompt written notice thereof.

(b) On a continuing basis, Debtor will, upon request by Secured Party, subject to any prior licenses, encumbrances and restrictions and prospective licenses, make, execute, acknowledge and deliver, and file and record in the proper filing and recording places in the United States, all such instruments, including appropriate financing and continuation statements and collateral agreements and filings with the United States Patent and Trademark Office, and take all such action as may reasonably be deemed necessary or advisable, or as reasonably requested by Secured Party, to perfect Secured Party's security interest in all Trademarks and Patents and otherwise to carry out the intent and purposes of this Agreement, or for assuring and confirming to Secured Party the grant or perfection of a security interest in all Collateral.

(c) If Debtor fails to do so when required to do so, the Secured Party may, at its option, as Debtor's attorney-in-fact, with full authority in the place and stead of Debtor and in the name of Debtor after thirty (30) days written notice to Debtor, take any action and to execute any instrument which Secured Party may deem necessary or advisable to accomplish the purposes of this Agreement, including:

- (i) To modify, in its sole discretion, this Agreement without first obtaining Debtor's approval of or signature to such modification by amending **Exhibit A** and/or **Exhibit B** hereof, as appropriate, to include reference to any right, title or interest in any Trademarks or Patents acquired by Debtor after the execution hereof or to delete any reference to any right, title or interest in any Trademarks of Patents in which Debtor no longer has or claims any right, title or interest; and

- (ii) To file, in its sole discretion, one or more financing or continuation statements and amendments thereto, or other notice filings or notations in appropriate filing offices, relative to any of the Collateral, without notice to Debtor, with all appropriate jurisdictions, as Secured Party deems appropriate, in order to further perfect or protect Secured Party's interest in the Collateral.

(d) If, before all Secured Obligations shall have been satisfied in full, Debtor shall (i) obtain rights to any new trademarks, trademark registrations, tradenames, patents, or patent registrations, or (ii) become entitled to the benefit of any trademark application, trademark, trademark registration, patent application, patent, or patent registration, the provisions of this Agreement shall automatically apply thereto and such trademark application, trademark, trademark registration, patent application, patent, or patent registration shall be deemed part of the Trademarks or Patents, as applicable. Debtor shall give Secured Party prompt written notice thereof along with an amended **Schedule A** and/or **Schedule B**, as applicable.

9. **Special Trademark Covenants.** Debtor covenants and agrees with Secured Party that from and after the date of this Agreement and until the Secured Obligations are fully paid:

(a) **Maintenance of Trademarks.** Debtor will not, without thirty (30) days prior written notice to Secured Party, do any act, or omit to do any act, whereby the Trademarks or any registration or application appurtenant thereto, may become abandoned, invalidated, unenforceable, avoided, avoidable, or will otherwise materially diminish in value, and shall notify Secured Party immediately if it knows of any reason or has reason to know of any ground under which this result may occur. Debtor shall take commercially reasonable action at its expense to halt the infringement of the Trademarks.

(b) **Indemnification.** Debtor assumes all responsibility and liability arising from the use by it of the Trademarks, and Debtor hereby indemnifies and holds Secured Party harmless from and against any claim, suit, loss, damage or expense (including reasonable attorneys' fees) arising out of Debtor's operations of its business from the use of the Trademarks.

(c) **Limitation on Further Uses of Trademarks.** Subject to the liens granted in favor of the Senior Lenders, Debtor will not assign, sell, mortgage, lease, transfer, pledge, hypothecate, grant a security interest in or lien upon, encumber, grant an exclusive license, or otherwise dispose of any of the Trademarks, without prior written consent of Secured Party, provided that the foregoing shall not prohibit Debtor from entering into non-exclusive licenses of its Trademarks in the ordinary course of business.

(d) Exercise of Rights; Delivery of Notices. Debtor shall deliver to Secured Party a copy of each material demand, notice or document sent or received by it relating in any way to any Trademark.

10. Special Patent Covenants. Debtor covenants and agrees with Secured Party from and after the date of this Agreement and until the Secured Obligations are fully paid:

(a) Debtor shall promptly advise Secured Party of any material adverse change in the composition of the Collateral, including but not limited to any subsequent ownership right of the Debtor in or to any Patent specified in this Agreement;

(b) Debtor shall (i) protect, defend and maintain the validity and enforceability of the Patents, (ii) use commercially reasonable efforts to detect infringements of the Patents and promptly advise Secured Party in writing of material infringements detected and (iii) not allow any Patents to be abandoned, forfeited or dedicated to the public without the written consent of Secured Party, which consent shall not be unreasonably withheld, unless Debtor determines that reasonable business practices suggest that abandonment is appropriate;

(c) Debtor has used, and will continue to use for the duration of this Agreement, proper statutory notice, where appropriate, in connection with its use of the Patents;

(d) Debtor has used, and will continue to use for the duration of this Agreement, consistent standards of quality in its manufacture of products sold under the Patents.

11. Events of Default. The Debtor shall be in default under this Agreement (a) upon the occurrence of an Event of Default under the NPA or the Loan Documents (including the Note) in each case that continues beyond any applicable cure period, whether or not any acceleration of the maturity of the amounts due in respect of any of the Secured Obligations shall have occurred under the Loan Documents; (b) upon the occurrence of an Event of Default under any document relating to any of the Secured Obligations as described in Section 3 of this Security Agreement that continues beyond any applicable cure period; or (c) if the Debtor shall breach or fail to perform or discharge any representation, covenant, agreement or obligation herein and, to the extent such breach or failure to perform can be remedied, shall not cure the same within thirty (30) days after receipt of written notice thereof from the Secured Party or Debtor's knowledge (meaning, for these purposes, the actual knowledge of the executive officers of Debtor) of such breach or failure to perform and the fact the such breach or failure to perform is an Event of Default hereunder, provided that, if such breach or failure can be cured or remedied but is not susceptible of cure within a thirty (30) day period, the thirty (30) day cure period shall be extended to up to sixty (60) days if the Debtor promptly

commences to cure the breach or default within such thirty (30) day period and thereafter diligently proceeds to effect a full cure of the same (herein called "Events of Default" and each an "Event of Default").

