

Form PTO-1595 (Rev. 11-08)
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U.S. DEPARTMENT OF COMMERCE
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RECORDATION FORM COVER SHEET PATENTS ONLY

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

1. Name of conveying party(ies)

Avansys, LLC

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

3. Nature of conveyance/Execution Date(s):

Execution Date(s) June 1, 2004

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

2. Name and address of receiving party(ies)

Name: Lawrence Semiconductor Investments, Inc.

Internal Address: _____

Street Address: 2300 W. Huntington Drive

City: Tempe

State: Arizona

Country: USA Zip: 85282

Additional name(s) & address(es) attached? ☐ Yes ☒ No

4. Application or patent number(s):

A. Patent Application No.(s)

☐ This document is being filed together with a new application.

B. Patent No.(s)

US 6,331,212
US 6,774,060

Additional numbers attached? ☐ Yes ☒ No

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

Name: Hannig Law Firm LLP

Internal Address: Attn: David M. Shesgreen, Esq.

Street Address: 2991 El Camino Real

City: Redwood City

State: California Zip: 94061

Phone Number: (650) 482-3040

Fax Number: (650) 482-2820

Email Address: dms@hanniglaw.com

6. Total number of applications and patents involved: 2

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

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

8. Payment Information

Deposit Account Number _____

Authorized User Name _____

9. Signature:

David M. Shesgreen
Signature

Dec. 8, 2008
Date

David M. Shesgreen
Name of Person Signing

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

11

Documents to be recorded (including cover sheet) should be faxed to (571) 273-0140, or mailed to:
Mail Stop Assignment Recordation Services, Director of the USPTO, P.O. Box 1460, Alexandria, V.A. 22313-1460

OP \$80.00 6331212

SECURITY AGREEMENT

Date: June 1, 2004

Grantor: Avansys LLC
3130 S. Potter
Tempe, Arizona

The Grantor, in order to induce Lawrence Semiconductor Investments of 2300 W. Huntington Drive, Tempe, AZ 85282, to make or maintain loans, extensions of credit or other financial accommodations, to, for the account of, or upon the endorsement, guaranty or other accommodation of the Grantor, and in consideration of such loans, extensions or accommodations, and intending to be legally bound.

1) Definitions. As used herein the following terms shall have the meanings indicated.

(a) "Grantor" means Avansys LLC., together with all representatives, successors and assigns thereof, whether such entity is a borrower or a guarantor. If this Security Agreement is executed by more than one Grantor, the obligations of all such Grantors shall be joint and several.

(b) "Lawrence" means Lawrence Semiconductor Investments.

(c) "Collateral" means (i) all present and future accounts (which term as used herein shall include all sums now or hereafter owing to the Grantor for goods sold or leased or for services rendered), whether or not such accounts are Accounts Receivable, instruments, documents, chattel paper, contract rights and general intangibles related to above said accounts in which the Grantor now has or may hereafter acquire an interest; (ii) any recovery in a case under the United States Bankruptcy; (iii) all present and future inventory whether or not such items are inventory, and goods now owned or hereafter acquired, or held by the Grantor for sale or lease, or furnished, or to be furnished to or for the account of Grantor's customers as part of services performed,

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or for consumption in the Grantor's business and shall include, but not be limited to, raw materials, components, work in process, finished merchandise and all wrapping, packing and shipping materials, wherever located, and all additions and accessions thereto, the resulting product or mass and any documents of title representing all or any part thereof; and (iv) all cash and non-cash proceeds of the foregoing property, including the proceeds of any insurance policies, all goods or documents represented by any account, all books and records, including, without limitation, computer records and magnetic/optical data storage media of any nature whatsoever, relating to any such items and all rights to payments and other rights accruing to the Grantor by reason of its interest therein; and (v) all current and future patents and Intellectual Property developed and owned by Avansys LLC.

(d) "Secured Indebtedness" means all present and future indebtedness and obligations of the Grantor to Lawrence, whether direct, indirect, joint, several or otherwise, whether arising directly with Lawrence or obtained by Lawrence by loan assignment, subrogation or otherwise and whether arising under or evidenced by a promissory note, endorsement suretyship, guaranty or other agreement, contract or investment by the Grantor or by overdraft on, or right to reimbursement under, a deposit account transaction or otherwise.

2) Security Interest. As security for the prompt payment when due, on demand, or by acceleration upon default, of the Secured Indebtedness, and the timely performance of all other obligations of Grantor to Lawrence, the Grantor hereby grant to Lawrence a lien upon and a continuing security interest in all Collateral in which the Grantor now has or may hereafter acquire an interest.

