

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
Randall L. Byrd	08/01/2009
RECEIVING PARTY DATA	
Name:	USAM I Fund, LLC
Street Address:	1310 Ranch Road 620 South, Suite C-15
City:	Lakeway
State/Country:	TEXAS
Postal Code:	78734
PROPERTY NUMBERS Total: 1	
Property Type	Number
Patent Number:	6907709
CORRESPONDENCE DATA	
Fax Number:	(512)480-5852
<i>Correspondence will be sent via US Mail when the fax attempt is unsuccessful.</i>	
Phone:	512-480-5752
Email:	rsnodgrass@gdhm.com
Correspondent Name:	Roy C. Snodgrass, III
Address Line 1:	401 Congress Avenue, Suite 2200
Address Line 4:	Austin, TEXAS 78701
ATTORNEY DOCKET NUMBER:	A24232.4
NAME OF SUBMITTER:	Roy C. Snodgrass, III
Total Attachments: 16 source=Patent Security Agreement (executed)#page1.tif source=Patent Security Agreement (executed)#page2.tif source=Patent Security Agreement (executed)#page3.tif source=Patent Security Agreement (executed)#page4.tif source=Patent Security Agreement (executed)#page5.tif	

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PATENT SECURITY AGREEMENT

This Patent Security Agreement is dated as of August 1, 2009, and is made by **Randall L. Byrd** (the "Debtor"), in favor of **USAM I Fund, LLC**, a Texas limited liability company (the "Secured Party").

RECITALS:

Pursuant to a First Amended and Restated Loan Agreement dated as of August 1, 2009 (as amended, supplemented, or otherwise modified from time to time, the "Loan Agreement"), among **The Entrance at Lakeway, L.P.**, a Texas limited partnership, **Randall L. Byrd**, and **The Joe Byrd Property Trust** (collectively, the "Borrowers"), and the Secured Party, the Secured Party has agreed, subject to certain conditions, to refinance a Loan to the Borrowers. It is a condition of the making of the Loan under the Loan Agreement that the Debtor grant a lien and security interest for the benefit of the Secured Party in all of its properties and assets that are described herein.

AGREEMENTS:

NOW, THEREFORE, in consideration of the premises and to induce Secured Party to make advances under the Loan Agreement, the Debtor hereby agrees with Secured Party, as follows:

1. **Defined Terms**. Unless otherwise defined herein, terms which are defined in the Loan Agreement and used herein are so used as so defined, and the following terms shall have the following meanings:

"Default" shall mean any occurrence which, but for the passage of time or giving of notice or both, or the happening of any further condition, event or act, would be an Event of Default.

"Event of Default" shall mean the occurrence of any one or more of the following events:

1. The Debtor's failure to pay or perform when due or to comply with any of the Obligations.

2. The Debtor's failure to punctually perform any of its obligations, covenants, terms or provisions contained or referred to in the Loan Agreement, this Security Agreement or in any of the other Loan Documents.

3. Any warranty, representation or statement contained in this Security Agreement or made or furnished to the Secured Party by or on behalf of the Debtor in connection with this Security Agreement or to induce the Secured Party to make a loan to the Debtor proves to have been false in any respect when made or furnished.

4. The loss, theft, substantial damage, destruction, sale (except as authorized in this Security Agreement) or encumbrance to or of any of the Collateral, or the making of any levy, seizure or attachment thereof or thereon.

5. The death, dissolution, termination of existence, insolvency or business failure of any of the Borrowers; the appointment of a receiver of all or any part of the property of any of the Borrowers; an assignment for the benefit of creditors by any of the Borrowers; the calling of a meeting of creditors of any of the Borrowers; or the commencement of any proceeding under any bankruptcy or insolvency laws by or against any of the Borrowers.

6. Any statement of the financial condition of the Debtor or of any guarantor, surety or endorser of any liability of the Debtor to the Secured Party submitted to the Secured Party by the Debtor or any such guarantor, surety or endorser proves to be false.

7. Any guarantor, surety or endorser for Debtor defaults in any obligation or liability to Secured Party.

8. Any Event of Default specified in the Loan Agreement or in any other of the Loan Documents occurs.

"Governmental Authority" shall mean any governmental authority, including that of the United States of America, any State of the United States, any foreign country, and any political subdivision of any of the foregoing, and any domestic or foreign agency, department, commission, board, bureau or court.