If any Event of Default shall occur pursuant hereto and continues beyond any applicable cure period, then, or at anytime thereafter, Secured Party may, subject to the liens and prior rights granted in favor of the Senior Lenders, declare all Secured Obligations to be in default, whereupon such Secured Obligations shall become due and payable, without notice, protest, presentment, or demand, all of which are expressly waived by the Debtor, in addition to and not in any respect in limitation of any other rights or remedies granted to Secured Party hereunder, under the Loan Documents and in any other agreement or document executed in connection therewith or under applicable law.

12. Rights and Remedies of Secured Party. (a) Upon the occurrence of any Event of Default that continues beyond any applicable cure period, such Event of Default not having previously been waived in writing (if available), the Secured Party shall, subject to any limitations set forth in the NPA, have the following rights and remedies subject to the liens and prior rights granted in favor of the Senior Lenders:

- (i) All rights and remedies provided by law, or in equity, including, without limitation, those provided to a secured party under the Maine UCC or the Uniform Commercial Code of any other jurisdiction governing the rights of Secured Party;
- (ii) All rights and remedies provided in this Agreement;
- (iii) All rights and remedies provided in the other Loan Documents, or in any other agreement, document or instrument pertaining to the Secured Obligations.

(b) To the extent that applicable law imposes duties on the Secured Party to exercise remedies in a commercially reasonable manner, the Debtor acknowledges and agrees that it is not commercially unreasonable for the Secured Party (i) to fail to incur expenses reasonably deemed significant by the Secured Party to prepare Collateral for disposition or otherwise to complete raw material or work in process into finished goods or other finished products for disposition, (ii) to fail to obtain third party consents for access to Collateral to be disposed of, or to obtain or, if not required by other law, to fail to obtain governmental or third party consents for the collection or disposition of Collateral to be collected or disposed of, (iii) to fail to exercise collection remedies against account debtors or other persons obligated on Collateral or to remove liens or encumbrances on or any adverse claims against Collateral, (iv) to exercise collection remedies against account debtors and other persons obligated on Collateral directly or through the use of collection agencies and other persons obligated on the Collateral

directly or through the use of collection agencies and other collection specialists, (v) to advertise dispositions of Collateral through publications or media of general circulation, whether or not the Collateral is of a specialized nature, (vi) to contact other persons, whether or not in the same business as the Debtor, for expressions of interest in acquiring all or any portion of the Collateral, (vii) to hire one or more professional auctioneers to assist in the disposition of the Collateral, whether or not the Collateral is of a specialized nature, (viii) to dispose of Collateral by utilizing Internet sites that provide for the sale of assets of the types included in the Collateral or that have the reasonable capability of doing so, or that match buyers and sellers of such assets, (ix) to dispose of assets in wholesale rather than retail markets, (x) to disclaim disposition warranties, (xi) to purchase insurance or credit enhancements to insure the Secured Party against risks of loss, collection or disposition of Collateral or to provide to the Secured Party a guaranteed return from the collection or disposition of Collateral, or (xii) to the extent reasonably deemed appropriate by the Secured Party, to obtain the services of brokers, investment bankers, consultants and other professionals to assist the Secured Party in the collection or disposition of any of the Collateral. The Debtor acknowledges that the purpose of this subsection (b) is to provide non-exhaustive indications of what actions or omissions by the Secured Party would not be commercially unreasonable in the Secured Party's exercise of remedies against the Collateral and that other actions or omissions by the Secured Party shall not be deemed commercially unreasonable solely on account of not being indicated in this subsection (b). Without limitation upon the foregoing, nothing contained in this subsection (b) shall be construed to grant any rights to the Debtor or to impose any duties on the Secured Party that would not have been granted or imposed by this Agreement or by applicable law in the absence of this subsection (b).

13. Rights of the Secured Party To Take Possession and Sell.

(a) Upon the occurrence of an Event of Default that continues beyond any applicable cure period, and during the continuance of any such Event of Default that is not waived by the Secured Party, the Secured Party shall, subject to any limitations set forth in the NPA and subject to the liens and prior rights granted in favor of the Senior Lenders, have the right to take possession of the Collateral, and in addition thereto, the right to enter upon any premises on which the Collateral or any part thereof may be situated and remove the same therefrom. Unless the Collateral is perishable or threatens to decline speedily in value, or is of a type customarily sold on a recognized market, the Secured Party will give the Debtor at least ten (10) days' prior written notice by registered or certified mail at the address of the Debtor set forth below (or at such other address or addresses as the Debtor shall specify in writing to the Secured Party) of the time and place of any public sale thereof or of the time after which any private sale or any other intended disposition thereof is to be made. Any such notice shall be deemed to meet any requirement hereunder or under any applicable law (including the Maine UCC and any other applicable Uniform Commercial Code) that reasonable notification be given of the time and place of such sale or other disposition. After deducting all costs and expenses

of collection, storage, custody, sale or other disposition and delivery and all other charges against the Collateral, the net proceeds of any such sale or disposition shall be applied to the payment of the Secured Obligations in such order of priority as the Secured Party shall determine, and any surplus shall be returned to the Debtor or to whomever may be legally entitled thereto. All costs and expenses, including, without limitation, reasonable legal costs and attorneys' fees, incurred by the Secured Party in enforcing this Agreement shall be chargeable to and secured by the Collateral.