3) Default. The occurrence of any one or more of the following shall constitute an "Event of Default" under this Agreement:

(a) any "event of Default" as defined under, or any event entitling Lawrence to immediate payment of all or any portion of the Secured Indebtedness, pursuant to the terms of any promissory note, loan agreement, guaranty, suretyship, commitment letter, security agreement of

other instrument or agreement obtained by Lawrence with respect to any Secured Indebtedness (the "Debt Instruments");

(b) failure of the Grantor to pay when due (or upon demand with respect to indebtedness) the Secured Indebtedness or any portion thereof or any installment of principal or interest thereon;

(c) any representation to Lawrence by the Grantor hereunder; or by the Grantor or by any person or party directly or contingently liable for any Secured Indebtedness (such person or party being sometimes herein referred to as an "Obligor") under or in connection with any Debt Instrument, shall prove to have been misleading, or shall have become proven to be incorrect or misleading, in any material respect;

(d) the Grantor shall fail to perform any undertaking to Lawrence herein or in any Debt Instrument or shall take or fail to take any action required to be taken or prohibited from being taken with respect to the Secured Indebtedness or the Collateral by agreement or provision of applicable law.

(e) the Grantor shall: (i) die, become liquidate, dissolve, terminate, merge, consolidate or reorganize (if a corporation, partnership, trust or other business entity); (ii) suffer any material adverse change in financial condition or prospects; (iii) discontinue or substantially reduce its business operations; (iv) make an assignment for the benefit of creditors; (v) apply for or suffer the appointment of a receiver for all or a substantial portion of its assets or any assets constituting Collateral; (vi) suffer or permit any lien to be imposed on a substantial portion of its assets or any assets constituting Collateral or any garnishment proceeding against Lawrence as garnishee; or (vii) file or have filed against it any proceeding for liquidation, reorganization, or arrangement under the provisions of the United State Bankruptcy Code or any state or federal insolvency law.

- 4) Remedies. Upon the occurrence of any one or more of the foregoing Events of Default, all Secured Indebtedness (or any

portion thereof designated in writing by Lawrence) shall, at the option of Lawrence, be immediately due and payable without notice or demand (notice and demand being hereby expressly waived by the Grantor), and Lawrence shall have with respect to the Collateral, in addition to such rights as may be granted to Lawrence herein and in the Debt Instruments, all rights and remedies available to a secured party under the Arizona Uniform Commercial Code. In furtherance thereof, Lawrence may: (a) take possession of any Collateral, books and records and computer materials relating to Collateral not then in its custody, and the Grantor will at Lawrence's request assemble same and deliver them to any reasonably convenient location designated by Lawrence (b) peaceably, by its own means or with judicial assistance, enter the Grantor's or any other premises and take possession of the Collateral and secure, remove or dispose of it on the Grantor's Premises and the Grantor will not resist or interfere with any such action: (c) sell or otherwise dispose of the Collateral at one or more public or private sales without advertisement or notice except as required by law (it being understood that notice of any intended public or private sale or other disposition shall be deemed to have been reasonably made if delivered or mailed, postage prepaid, to the Grantor at the address of the Grantor maintained with the records of Lawrence at least five (5) days prior to the date of public sale or the date after which the private sale or other disposition is to be consummated); (d) purchase the Collateral or any portion thereof at any public sale or, as to any item of Collateral customarily sold in recognized market or subject to widely distributed standard price quotations, at a private sale, in either event free of all rights of redemption of the Grantor; (e) setoff against the Secured Indebtedness any balance in any account of deposit of the Grantor or any sum owing by Lawrence to the Grantor and such setoff shall be deemed made at the time of the Event of Default even though the confirming entry on the records of Lawrence may be subsequently made: (f) collect from any account debtor or other obligor on the Collateral all or any portion of the sums dues thereon and in the course therefore Lawrence may (i) require that payment thereon be made directly to Lawrence; (ii) require that all mail of the Grantor be delivered to Lawrence; (iii) adjust, settle or compromise any account or other items of Collateral when in the discretion of Lawrence, deemed advisable or enter into any arrangement with respect

thereto; and (iv) endorse in the name of the Grantor any instrument of payment received with respect to the Collateral and enter in the name of the Grantor into any related release, agreement or arrangement (such endorsement or entry to be effective as that of the Grantor for all purposes); and (g) take lawful actions with respect to the Collateral in its name, or that of the Grantor, as may be necessary or, in the discretion of Lawrence, advisable in the implementation of Lawrence's remedies. Remedies of Lawrence may be exercised separately or concurrently in the discretion of Lawrence.