"Intellectual Property" means, collectively, the Licenses and Patents, including, without limitation, all renewals thereof, all proceeds thereof (such as, by way of example and not in limitation, license royalties and proceeds of infringement suits), the right to sue for past, present and future infringement and all rights corresponding thereto throughout the world and the good will of the business to which each thereof relates.

"Licenses" shall mean, collectively, all agreements, written or oral, expressed or implied, by the Debtor and granting rights in the Patents, including any such agreements existing as of the date of this Security Agreement or entered into or arising any time thereafter throughout the term of this Security Agreement.

"Loan Agreement" shall have the meaning assigned in the Recitals above.

"Loan Documents" shall mean the Loan Agreement, the Note, this Security Agreement and any and all other documents now or hereafter executed by the Debtor or any other Borrowers or other person to evidence or secure the payment, performance or discharge of the Obligations.

"Note" shall mean that certain Promissory Note of even date herewith, in the principal amount of \$225,000.00, executed by the Borrowers and payable to the Secured Party, together with any and all renewals, extensions and rearrangements thereof.

"Obligations" shall mean all the unpaid principal amount of, and accrued interest on, the Note and all other obligations and liabilities of the Borrowers (or any of them) to Secured Party, now existing or hereafter incurred, under, arising out of or in connection with any of the Loan Documents or otherwise; it being expressly agreed that the Obligations shall include all sums due or which may become due pursuant to any other promissory note or notes now or hereafter executed by the Borrowers (or any of them) to evidence indebtedness to the Secured Party, in accordance with the terms of such promissory note or notes, as well as all other indebtedness now owing the Secured Party, and any and all indebtedness hereafter to become owing the Secured Party, whether evidenced by note, endorsement or otherwise, and any and all renewals, rearrangements or extensions of said indebtedness.

"Patents" shall mean, collectively, all letters patent of the United States or any other country or any political subdivision thereof, all registrations and recordings thereof, and all applications for letters patent of the United States or any other country or any political subdivision thereof, including, without limitation, registrations, recordings and applications in the United States Patent and Trademark Office or any other country or any political subdivision thereof, as described in **Schedule 1** attached hereto, and (ii) all reissues, reexaminations, continuations, divisions, continuations-in-part, extensions and renewals thereof, and the inventions disclosed therein, including the right to make, use and sell the inventions disclosed therein and all improvements and future improvements thereon, and all other know-how or technical developments, whether or not patentable, now or hereafter made.

"Person" means any individual, corporation, business trust, association, company, partnership, joint venture, limited liability company, joint stock company, Governmental Authority, or other entity.

"Proceeds" has the meaning assigned in Section 9.102(a)(65) of the UCC, specifically including both cash proceeds and non-cash proceeds.

"Record" has the meaning assigned in Section 9.102(a)(70) of the UCC.

"Security Agreement" means this Security Agreement, as amended, supplemented or otherwise modified from time to time.

"UCC" means the Uniform Commercial Code as from time to time in effect in the State of Texas; provided, however, that if by reason of mandatory provisions of law, the perfection or the effect of perfection or non-perfection of the security interest evidenced by this Security Agreement in any Collateral is governed by the Uniform Commercial Code as in effect in a jurisdiction other than the State of Texas, "UCC" means the Uniform Commercial Code as in effect from time to time in such other jurisdiction for purposes of the provisions hereof relating to such perfection or effect of perfection or non-perfection.

2. **Grant of Security Interest**. As collateral security for the prompt and complete payment, performance and discharge when due (whether at the stated maturity, by acceleration or otherwise) of the Obligations, the Debtor hereby grants to Secured Party a security interest in all of the following property now owned or at any time hereafter acquired by the Debtor or in

which the Debtor now has or at any time in the future may acquire any right, title or interest (collectively, the "Collateral"):

- (a) the Patents, Licenses and Intellectual Property;
- (b) All awards to which the Debtor may now or at any time hereafter become entitled in respect of any Taking of any thereof (as used herein, a "Taking" shall mean a taking, conveyance or sale of all or any part of the foregoing property or any interest therein or right accruing thereto, as a result of, or in lieu or anticipation of, the exercise of the right of appropriation, confiscation, condemnation or eminent domain);
- (c) All Proceeds of, any of the foregoing property; and
- (d) All of Debtor's Records relating to the foregoing property.