(b) Upon the occurrence of an Event of Default that continues beyond any applicable cure period, and during the continuance of any such Event of Default that is not waived by the Secured Party, the Secured Party shall, subject to any limitations set forth in the NPA and subject to the liens and prior rights granted in favor of the Senior Lenders, have the right to enter and/or remain upon the premises of the Debtor or any other place or places where the Collateral is located and kept in connection with the exercise of its remedies hereunder.

(c) Upon the occurrence of an Event of Default that continues beyond any applicable cure period and during the continuance of any such Event of Default that is not waived by the Secured Party, the Secured Party shall, subject to any limitations set forth in the NPA and subject to the liens and prior rights granted in favor of the Senior Lenders, the Secured Party may sell the Collateral without giving any warranties as to the Collateral. The Secured Party may specifically disclaim any warranties of title or the like. This procedure will not be considered adversely to affect the commercial reasonableness of any sale of the Collateral.

(d) Any sale of Collateral may be in one or more parcels at public or private sale, at any of the Secured Party's offices or elsewhere, for cash, on credit, or for future delivery, and upon such other terms as the Secured Party may reasonably believe are commercially reasonable. The Secured Party shall not be obligated to make any sale of Collateral regardless of notice of sale having been given, and the Secured Party may adjourn any public or private sale from time to time by announcement made at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned.

(e) If the Secured Party sells any of the Collateral upon credit, the Debtor will be credited only with payments actually made by the purchaser, received by the Secured Party and applied to the indebtedness of the purchaser. In the event the purchaser fails to pay for the Collateral, the Secured Party may resell the Collateral and the Debtor shall be credited with the proceeds of the sale.

14. Rights of the Secured Party to Use and Operate Collateral, etc.

(a) In addition to any other rights or remedies of the Secured Party set forth herein or in any related documents, upon the occurrence of any Event of Default that continues beyond any applicable cure period and during the continuance of any such Event of Default that is not waived by the Secured Party, the Secured Party shall, subject to the liens and prior rights granted in favor of the Senior Lenders have the right and power to take possession (as provided below in this clause (a)) of all or any part of the Collateral, and to exclude the Debtor and all persons claiming under the Debtor wholly or partly therefrom, and thereafter to hold, store, and/or use, operate, manage and control the same. Without limiting the generality of the foregoing, upon the occurrence of any Event of Default that continues beyond any applicable cure period and during the continuance of any such Event of Default that is not waived by the Secured Party, the Secured Party shall, subject to the liens and prior rights granted in favor of the Senior Lenders, the Secured Party shall have the right to have a receiver appointed by a court of competent jurisdiction in any action taken by the Secured Party to enforce its rights and remedies hereunder in order to manage, protect and preserve the Collateral and continue the operation of the business of the Debtor (including the manufacture, production, processing, storing and/or sale of Collateral) and to collect all revenues and profits thereof and apply the same to the payment of all expenses and other charges of such receivership, including the compensation of the receiver and to the payment of the Secured Obligations as aforesaid until a sale or other disposition of such Collateral shall be finally made and consummated. Subject to the foregoing, the Secured Party may require the Debtor to and the Debtor hereby agrees that it will, at its reasonable expense and upon request from the Secured Party assemble all Collateral as may reasonably be directed by the Secured Party and make it available to the Secured Party at a commercially reasonable place or places designated by the Secured Party reasonably convenient to the Debtor and the Secured Party.

(b) The Secured Party is hereby granted a license or other right to use, without charge, all of the Debtor's property, including, without limitation, all of the Debtor's labels, Trademarks, Copyrights, Patents and advertising matter, or any property of a similar nature, as it pertains to the Collateral, in completing production of, advertising for sale and selling any Collateral, or to otherwise permit Secured Party to exercise its rights and remedies upon the occurrence of an Event of Default that continues beyond any applicable cure period, and the Debtor's rights under all licenses and all franchise agreements shall inure to the Secured Party's benefit until the Secured Obligations are paid in full in cash; provided, however, that the Secured Party shall not exercise such license or right except following the occurrence of an Event of Default that continues beyond any applicable cure period and during the continuance of any such Event of Default that is not waived by the Secured Party and all of the Secured Party's rights under this paragraph are subject to the liens and prior rights granted in favor of the Senior Lenders.

15. Collection of Accounts Receivable Upon Default. The Debtor hereby, subject to the liens and prior rights granted in favor of the Senior Lenders, assigns to the Secured Party all accounts as security for the Secured Obligations, provided that until notice by the Secured Party to the Debtor after an Event of Default, the Secured Party hereby authorizes the Debtor to collect any and all amounts owing on all accounts, subject in all cases to the terms hereof and the Loan Documents. In addition, upon the occurrence of an Event of Default that is not waived by the Secured Party, the Secured Party may, subject to the liens and prior rights of the Senior Lenders, notify any account debtor or other person obligated on any accounts or other Collateral that the same have been assigned or transferred to the Secured Party and that the same should be performed as requested by, or paid directly to, the Secured Party, as the case may be. The Debtor shall join in giving notice, if the Secured Party reasonably so requests. After an Event of Default beyond any applicable cure period, and subject to the liens and rights granted in favor of the Senior Lenders, the Secured Party may, in the Secured Party's name or in the Debtor's name, demand, sue for, collect or receive any money or property at any time payable or receivable on account of, or securing, any such Collateral or grant any extension to, make any compromise or settlement with or otherwise agree to waive, modify, amend or change the obligation of any such account debtor or other person. Subject to the liens and rights granted in favor of the Senior Lenders, if any payments on any such Collateral are received by the Debtor after an Event of Default has occurred, such payments shall be held in trust by the Debtor as the property of the Secured Party and shall not be commingled with any funds or property of the Debtor and shall be forthwith remitted to the Secured Party for application on the Secured Obligations.

16. Application of Proceeds. All cash proceeds received by the Secured Party in respect of any sale of, collection from, or other realization upon or set off against all or any part of the Collateral may, upon the occurrence of an Event of Default, in the discretion of the Secured Party, be held by the Secured Party as collateral for, or then or at any time thereafter be applied in whole or in part by the Secured Party against, all or any part of the Secured Obligations (including, without limitation, any expenses of the Secured Party payable pursuant to Section 15 hereof).