- 5) Other Warranties and Agreements of the Grantor. In addition to and not in limitation of such rights as Lawrence may have by law or agreement, the Borrower makes the following warranties and agreements with Lawrence.

(a) The Grantor warrants, represent and agrees that each item of Collateral is, and will remain at all times prior to payment in full of all Secured Indebtedness the sole property of the Grantor, free and clear of any item, encumbrance, security interest or claim of adverse interest, other than interests granted to Lawrence herein.

(b) The Grantor agrees to deliver to Lawrence all chattel paper, promissory notes, documents and other writing evidencing the Collateral, duly endorsed or assigned and at any time and from time to time, to execute and deliver to Lawrence such certificates of interest, instruments of assignment, financing statements, confirmations, and other instruments as Lawrence may, in its sole discretion, deem necessary or advisable to perfect the security interest of Lawrence in the Collateral or to implement and continue the rights of Lawrence with respect thereto and to pay all costs incurred by Lawrence in files, recording, releasing or terminating of the foregoing.

(c) At all times prior to payment in full of the Secured Indebtedness, the Grantor will: (i) collect its accounts and sell its inventory only in the ordinary course of business in accordance with its usual and customary practices with respect to terms of sale, credits, allowances and credit policies; (ii) maintain accurate and complete books and records with respect to the Collateral at the location set forth in Paragraph 12 of this Security Agreement-General; (iii)

maintain the Collateral at the location(s) set forth in Paragraph 12 of this Security Agreement-General; (iv) upon request provide Lawrence with periodic reports acceptable to Lawrence indicating the amount and aging of all accounts, by customer; (v) permit Lawrence to inspect, copy and verify all invoices, shipping documents, credit reports and other records maintained by the Grantor with respect to the Collateral; and (vi) upon notice from Lawrence, cause all proceeds of its accounts to be directed to a lock box in the name of Lawrence for processing by Lawrence in accordance with Lawrence's usual lock box procedures, instruments of payment to be endorsed in the name of the Grantor by Lawrence for collection, and proceeds to be applied, in the discretion of Lawrence, against the Secured Indebtedness.

(d) With respect to each item of Collateral, the Grantor will, at its expense: (i) take all action necessary to protect, preserve and maintain the interest of the Grantor and Lawrence therein free and clear of any liens, encumbrances, security interest or other adverse claims; (ii) preserve and maintain the Collateral in good working order, and protect it from deterioration (other than normal wear), theft or other hazard; and (iii) obtain and keep in effect at all times policies of casualty insurance with respect to the Collateral in such amounts and with such coverages and insurers as may be approved by Lawrence, with loss payee (under a Standard Lender's Loss Payable Clause) and non-cancellation (with a minimum of ten (10) days prior written cancellation notice to Lawrence) endorsements in favor of Lawrence. The Grantor will not sell, assign or otherwise dispose of any item of Collateral except in trade or exchange for a substitute item of at least comparable value included in the Collateral or in disposition of obsolete or worn out equipment, and will not grant any further lien, security interest or encumbrance on the Collateral.

(e) Lawrence shall have the right at any time and from time to time, without notice to or further consent of the Grantor and without incurring any obligation to the Grantor or impairing its security interest in any Collateral: (i) to inspect the Collateral and all books, records and other documents of the Grantor pertaining to the Collateral and make extracts therefrom and require any certificate of title or document evidencing the Collateral to be delivered to the custody of

Lawrence: (ii) to take any action with respect to the Collateral required of the Grantor pursuant to this Security Agreement in the immediately preceding paragraph upon failure by the Grantor to do so (though Lawrence shall be under no obligation to take any such action) and to charge the cost thereof to Lawrence, which cost shall be payable on demand, with interest at a rate selected by Lawrence, and included in the Secured Indebtedness; (iii) to subordinate or exchange any item of Collateral or surrender or release any such item or compromise or release the obligation of any person or entity jointly, severally or contingently liable with the Grantor (such person or party being sometimes herein referred to as an "Obligor") with respect to the Secured Indebtedness; (iv) to transfer any item of Collateral to an assignee in conjunction with the assignment of all or any portion of the Secured Indebtedness (in which event Lawrence will have no further responsibility with respect to the item of Collateral transferred); and (v) to notify any insurer with respect to any item of Collateral or any obligor thereon of the security interest of Lawrence therein and to collect all sums owing to the Grantor thereon and to compromise same if, the discretion of Lawrence, such compromise shall be deemed advisable and endorse or execute for such purpose in the name of the Grantor any instrument of payment or release or compromise received with respect thereto, such endorsement and execution to be effective as that of the Grantor for all purposes.