3. **Representations and Warranties.** The Debtor hereby represents and warrants that:

- (a) **Enforceability.** This Security Agreement constitutes a legal, valid and binding obligation of the Debtor enforceable in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally.
- (b) **Residence.** The Debtor's residence is located at No. 4 Club Estates, Austin, Texas 78738.
- (c) **Title; No Other Liens.** Except for the liens granted to Secured Party pursuant to this Security Agreement, the Debtor owns each item of the Collateral free and clear of any and all liens or claims of others. No security agreement, financing statement or other public notice with respect to all or any part of the Collateral is on file or of record in any public office, except such as may have been filed in favor of Secured Party pursuant to this Security Agreement.
- (d) **Perfected First Priority Liens.** The liens granted pursuant to this Security Agreement constitute perfected liens on the Collateral in favor of Secured Party, which are prior to all other liens on the Collateral created by the Debtor and in existence on the date hereof and which are enforceable as such against all creditors of and purchasers from the Debtor.
- (e) **Intellectual Property.** The Debtor owns and has the lawful right to use all Intellectual Property and such use does not infringe on or violate the rights of any Person. Except as set forth in **Schedule 1**, none of the Intellectual Property is the subject of any licensing, franchise agreement, or any other agreement granting any rights to any third party. No holding, decision or judgment has been rendered by any court, tribunal, regulatory authority or Governmental Authority which would limit, cancel or question the validity, enforceability, or scope of any Intellectual Property. No action or proceeding is pending seeking to limit, cancel or question the validity, enforceability, or scope of any Intellectual Property.

(f) **No Conflict.** The execution, delivery and performance of this Security Agreement will not violate any provision of any requirement of law or contractual obligation of the Debtor and will not result in the creation or imposition of any lien on any of the properties or revenues of the Debtor pursuant to any requirement of law or contractual obligation of the Debtor, except as contemplated hereby.

(g) **No Consents, etc.** No consent or authorization of, filing with, or other act by or in respect of, any arbitrator or Governmental Authority and no consent of any other Person is required in connection with the execution, delivery, performance, validity or enforceability of this Security Agreement.

(h) **No Litigation.** No litigation, investigation or proceeding of or before any arbitrator or Governmental Authority is pending or, to the knowledge of the Debtor, threatened by or against the Debtor or against any of its properties or revenues with respect to this Security Agreement or any of the transactions contemplated hereby.

4. **Covenants.** The Debtor covenants and agrees with Secured Party that, from and after the date of this Security Agreement until the Obligations are paid in full:

(a) **Further Documentation.** At any time and from time to time, upon the written request of Secured Party, and at the sole expense of the Debtor, the Debtor will promptly and duly execute and deliver such further instruments and documents and take such further action as Secured Party may reasonably request for the purpose of obtaining or preserving the full benefits of this Security Agreement and of the rights and powers herein granted, including, without limitation, the filing of any financing or continuation statements under the Uniform Commercial Code in effect in any jurisdiction with respect to the liens created hereby.

(b) **Intellectual Property.**

(i) The Debtor will not do any act, or omit to do any act, or permit any licensee or sublicensee to do any act, or omit to do any act, whereby any Intellectual Property may become unenforceable, invalidated, canceled, abandoned, lost, expired, terminated or dedicated to the public.

(ii) The Debtor shall notify the Secured Party within a reasonable period of time, not to exceed three months, if it knows that any Intellectual Property may become invalidated, canceled, abandoned, lost, dedicated to the public, unenforceable, infringed or the subject of any adverse determination or development (including, without limitation, the institution of, or any such determination or development in the United States Patent and Trademark Office or in any court or tribunal in the United States or any other country) regarding the Debtor's ownership or interest in such Intellectual Property or regarding the validity, enforceability or infringement of any such Intellectual Property.

(iii) Whenever the Debtor, either by itself or through any agent, employee, licensee or designee, shall file an application for the registration or

issuance of any Intellectual Property, in any state or country, the Debtor shall report such filing to the Secured Party within five business days after the last day of the fiscal quarter in which such filing occurs. Upon request of the Secured Party, the Debtor shall execute and deliver any and all agreements, instruments, documents, and papers as the Secured Party may reasonably request to evidence the Secured Party's security interest in any Intellectual Property and the goodwill and general intangibles of the Debtor relating thereto or represented thereby, and the Debtor hereby constitutes the Secured Party its attorney-in-fact to execute and file all such writings for the foregoing purposes, all legal acts of such attorney being hereby ratified and confirmed; such power being coupled with an interest is irrevocable until the Indebtedness and Obligations are paid and performed in full and the Loan Agreement is terminated, whereupon such agency and power shall be deemed to be terminated immediately without further action.