17. Costs and Expenses; Indemnity. The Debtor will pay or reimburse the Secured Party promptly after demand for all reasonable out of pocket expenses (including in each case all filing and recording fees and taxes and all reasonable fees and expenses of counsel and of any experts and agents) incurred by the Secured Party in connection with the creation, perfection, protection, satisfaction, foreclosure or enforcement of the security interest created hereunder and for or in connection with the administration, continuance, amendment or enforcement of this Agreement, and all such costs and expenses shall be part of the Secured Obligations secured by the security interest. The obligations of the Debtor under this Section shall survive any termination of this Agreement.

18. Rights Are Cumulative.

(a) All of the Secured Party's rights and remedies whether evidenced hereby or by any other agreement or instrument or whether otherwise available shall be cumulative and may be exercised in such order or concurrently as the Secured Party may elect.

(b) The Secured Party shall not be required to marshal any present or future security for (including but not limited to this Agreement and the Collateral subject to the security interest created hereby), or guarantees of, the Secured Obligations or any of them, or to resort to such security or guarantees in any particular order; and all of its rights hereunder and in respect of such securities and guaranties shall be cumulative and in addition to all other rights, however existing or arising. To the extent that it lawfully may, the Debtor hereby agrees that it will not invoke any law relating to the marshalling of collateral which might cause delay in or impede the enforcement of the Secured Party's rights under this Agreement or under any other instrument evidencing any of the Secured Obligations or under which any of the Secured Obligations is outstanding or by which any of the Secured Obligations is secured or guaranteed, and to the extent that it lawfully may do so the Debtor hereby irrevocably waives the benefits of all such laws. Except as otherwise provided by applicable law, the Secured Party shall have no duty as to the collection or protection of the Collateral or any income thereon, nor as to the preservation of rights against prior parties, nor as to the preservation of any rights pertaining thereto beyond the sole custody thereof.

19. Collateral Agent.

(a) Each Lender hereby designates and appoints Small Enterprise Growth Board as the agent of such Lender under this Agreement and the other loan documents, and each such Lender irrevocably authorizes Small Enterprise Growth Board, as the agent for such Lender, to take such action on its behalf under the provisions of this Agreement and to exercise such powers and perform such duties as are expressly delegated to the agent by the terms of this Agreement, together with such other powers as are reasonably incidental thereto, including, without limitation, the imposition of liens upon Collateral and the release of liens with respect to Collateral sold pursuant to the terms of this Agreement. Notwithstanding any provision to the contrary elsewhere in this Agreement, the agent shall not have any duties or responsibilities, except those expressly set forth herein or in the other loan documents, or any fiduciary relationship with any Lender, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or otherwise exist against the agent.

(b) The agent may execute any of its duties under this Agreement by or through agents or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. The agent shall not be responsible for the

negligence or misconduct of any agents or attorneys-in-fact selected by it with reasonable care.

(c) Neither the Secured Party nor any of its officers, directors, employees, agents, attorneys-in-fact or affiliates shall be (i) liable for any action lawfully taken or omitted to be taken by it or such Person under or in connection with this Agreement (except for its or such person's own gross negligence or willful misconduct) or (ii) responsible in any manner to any of the Lenders for any recitals, statements, representations or warranties made by the Debtor or any officer thereof contained in this Agreement or in any certificate, report, statement or other document referred to or provided for in, or received by the Secured Party under or in connection with, this Agreement or for the value, validity, effectiveness, genuineness, enforceability or sufficiency of any of the loan documents or for any failure of the Debtor to perform its obligations hereunder or thereunder. The Secured Party shall not be under any obligation to any Lender to ascertain or to inquire as to the observance or performance by the Debtor of any of the agreements contained in, or conditions of, this Agreement, or to inspect the properties, books or records of the Debtor.

(d) The Secured Party shall be entitled to rely, and shall be fully protected in relying, upon any Note, writing, resolution, notice, consent, certificate, affidavit, letter, cablegram, telegram, telecopy, telex or teletype message, statement, order or other document or conversation believed by it in good faith to be genuine and correct and to have been signed, sent or made by the proper person or persons and upon advice and statements of legal counsel (including, without limitation, counsel to the Debtor), independent accountants and other experts selected by the Secured Party. The Secured Party may deem and treat the payee of any Note as the owner thereof for all purposes unless (i) a written notice of assignment, negotiation or transfer thereof shall have been filed with the Secured Party and (ii) the Secured Party shall have received the written agreement of such assignee to be bound hereby as fully and to the same extent as if such assignee were an original Lender party hereto, in each case in form satisfactory to the Secured Party. The Secured Party shall be fully justified in failing or refusing to take any action under this Agreement unless it shall first receive such advice or concurrence of the Required Lenders as it deems appropriate or it shall first be indemnified to its satisfaction by the Lenders against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action. The Secured Party shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement in accordance with a request of the Required Lenders or all of the Lenders, as may be required under this Agreement, and such request and any action taken or failure to act pursuant thereto shall be binding upon all the Lenders and all future holders of the Notes.

(e) The Secured Party shall not be deemed to have knowledge or notice of the occurrence of any Event of Default hereunder or under any Note unless the

Secured Party has received notice from a Lender or the Debtor referring to this Agreement and/or the Note, describing such Event of Default and stating that such notice is a "notice of default". In the event that the Secured Party receives such a notice, the Secured Party shall give prompt notice thereof to the other Lenders. The Secured Party shall take such action with respect to such Event of Default as shall be reasonably directed by the Required Lenders; provided, however, that unless and until the Secured Party shall have received such directions, the Secured Party may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Event of Default as it shall deem advisable in the best interests of the Lenders. Each Lender covenants to provide prompt written notice to the Secured Party and the other Lenders of the occurrence of an Event of Default under its Note.