(f) Failure by Lawrence to exercise any right or to take any action with respect to any Collateral in Lawrence's possession shall not be deemed a failure to exercise ordinary care in the custody and preservation of such Collateral. If the availability of the right or action is known to the Grantor, and the Grantor shall not have recommended in writing to Lawrence a course of action with respect thereto, Lawrence shall be deemed to have exercised reasonable care if it shall take with respect to such Collateral, any action requested in writing by the Grantor, provided, however, that failure to take any action so requested shall not in and of itself be deemed a failure to exercise reasonable care.

(g) Grantor will not change its name except upon thirty (30) days prior written notice to Lawrence and delivery to Lawrence of such items required by Lawrence to maintain

perfection and priority of Lawrence security interest in and access to the Collateral.

- 6) General For the purpose of exercising Lawrence's rights hereunder and under the Debt Instruments, the Grantor does hereby make, constitute and appoint any officer or agent of Lawrence as the Grantor's true and lawful attorney-in-fact with power to sign and endorse the name of the Grantor on any notes, checks, drafts, money orders, or other instruments of payment of Collateral that may come into possession of Lawrence in full or partial payments of any amounts owing to the Grantor, to sign and endorse the name of the Grantor on any invoice, freight or express bill, bill of lading, storage or warehouse receipts, drafts against account debtors, assignments, verifications and notices in connection with accounts, and any instrument of document relating thereto or to the Grantor's rights therein, to give written notice in the name of the Grantor to officers and officials of the United State Post Office to effect a change or changes of address so that all mail addressed to Grantor may be delivered directly to Lawrence, granting the Grantor's attorney full power to do any and all things necessary to be done in, and about the premises as fully and effectually as the Grantor might or could do, and hereby ratifying all that said attorney shall lawfully do or cause to be done by virtue hereof. The power of attorney shall be irrevocable until payment in full or all Secured Indebtedness. The power of attorney shall not be affected by the disability of the Grantor.
- 7) Construction. This Agreement shall be construed and enforced in accordance with the domestic internal laws of the State of Arizona, without reference to any conflict of laws provisions, and may be modified, amended or waived only in writing signed by Lawrence. Waiver of an Event of Default by Lawrence shall not constitute a waiver by Lawrence of any subsequent Event of Default. Any provision herein found to be invalid shall be invalid only with respect to the offending provision. This Agreement shall be binding on the undersigned Grantor(s) and its or their respective heirs, personal representatives, successors and assigns and shall inure to the benefit of Lawrence and its successors and assigns.

- 8) Notification of Account Debtors. Lawrence shall have the right to notify the account debtors obligated on any or all of the Grantor's accounts receivable, to make payment directly to Lawrence, which right Lawrence shall exercise at any time whether or not an Event of Default has occurred and whether or not Lawrence has theretofore made collections thereon. Until such time as Lawrence elects to exercise such right by mailing to the debtor written notice thereof, the Grantor is authorized, as agent of Lawrence, to collect and enforce said accounts receivable. The costs of such collection and enforcement, including reasonable attorneys' fees and out-of-pocket expenses, shall be borne solely by the Grantor whether or not the same are incurred by Lawrence or the Grantor. Lawrence is hereby authorized to endorse any instrument of payment received in the name of the Grantor, including instruments containing notation such as "Payment in Full" and the like.
- 9) Grantor's Rights to Inventory. So long as an Event of Default has not occurred, the Grantor shall have the right, in the regular course of its business, to process and sell the Grantor's inventory. Lawrence's security interest hereunder shall attach to all proceeds of sales or other dispositions of said inventory.
- 10) Location of Collateral. The Collateral is located at the following locations only:
- | | |
|-----------------|--------------------|
| Avansys LLC | MJM Solutions |
| 3110 S. Potter | 4321 Ingot Street |
| Tempe, Az 85282 | Fremont, Cal 94538 |
- Lawrence Semiconductor Research Laboratory
2300 W. Huntington
Tempe, Arizona 8528
- Colvin Concepts
431 N. Tiago
Gilbert, Az 85233

And will remain at those locations during the term of the Security Agreement unless Lawrence shall give its written approval prior to the moving of any item of Collateral.

For Grantor AVANSYS LLC

Avansys, Inc.

By: 
James McDiarmid

Date: JUNE 1ST 2009

Lawrence Semiconductor Investment Inc.

By: 
Brian Dommer, CFO

Date: 6/1/09

For Lender Lawrence Semiconductor Investments, Inc.

Lawrence Semiconductor Investment Inc.

By: 
Brian Dommer, CFO

Date: 6/1/09