- (iv) The Debtor will take all reasonable and necessary steps, including, without limitation, in any proceeding before the United States Patent and Trademark Office, or any similar office or agency in any other country or any political subdivision thereof, to maintain and pursue each application relating to (and to obtain the relevant registration) and to maintain the registration of the Intellectual Property, including, without limitation, filing of applications for renewal, affidavits of use, affidavits of incontestability, and opposition, interference and cancellation proceedings.
- (v) In the event that any Collateral consisting of Intellectual Property is infringed, violated, misappropriated, or diluted by a third party, the Debtor shall notify the Secured Party within a reasonable period of time after its learns thereof, but not more than three months after such infringement, violation, misappropriation or dilution, and shall, if consistent with reasonable business practice, (i) promptly sue for infringement, unfair competition, misappropriation or dilution and to obtain injunctive relief and to recover any and all damages and profits for such infringement, unfair competition, misappropriation or dilution, and (ii) take such other actions as are appropriate under the circumstances to protect such Collateral consisting of Intellectual Property.
- (vi) Unless consistent with reasonable business judgment, the Debtor will not enter into any agreements in connection with any Intellectual Property which is inconsistent with the Debtor's obligations under this Security Agreement, without the prior written consent of the Secured Party, including, without limitation, any license, sublicense or other right which the Debtor may grant for less than reasonable consideration.

(c) **Right of Inspection.** Secured Party shall at all times have full and free access during normal business hours to all the books, correspondence and records of the Debtor, and Secured Party and its representatives may examine the same, take extracts therefrom

and make photocopies thereof, and the Debtor agrees to render to Secured Party, at the Debtor's cost and expense, such clerical and other assistance as may be reasonably requested with regard thereto.

(d) **Compliance with Laws, etc.** The Debtor will comply in all material respects with all requirements of law applicable to the Collateral or any part thereof or to the operation of the Debtor's business; provided, however, that the Debtor may contest any requirement of law in any reasonable manner which shall not, in the sole opinion of Secured Party, adversely affect Secured Party's rights or the priority of its liens on the Collateral.

(e) **Payment of Obligations.** The Debtor will pay promptly when due all taxes, assessments and governmental charges or levies imposed upon the Collateral or in respect of its income or profits therefrom, as well as all claims of any kind (including, without limitation, claims for labor, materials and supplies) against or with respect to the Collateral, except that no such charge need be paid if (i) the validity thereof is being contested in good faith by appropriate proceedings, (ii) such proceedings do not involve any material danger of the sale, forfeiture or loss of any of the Collateral or any interest therein and (iii) such charge is adequately reserved against on the Debtor's books to the reasonable satisfaction of the Secured Party.

(f) **Limitation on Liens on Collateral.** The Debtor will not create, incur or permit to exist, will defend the Collateral against, and will take such other action as is necessary to remove, any lien or claim on or to the Collateral or any part thereof, other than the liens created hereby, and will defend the right, title and interest of the Secured Party in and to any of the Collateral against the claims and demands of all persons whomsoever.

(g) **Limitations on Dispositions of Collateral.** The Debtor will not sell, transfer, or otherwise dispose of any of the Collateral, or attempt, offer or contract to do so.

(h) **After Acquired Property.** All property acquired by the Debtor after the date hereof, which by the terms hereof is required or intended to be subjected to the lien of this Security Agreement, shall, immediately upon the acquisition thereof and without further mortgage, conveyance or assignment, become subject to the lien of this Security Agreement as fully as though now owned by the Debtor and specifically described herein. Nevertheless, the Debtor will do all such further acts and execute, acknowledge and deliver all such further conveyances, mortgages, financing statements and assurances as the Secured Party shall reasonably require for accomplishing the purposes of this Security Agreement.

(i) **Waiver of Subrogation Rights.** The Debtor hereby waives all rights and benefits to which the Debtor may or might otherwise become entitled to with respect to the provisions of Chapter 43 of the Texas Civil Practice and Remedies Code.