(f) Each Lender expressly acknowledges that neither the Secured Party nor any of its officers, directors, employees, agents, attorneys-in-fact or affiliates has made any representation or warranty to it and that no act by the Secured Party hereinafter taken, including any review of the affairs of the Debtor, shall be deemed to constitute any representation or warranty by the Secured Party to any Lender. Each Lender represents to the Secured Party that it has, independently and without reliance upon the Secured Party or any other Lender, and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, operations, property, financial and other condition and creditworthiness of the Debtor and made its own decision to make its Loans hereunder and enter into this Agreement. Each Lender also represents that it will, independently and without reliance upon the Secured Party or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Agreement, and to make such investigation as it deems necessary to inform itself as to the business, operations, property, financial and other condition and creditworthiness of the Debtor. Except for notices, reports and other documents expressly required to be furnished to the Lenders by the Secured Party hereunder, the Secured Party shall not have any duty or responsibility to provide any Lender with any credit or other information concerning the business, operations, property, condition (financial or otherwise), prospects or creditworthiness of the Debtor which may come into the possession of the Secured Party or any of its officers, directors, employees, agents, attorneys-in-fact or affiliates.

(g) The Lenders agree to indemnify the Secured Party in its capacity hereunder (to the extent not reimbursed by the Debtor and without limiting the obligation of the Debtor to do so to the extent required herein or in the NPA), ratably according to the outstanding amounts of their respective Notes on the date on which indemnification is sought under this Section, from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind whatsoever which may at any time (including, without limitation, at any time following the payment of the Note) be imposed on, incurred by or asserted against the

Secured Party in any way relating to or arising out of this Agreement or any documents contemplated by or referred to herein or therein or the transactions contemplated hereby or thereby or any action taken or omitted by the Secured Party under or in connection with any of the foregoing; provided, however, that no Lender shall be liable for the payment of any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements to the extent resulting from the Secured Party's gross negligence, bad faith or willful misconduct, as determined by a court of competent jurisdiction. This clause (g) shall survive the termination of this Agreement and payment of any Note and all other amounts payable hereunder.

(h) The Secured Party may resign as Secured Party upon thirty (30) days' prior notice to the Debtor and the Lenders. If the Secured Party shall resign as Secured Party under this Agreement and the Note, then the Required Lenders shall appoint from among the Lenders a successor agent for the Lenders, which successor agent shall be approved by the Debtor (which approval will not be unreasonably withheld, delayed or conditioned), whereupon such successor agent shall succeed to the rights, powers and duties of the Secured Party, and the term "Secured Party" shall mean such successor agent effective upon such appointment and approval, and the former Secured Party's rights, powers and duties as Secured Party shall be terminated, without any other or further act or deed on the part of such former Secured Party or any of the parties to this Agreement or any holders of the Notes. After any retiring Secured Party's resignation as Secured Party, the provisions of this clause shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Secured Party under this Agreement.

(i) Neither this Agreement, nor any of the Notes, nor any terms hereof or thereof may be amended, supplemented, waived or modified except in accordance with the provisions of this Section. The Required Lenders may, or, with the written consent of the Required Lenders, the Secured Party may, from time to time, (i) enter into with the Debtor written amendments, supplements or modifications hereto for the purpose of adding any provisions to this Agreement or changing in any manner the rights of the Lenders or of the Debtor hereunder or thereunder or (ii) waive, on such terms and conditions as the Required Lenders may specify in such instrument, any of the requirements of this Agreement or the Note or any Event of Default and its consequences; provided, however, that no such waiver and no such amendment, waiver, supplement, modification or release shall:

- (i) reduce the amount or extend the scheduled date of maturity of any Loan or Note or any installment thereon, or reduce the stated rate of any interest or fee payable hereunder (except in connection with a waiver of interest at the increased post-default rate) or extend the scheduled date of any payment

thereof or increase the amount, in each case without the written consent of each Lender directly affected thereby; or

- (ii) amend, modify or waive any provision of this Section 19 or reduce the percentage specified in the definition of Required Lenders, without the written consent of each Lender directly affected thereby; or
- (iii) amend, modify or waive any provision of Section 19 without the written consent of the then Agent; or
- (iv) release a Debtor without the written consent of each Lender directly affected thereby; or
- (v) release all or substantially all of the Collateral, without the written consent of each Lender directly affected thereby; or
- (vi) amend, modify or waive the order in which Secured Obligations are paid pro rata treatment of payments, without the written consent of each Lender directly affected thereby; or
- (vii) amend, modify or waive any provision of the Loan Documents requiring consent, approval or request of the Required Lenders or all Lenders, without the written consent of each Lender directly affected thereby.

Any such waiver, any such amendment, supplement or modification and any such release shall apply equally to each of the Lenders and shall be binding upon the Debtor, the Lenders, the Secured Party and all future holders of any Note. In the case of any waiver, the Debtor, the Lenders and the Secured Party shall be restored to their former position and rights hereunder and under the outstanding Loan and Note and loan documents, and any Event of Default permanently waived shall be deemed to be cured and not continuing; but no such waiver shall extend to any subsequent or other Event of Default, or impair any right consequent thereon.

Notwithstanding any of the foregoing to the contrary, the consent of the Debtor shall not be required for any amendment, modification or waiver of the provisions of clause (g); provided, however, that the Secured Party will provide written notice to the Debtor of any such amendment, modification or waiver. In addition, the Debtor and the Lenders hereby authorize the Secured Party to modify this Agreement by unilaterally amending or supplementing Exhibit A from time to time in order to reflect any assignments or transfers of any loan as provided for hereunder; provided further,

however, that the Secured Party shall promptly deliver a copy of any such modification to the Debtor and each Lender.

(j) Notwithstanding the fact that the consent of all the Lenders is required in certain circumstances as set forth above, (x) each Lender is entitled to vote as such Lender sees fit on any bankruptcy reorganization plan that affects any loan, and each Lender acknowledges that the provisions of Section 1126(c) of the Bankruptcy Code supersedes the unanimous consent provisions set forth herein and (y) the Required Lenders may consent to allow a Debtor to use cash collateral in the context of a bankruptcy or insolvency proceeding.

(k) The Lenders agree to share ratably in proportion to the outstanding principal amount of their respective Notes in all payments by Debtor to the Lenders and in any proceeds of the Collateral received by Secured Party in the event that Debtor fails to pay the amount due under any Note, the Lenders intending that any deficiency shall be shared pro rata.

20. Invalidated Payments. This Agreement shall continue to be effective or be reinstated, as the case may be, if at any time any amount received by the Secured Party in respect of the Secured Obligations is rescinded or must otherwise be restored or returned by the Secured Party upon the insolvency, bankruptcy, dissolution, liquidation or reorganization of the Debtor or upon the appointment of any intervener or conservator of, or trustee or similar official for, the Debtor or any substantial part of its properties, or otherwise, all as though such payments had not been made.

21. Waivers, etc. The Debtor hereby waives presentment, demand, notice, protest and, except as is otherwise provided herein or in the Loan Documents, all other demands and notices in connection with this Agreement or the enforcement of the Secured Party's rights hereunder or in connection with any Secured Obligations or any Collateral; waives all requirements of law, if any, relating to the marshalling of assets which would be applicable in connection with the enforcement of Secured Party's remedies hereunder; waives its right, if any, to require the Secured Party to proceed against any guarantor of the Secured Obligations prior to proceeding against any of the Collateral; agrees that the rights of the Secured Party hereunder shall not be affected by any extensions, renewals, indulgences, settlements, or compromises respecting any of the Secured Obligations; consents to and waives notice of the granting of renewals, extensions of time for payment or other indulgences to the Debtor or to any account debtor in respect of any account receivable, or substitution, release, surrender or impairment of any Collateral, the addition or release of persons primarily or secondarily liable on any Secured Obligation or on any account receivable or other Collateral, the acceptance of partial payments on any Secured Obligation or on any account receivable or other Collateral and/or the settlement or compromise thereof. No delay or omission on the part of the Secured Party in exercising any right hereunder shall operate as a waiver of such right or of any other right hereunder. Any waiver of any such right on any one

occasion shall not be construed as a bar to or waiver of any such right on any such future occasion. No waiver by the Secured Party or by any other holder of Secured Obligations of any default shall be effective unless in writing, and any such waiver shall not operate as a waiver of any other default or of the same default on a future occasion.

22. Assignments, etc. This Agreement shall (a) create a continuing security interest in the Collateral and shall remain in full force and effect until payment in full of the Secured Obligations, at which time this Agreement shall automatically terminate and be null and void, (b) be binding upon the Debtor, its successors and assigns, and (c) inure to the benefit of, and be enforceable by, the Secured Party and its successors, transferees, and assigns. Without limiting the generality of the foregoing clause (c), the Secured Party may assign or otherwise transfer all or any portion of its rights and obligations under the Loan Documents in accordance with the terms of the NPA and may transfer all or any portion of its rights under this Security Agreement accordingly. In the event of a sale or assignment by the Secured Party of all or any of the Secured Obligations, the Secured Party may assign or transfer its rights and interests under this Agreement in whole or in part to the purchaser or purchasers of such Secured Obligations, in which case, the Secured Party shall so notify the Debtor and such assignee shall accept such assignment and assume the obligations of the Secured Party hereunder, whereupon such purchaser or purchasers shall become vested with all of the powers, obligations and rights of the Secured Party hereunder, and the Secured Party shall thereafter be forever released and fully discharged from any further liability or responsibility hereunder, with respect to the rights and interests so assigned. Any assignment or transfer by the Debtor of its rights hereunder in violation of the Loan Documents shall be void.

23. Notices. All notices, requests and other communications to any party hereunder shall be in writing (including telecopy or any similar writing), may be personally served or sent by mail or the express mail service of the United States Postal Service, Federal Express or other equivalent overnight or expedited delivery service, and (a) if given by personal service, it shall be deemed to have been given upon receipt; (b) if sent by mail, it shall be deemed to have been given upon the earlier of (i) actual receipt, or (ii) three (3) Banking Days after deposit in a depository of the United States Postal Service, first class mail, postage prepaid; (c) if sent overnight delivery by Federal Express or other nationally recognized express mail service, it shall be deemed given upon the earlier of (i) actual receipt or (ii) twenty-four (24) hours after delivery to such overnight or expedited delivery service, overnight delivery charges prepaid, and properly addressed to Debtor or the Secured Party. For purposes hereof, the address of the parties to this Agreement shall be as follows:

If to Debtor:	CrossRate Technology, LLC
	15 Pine Drive
	Standish, ME 04084

with a copy to:

Gregory S. Fryer, Esq.
Verrill Dana LLP
One Portland Square
Portland, ME 04112-0586

If to Secured Party:

Small Enterprise Growth Board
Brunswick Business Center
18 Pleasant Street, Suite 201
Brunswick, ME 04011
ATTN: John Burns

with a copy to:

Michael E. High, Esq.
Drummond Woodsum & MacMahon
245 Commercial Street
P.O. Box 9781
Portland, ME 04104-5081

Any party may, by proper written notice hereunder to the other party, change the address to which notices shall thereafter be sent to it. Notwithstanding anything to the contrary implied or expressed herein, the notice requirements herein (including the method, timing or deemed giving of any notice) are not intended to and shall not be deemed to increase the number of days or to modify the method of notice or to otherwise supplement or affect the requirements for any notice required or sent pursuant to applicable law (including, without limitation, any applicable statutory or law requirement), or otherwise given hereunder, that is not required under this Agreement or other Loan Documents.