5. **Secured Party's Appointment as Attorney-in-Fact.**

(a) **Powers.** The Debtor hereby irrevocably constitutes and appoints the Secured Party and any officer or agent thereof, with full power of substitution, as its true and

lawful attorney-in-fact with full irrevocable power and authority in the place and stead of the Debtor and in the name of the Debtor or in its own name, from time to time in the Secured Party's discretion, for the purpose of carrying out the terms of this Security Agreement, to take any and all appropriate action and to execute any and all documents and instruments which may be necessary or desirable to accomplish the purposes of this Security Agreement, and, without limiting the generality of the foregoing, the Debtor hereby gives the Secured Party the power and right, on behalf of the Debtor, without notice to or assent by the Debtor, to do the following:

- (i) at any time when any Default or Event of Default shall have occurred and is continuing, in the name of the Debtor or its own name, or otherwise, to take possession of and indorse and collect any checks, drafts, notes, acceptances or other instruments for the payment of moneys due under, or with respect to, any Collateral and to file any claim or to take any other action or proceeding in any court of law or equity or otherwise deemed appropriate by Secured Party for the purpose of collecting any and all such moneys due or with respect to such Collateral whenever payable; and
- (ii) to pay or discharge taxes and liens levied or placed on or threatened against the Collateral, to effect any repairs or any insurance called for by the terms of this Security Agreement or the Loan Agreement and to pay all or any part of the premiums therefor and the costs thereof.

provided, however, that upon the occurrence and during the continuance of an Event of Default Secured Party shall have the rights and remedies provided in Section 9 hereof in addition to its other rights and remedies.

The Debtor hereby ratifies all that said attorneys shall lawfully do or cause to be done by virtue hereof. This power of attorney is a power coupled with an interest and shall be irrevocable.

(b) **Other Powers**. The Debtor also authorizes the Secured Party, at any time and from time to time, to execute, in connection with the sale provided for in Section 9 hereof, any endorsements, assignments or other instruments of conveyance or transfer with respect to the Collateral.

(c) **No Duty on the Part of Secured Party**. The powers conferred on the Secured Party hereunder are solely to protect the interests of the Secured Party in the Collateral and shall not impose any duty upon the Secured Party to exercise any such powers. The 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 the Debtor for any act or failure to act hereunder, except for its own gross negligence or willful misconduct.

6. **Grant of License to Use Intellectual Property Collateral**. For the purpose of enabling the Secured Party to exercise its rights and remedies under Section 9 at such time as the Secured Party, without regard to this Section 6, shall be lawfully entitled to exercise such rights

and remedies, the Debtor hereby grants to the Secured Party an irrevocable, non-exclusive license (exercisable solely during the occurrence and continuance of any Event of Default and without payment of royalty or other compensation to the Debtor) to use, license or sublicense any Intellectual Property now owned or hereafter acquired by the Debtor, and wherever the same may be located, and including in such license reasonable access to all media in which any of the licensed items may be recorded or stored and to all computer and automatic machinery software and programs used for the compilation or printout thereof.

7. **Performance by Secured Party of Debtor's Obligations.** If the Debtor fails to perform or comply with any of its agreements contained herein and the Secured Party, as provided for by the terms of this Security Agreement, shall itself perform or comply, or otherwise cause performance or compliance, with such agreement, the expenses of the Secured Party incurred in connection with such performance or compliance, together with interest thereon at the rate of eighteen (18%) per annum, shall be payable by the Debtor to the Secured Party on demand and shall constitute Obligations secured hereby.

8. **Proceeds.** It is agreed that if a Default or an Event of Default shall occur and be continuing (a) all Proceeds received by the Debtor consisting of cash, checks and other non-cash items shall be held by the Debtor in trust for the Secured Party, segregated from other funds of the Debtor, and shall, forthwith upon receipt by the Debtor, be turned over to the Secured Party in the exact form received by the Debtor (duly indorsed by the Debtor to the Secured Party, if required), and (b) any and all such Proceeds received by the Secured Party (whether from the Debtor or otherwise) may, in the sole discretion of the Secured Party, be held by the Secured Party for the Secured Party as collateral security for, and then or at any time thereafter may be applied by the Secured Party against, the Obligations (whether matured or unmatured), such application to be in such order as the Secured Party shall elect. Any balance of such Proceeds remaining after the Obligations shall have been paid in full shall be paid over to the Debtor or to whomsoever may be lawfully entitled to receive the same.