24. Consent to Jurisdiction. AT THE OPTION OF THE SECURED PARTY, THIS AGREEMENT SHALL BE ENFORCED IN ANY FEDERAL COURT OR MAINE STATE COURT SITTING IN CUMBERLAND COUNTY, MAINE; AND THE DEBTOR CONSENTS TO THE EXCLUSIVE JURISDICTION AND VENUE OF ANY SUCH COURT AND WAIVES ANY ARGUMENT THAT VENUE IN SUCH FORUMS IS NOT CONVENIENT. IN THE EVENT THE DEBTOR COMMENCES ANY ACTION IN ANOTHER JURISDICTION OR VENUE UNDER ANY TORT OR CONTRACT THEORY ARISING DIRECTLY OR INDIRECTLY FROM THE RELATIONSHIP CREATED BY THIS AGREEMENT OR THE OTHER LOAN DOCUMENTS, THE SECURED PARTY AT ITS OPTION SHALL BE ENTITLED TO HAVE THE CASE TRANSFERRED TO ONE OF THE JURISDICTIONS AND VENUES ABOVE DESCRIBED, OR IF SUCH TRANSFER CANNOT BE ACCOMPLISHED UNDER APPLICABLE LAW, TO HAVE SUCH CASE DISMISSED WITHOUT PREJUDICE.

25. Governing Law and Construction. THE VALIDITY, CONSTRUCTION AND ENFORCEABILITY OF THIS AGREEMENT SHALL BE GOVERNED BY THE

LAWS OF THE STATE OF MAINE, WITHOUT GIVING EFFECT TO CONFLICT OF LAWS PRINCIPLES THEREOF, EXCEPT TO THE EXTENT THAT THE VALIDITY OR PERFECTION OF THE SECURITY INTEREST HEREUNDER, OR REMEDIES HEREUNDER, IN RESPECT OF ANY PARTICULAR COLLATERAL ARE MANDATORILY GOVERNED BY THE LAWS OF A JURISDICTION OTHER THAN THE STATE OF MAINE. Whenever possible, each provision of this Agreement and any other statement, instrument or transaction contemplated hereby or relating hereto shall be interpreted in such manner as to be effective and valid under such applicable law, but, if any provision of this Agreement or any other statement, instrument or transaction contemplated hereby or relating hereto shall be held to be prohibited or invalid under such applicable law, such provision shall be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement or any other statement, instrument or transaction contemplated hereby or relating hereto.

26. Waiver of Jury Trial.

(a) THE SECURED PARTY AND THE DEBTOR AGREE THAT NEITHER OF THEM NOR ANY ASSIGNEE OR SUCCESSOR SHALL (A) SEEK A JURY TRIAL IN ANY LAWSUIT, PROCEEDING, COUNTERCLAIM OR ACTION ARISING UNDER OR RELATING TO THIS AGREEMENT OR ANY RELATED INSTRUMENTS, OR THE DEALINGS OR THE RELATIONSHIP BETWEEN OR AMONG ANY OF THEM, OR (B) SEEK TO CONSOLIDATE ANY SUCH ACTION WITH ANY OTHER ACTION IN WHICH A JURY TRIAL CANNOT BE OR HAS NOT BEEN WAIVED. THE PROVISIONS OF THIS PARAGRAPH HAVE BEEN FULLY DISCUSSED BY THE SECURED PARTY AND THE DEBTOR, AND THESE PROVISIONS SHALL BE SUBJECT TO NO EXCEPTIONS. NEITHER THE SECURED PARTY NOR THE DEBTOR HAS AGREED WITH OR REPRESENTED TO THE OTHER THAT THE PROVISIONS OF THIS PARAGRAPH WILL NOT BE FULLY ENFORCED IN ALL INSTANCES.

(b) THE DEBTOR HEREBY WAIVES ALL RIGHTS TO A JUDICIAL HEARING OF ANY KIND PRIOR TO THE EXERCISE BY THE SECURED PARTY OF ITS RIGHTS TO POSSESSION OF THE COLLATERAL WITHOUT JUDICIAL PROCESS OR OF ITS RIGHTS TO REPLEVY, ATTACH OR LEVY UPON THE COLLATERAL WITHOUT PRIOR NOTICE OR HEARING. THE DEBTOR AND SECURED PARTY ACKNOWLEDGE THAT THEY HAVE BEEN ADVISED BY COUNSEL OF THEIR CHOICE WITH RESPECT TO THIS PROVISION AND THIS AGREEMENT.

27. Power of Attorney.

(a) The Debtor acknowledges the Secured Party's right, to the extent permitted by applicable law, singly to execute and file financing or continuation

statements and similar notices required by applicable law, and amendments thereto, concerning the Collateral without execution by the Debtor. A carbon, photographic or other reproduction of this Agreement or any financing statement covering the Collateral or any part thereto shall be sufficient as a financing statement where permitted by law.