9. **Rights and Remedies.** If an Event of Default shall have occurred and be continuing, the Secured Party shall have the following rights and remedies:

(a) The Secured Party may declare the Obligations or any part thereof immediately due and payable, without notice, demand, presentment, notice of dishonor, notice of acceleration, notice of intent to accelerate, notice of intent to demand, protest, or other formalities of any kind, all of which are hereby expressly waived by the Debtor; provided, however, that upon the occurrence of an Event of Default under paragraph 5 of the definition of Event of Default, the Obligations shall become immediately due and payable without notice, demand, presentment, notice of dishonor, notice of acceleration, notice of intent to accelerate, notice of intent to demand, protest or other formalities of any kind, all of which are hereby expressly waived by the Debtor.

(b) In addition to all other rights and remedies granted to the Secured Party in this Agreement, the Loan Agreement or in any other Loan Document or by applicable law, the Secured Party shall have all of the rights and remedies of a secured party under the UCC (whether or not the UCC applies to the affected Collateral). Without limiting the generality of the foregoing, the Secured Party may, (i) without demand or notice to the

Debtor or any other Person, collect, receive, or take possession of the Collateral or any part thereof and for that purpose the Secured Party may enter upon any premises on which the Collateral is located and remove the Collateral therefrom or render it inoperable, and/or (ii) sell, lease, or otherwise dispose of the Collateral, or any part thereof, in one or more parcels at public or private sale or sales, at any exchange, broker's board or at any of Secured Party's offices or elsewhere, for cash, on credit, or for future delivery, and upon such other terms as the Secured Party may deem commercially reasonable or otherwise as may be permitted by law. The Secured Party shall have the right at any public sale or sales, and, to the extent permitted by applicable law, at any private sale or sales, to bid (which bid may be, in whole or in part, in the form of cancellation of indebtedness) and become a purchaser of the Collateral or any part thereof free of any right or equity of redemption on the part of the Debtor, which right or equity of redemption is hereby expressly waived and released by the Debtor. Upon the request of the Secured Party, the Debtor shall assemble the Collateral and make it available to the Secured Party at any place designated by the Secured Party that is reasonably convenient to the Debtor and the Secured Party. If and to the extent that a notice of sale is required to be given in accordance with the UCC (which notice shall not be required to be given, for example, with respect to Collateral that is of a type customarily sold on a recognizable market), Debtor agrees that the Secured Party shall not be obligated to give more than ten (10) days prior written notice of the time and place of any public sale or of the time after which any private sale may take place and that such notice shall constitute reasonable notice of such matters. The Secured Party shall not be obligated to make any sale of Collateral if it shall determine not to do so, regardless of the fact that notice of sale of Collateral may have been given. The Secured Party may, without notice or publication, adjourn any public or private sale or cause the same to be adjourned from time to time by announcement at the time and place fixed for sale, and such sale may, without further notice, be made at the time and place to which the same was so adjourned. The Debtor shall be liable for all reasonable expenses of retaking, holding, preparing for sale, or the like, and all reasonable attorneys' fees, legal expenses, and other costs and expenses incurred by the Secured Party in connection with the collection of the Obligations and the enforcement of the Secured Party's rights under this Agreement. The Debtor shall remain liable for any deficiency if the Proceeds of any sale or other disposition of the Collateral applied to the Obligations are insufficient to pay the Obligations in full. The Secured Party shall apply the Collateral against the Obligations as provided in this Agreement. The Debtor waives all rights of marshaling, valuation, and appraisal in respect of the Collateral. Any cash held by the Secured Party as Collateral and all cash proceeds received by the Secured Party in respect of any sale of, collection from, or other realization upon all or any part of the Collateral may, in the discretion of the Secured Party, be held by the Secured Party as collateral for, and then or at any time thereafter applied in whole or in part by the Secured Party against, the Obligations in the order provided by this Agreement. Any surplus of such cash or cash proceeds held by the Secured Party and remaining after payment in full of all the Obligations shall be paid over to the Debtor or to whomsoever may be lawfully entitled to receive such surplus; provided that the Secured Party shall have no obligation to invest or otherwise pay interest on any amounts held by it in connection with or pursuant to this Agreement.

(c) The Secured Party may exercise any and all rights and remedies of the Debtor under or in respect of the Collateral, including, without limitation, any and all rights of the Debtor to demand or otherwise require payment of any amount under, or performance of any provision of, any of the Collateral.

(d) The Secured Party may collect or receive all money or property at any time payable or receivable on account of or in exchange for any of the Collateral, but shall be under no obligation to do so.

(e) On any sale of the Collateral, the Secured Party is hereby authorized to comply with any limitation or restriction with which compliance is necessary, in the view of the Secured Party's counsel, in order to avoid any violation of applicable law or in order to obtain any required approval of the purchaser or purchasers by any applicable Governmental Authority.

10. **Amendments, etc. with respect to the Obligations.** The Debtor shall remain obligated hereunder, and the Collateral shall remain subject to the lien granted hereby, notwithstanding that, without any reservation of rights against the Debtor, and without notice to or further assent by the Debtor, any demand for payment of any of the Obligations made by Secured Party may be rescinded by Secured Party, and any of the Obligations continued, and the Obligations, or the liability of the Debtor or any other person upon or for any part thereof, or any collateral security or guarantee therefor or right of offset with respect thereto, may, from time to time, in whole or in part, be renewed, extended, amended, modified, accelerated, compromised, waived, surrendered, or released by the Secured Party and the Loan Agreement, the Note, and any other documents executed and delivered in connection therewith may be amended, modified, supplemented or terminated, in whole or part, as the Secured Party may deem advisable from time to time, and any guarantee, right of offset or other collateral security at any time held by the Secured Party for the payment of the Obligations may be sold, exchanged, waived, surrendered or released. The Secured Party shall not have any obligation to protect, secure, perfect or insure this or any other lien at any time held by it as security for the Obligations or any property subject thereto. The Debtor waives any and all notice of the creation, renewal, extension or accrual of any of the Obligations and notice of or proof of reliance by the Secured Party upon this Security Agreement; the Obligations, and any of them, shall conclusively be deemed to have been created, contracted or incurred in reliance upon this Security Agreement; and all dealings between the Debtor, on the one hand, and the Secured Party, on the other, shall likewise be conclusively presumed to have been had or consummated in reliance upon this Security Agreement.

11. **Limitation on Duties Regarding Preservation of Collateral.** Secured Party's sole duty with respect to the custody, safekeeping and physical preservation of the Collateral in its possession, under Section 9.207 of the UCC or otherwise, shall be to deal with it in the same manner as the Secured Party deals with similar property for its own account. Neither the Secured Party nor any of its directors, officers, employees or agents shall be liable for failure to demand, collect or realize upon all or any part of the Collateral or for any delay in doing so or shall be under any obligation to sell or otherwise dispose of any Collateral upon the request of the Debtor or otherwise.

12. **INDEMNIFICATION.** THE DEBTOR HEREBY AGREES TO INDEMNIFY THE SECURED PARTY AND EACH AFFILIATE THEREOF AND THEIR RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES, ATTORNEYS, AND AGENTS FROM, AND HOLD EACH OF THEM HARMLESS AGAINST, ANY AND ALL LOSSES, LIABILITIES, CLAIMS, DAMAGES, PENALTIES, JUDGMENTS, DISBURSEMENTS, COSTS AND EXPENSES (INCLUDING ATTORNEYS' FEES) TO WHICH ANY OF THEM MAY BECOME SUBJECT WHICH DIRECTLY OR INDIRECTLY ARISE FROM OR RELATE TO (A) THE NEGOTIATION, EXECUTION, DELIVERY, PERFORMANCE, ADMINISTRATION, OR ENFORCEMENT OF THIS SECURITY AGREEMENT OR ANY OTHER LOAN DOCUMENTS, (B) ANY OF THE TRANSACTIONS CONTEMPLATED BY THIS SECURITY AGREEMENT OR ANY OTHER LOAN DOCUMENT, (C) ANY BREACH BY DEBTOR OF ANY REPRESENTATION, WARRANTY, COVENANT, OR ANOTHER AGREEMENT CONTAINED IN THIS SECURITY AGREEMENT OR ANY OTHER LOAN DOCUMENT, (D) ANY DELAY IN PAYING ANY AND ALL EXCISE, SALES, USE, OR OTHER TAXES WHICH MAY BE PAYABLE OR DETERMINED TO BE PAYABLE WITH RESPECT TO ANY OF THE COLLATERAL, OR (E) ANY INVESTIGATION, LITIGATION, OR OTHER PROCEEDING, INCLUDING, WITHOUT LIMITATION, ANY THREATENED INVESTIGATION, LITIGATION, OR OTHER PROCEEDING RELATED TO ANY OF THE FOREGOING. WITHOUT LIMITING ANY PROVISION OF THIS SECURITY AGREEMENT OR ANY OTHER LOAN DOCUMENT, IT IS THE EXPRESS INTENTION OF THE PARTIES HERETO THAT EACH PERSON TO BE INDEMNIFIED UNDER THIS SECTION SHALL BE INDEMNIFIED FROM AND HELD HARMLESS AGAINST ANY AND ALL LOSSES, LIABILITIES, CLAIMS, DAMAGES, PENALTIES, JUDGMENTS, DISBURSEMENTS, COSTS, AND EXPENSES (INCLUDING ATTORNEYS' FEES) ARISING OUT OF OR RESULTING FROM THE SOLE OR CONTRIBUTORY NEGLIGENCE OF SUCH PERSON.