(b) Subject to the other terms of this Agreement and subject to the liens and prior rights granted in favor of the Senior Lenders, the Debtor hereby irrevocably appoints the Secured Party, and any officer or agent thereof, as the Debtor's attorney-in-fact, effective at all times subsequent to the occurrence of an Event of Default that continues beyond any applicable cure period, and during the continuance thereof, with full authority in the place and stead of the Debtor and in the name of the Debtor or otherwise, to take any commercially reasonable action and to execute any instrument which the Secured Party may deem reasonably necessary or advisable to accomplish the purpose of this Agreement, including, without limitation, the power and right

- (i) to endorse the Debtor's name on any checks, notes, acceptances, money orders, drafts, filings or other forms of payment or security that may come into the Secured Party's possession,
- (ii) to pay or discharge taxes, liens, security interests or other encumbrances levied or placed on or threatened against the Collateral, to effect any repairs or any insurance called for by the terms of this Agreement and to pay all or any part of the premiums therefor and the costs thereof;
- (iii) upon the occurrence and continuance of an Event of Default, (A) to receive payment of and receipt for any and all moneys, claims and other amounts due and to become due at any time in respect of or arising out of any Collateral; (B) to commence and prosecute any suits, actions or proceedings at law or in equity in any court of competent jurisdiction to collect the Collateral or any part thereof and to enforce any other right in respect of any Collateral; (C) to defend any suit, action or proceeding brought against Debtor with respect to any Collateral; (D) to settle, compromise, or adjust any suit, action or proceeding described above and, in connection therewith, to give such discharges or releases as Secured Party may reasonably deem appropriate so long as the terms of such settlement or release do not involve the payment of monies, waiver of rights or otherwise adversely affect the Debtor; and (E) generally to sell, transfer, pledge, make any agreement with respect to or otherwise deal with any of the Collateral as fully and completely as though Secured Party were the absolute owner thereof for all purposes, and to do, at Secured Party's option all acts and things which Secured Party deems reasonably necessary to protect, preserve or realize

upon the Collateral and Secured Party's security interest therein, in order to effect the intent of this Agreement, all as fully and effectively as Debtor might do; and

- (iv) to do all other things which the Secured Party then determines to be necessary to carry out the terms of this Agreement in the exercise of the Secured Party's good faith discretion. The power conferred on the Secured Party hereunder is solely to protect the Secured Party's interests in the Collateral and shall not impose any duty upon the Secured Party to exercise such power. In addition, this power of attorney is a power coupled with an interest and shall be irrevocable. Notwithstanding the foregoing, Debtor further agrees to execute any additional documents which Secured Party may require in order to confirm this power of attorney, or which Secured Party may deem necessary to enforce any of its rights contained in this Agreement, including, without limitation, the Trademark Assignment of Security in the form of Exhibit A hereto.

(c) Secured Party shall be accountable only for amounts that it actually receives as a result of the exercise of such powers and neither it nor any of its officers, directors, employees or agents shall be responsible to Debtor for any act or failure to act, except for its own negligence or willful misconduct.

(d) Debtor also authorizes Secured Party to execute, in connection with the sale permitted by Section 11 of this Agreement, any endorsements, assignments or other instruments of conveyance or transfer with respect to the Collateral.

28. Additional Loans. Debtor and the Lenders that are signatories hereto contemplate that additional Lenders may make additional loans to Debtor following the date hereof, subject, however, to the terms of and limitations set forth in the NPA. If requested by any such additional Lender, such loan shall constitute a "Loan" for purposes of this Agreement, the Term Note issued by Debtor to evidence the same shall be a "Note" for purposes of this Agreement, and upon delivery by such Lender of a counterpart signature to this Agreement and the NPA, such lender shall be a "Lender" for purposes of this Agreement. Secured Party is hereby authorized to modify Exhibit A hereto from time to time to reflect each such additional Loan and Lender.

29. Miscellaneous. This Agreement shall inure to the benefit of and be binding upon the Secured Party and the Debtor and their respective successors and assigns, and the term "Secured Party" shall be deemed to include any other holder or holders of any of the Secured Obligations. This Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which together shall constitute one instrument. No consent, approval or waiver shall be binding unless in writing. The consent, approval or waiver by one or more of the parties constituting a Secured Party


hereunder shall not be binding upon any other party constituting a Secured Party unless given by an authorized agent. The section headings hereunder are for convenience of reference only and shall not be considered in construing the meaning of the terms and provisions of this Agreement. All representations and warranties of the Debtor herein shall be true at the time of the execution of this Agreement and shall survive the execution and delivery hereof.

[The remainder of this page is intentionally
left blank. The signature page follows.]

IN WITNESS WHEREOF, the parties hereto have caused this Security Agreement to be duly executed and delivered under seal by their respective undersigned duly authorized officers as of the date first above written.

DEBTOR:

CROSSRATE TECHNOLOGY, LLC

By: 

Its: President/CEO

STATE OF MAINE
COUNTY OF Camden, SS.

July 3, 2008

PERSONALLY APPEARED the above named Zachariah Canover
President + CEO of CROSSRATE TECHNOLOGY, LLC, and acknowledged the foregoing instrument to be his/her free act and deed in his/her said capacity as President + CEO of CROSSRATE TECHNOLOGY, LLC and the free act and deed of CROSSRATE TECHNOLOGY, LLC.

Before me,

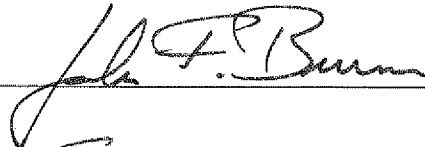

Notary Public/Attorney at Law

Michael E. High
Print Name

Signature Page to Security Agreement

SECURED PARTY:

SMALL ENTERPRISE GROWTH BOARD

By: 
Its: Fund Manager

Signature Page to Security Agreement

EXHIBIT A

See attached.

SCHEDULE A

Trademarks

None.

SCHEDULE B

Patents

US Patents: None

US Patent Applications:

“Method and System For Demodulation Of A Differential LORAN C Signal” Ser. No. 11/612,288

“System and Method For Optimal Time and Position Solution Through The Integration Of Independent Position Systems” Ser. No. 60/955,085

Foreign Patents: None

Foreign Patent Applications:

PCT Application : “Method and System For Demodulation Of A Differential LORAN C Signal” Ser. No. PCT/US2007/023561

PCT Application: “System and Method For Optimal Time and Position Solution Through The Integration Of Independent Position Systems” Ser. No. PCT/US2007/023322

SCHEDULE C

Licenses

None.

SCHEDULE D

Places of Business and Locations of Collateral

1. 15 Pine Drive, Standish, Maine 04084.