13. **Powers Coupled with an Interest.** All authorizations and agencies herein contained with respect to the Collateral are irrevocable and powers coupled with an interest.

14. **Severability.** Any provision of this Security Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. To the extent any such provision is prohibited or unenforceable, then in lieu thereof, there shall be added automatically as a part of this Security Agreement a provision as similar in terms to such prohibited or unenforceable provision as may be possible and not be prohibited or unenforceable. No single or partial exercise of any right, power or privilege hereunder shall preclude any other or further exercise thereof or the exercise of any other right, power or privilege. A waiver by the Secured Party of any right or remedy hereunder on any one occasion shall not be construed as a bar to any right or remedy which the Secured Party would otherwise have on any future occasion. The rights and remedies herein provided are cumulative, may be exercised singly or concurrently and are not exclusive of any rights or remedies provided by law.

15. **Waivers and Amendments; Successors and Assigns; Governing Law.** None of the terms or provisions of this Security Agreement may be waived, amended, supplemented or otherwise modified except by a written instrument executed by the Debtor and the Secured Party, provided that any provision of this Security Agreement may be waived by the Secured Party in a written letter or agreement executed by the Secured Party or by telex or facsimile transmission from the Secured Party. This Security Agreement shall be binding upon the successors and assigns of the Debtor and shall inure to the benefit of the Secured Party and its successors and assigns. This Security Agreement shall be governed by, and construed and interpreted in accordance with, the laws of the State of Texas.

16. **Notices.** Notices hereunder may be given by mail, by telex or by facsimile transmission, addressed or transmitted to the person to which it is being given in the case of the Debtor, as set forth with its signature hereto and in the case of the Secured Party at such person's address or transmission number set forth in the Loan Agreement and shall be effective (a) in the case of mail, 2 days after deposit in the postal system, first class postage pre-paid and (b) in the case of telex or facsimile notices, when sent. The Debtor may change its address and transmission number by written notice to the Secured Party, and the Secured Party may change its address and transmission number by written notice to the Debtor.

17. **Counterparts.** To facilitate execution, this Security Agreement and the other Loan Documents may be executed in any number of counterparts as may be convenient or necessary, and it shall not be necessary that the signatures of all parties hereto or thereto be contained on any one counterpart hereof or thereof. Additionally, the parties hereto agree that for purposes of facilitating the execution of this Security Agreement and the other Loan Documents, (a) the signature pages taken from separate individually executed counterparts of this Security Agreement and the other Loan Documents may be combined to form multiple fully executed counterparts and (b) a facsimile transmission shall be deemed to be an original signature. All executed counterparts of this Security Agreement and the other Loan Documents shall be deemed to be originals, but all such counterparts taken together or collectively, as the case may be, shall constitute one and the same agreement.

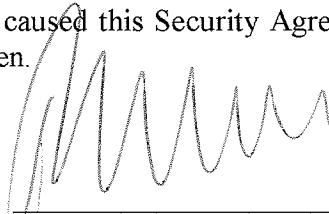
18. **JURY WAIVER. THE DEBTOR HEREBY WAIVES ITS RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF ANY OF THE LOAN DOCUMENTS OR ANY OF THE TRANSACTIONS CONTEMPLATED THEREIN, INCLUDING CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW OR STATUTORY CLAIMS. THE DEBTOR RECOGNIZES AND AGREES THAT THE FOREGOING WAIVER CONSTITUTES A MATERIAL INDUCEMENT FOR THE SECURED PARTY TO ENTER INTO THIS AGREEMENT. THE DEBTOR REPRESENTS AND WARRANTS THAT IT HAS REVIEWED THIS WAIVER WITH ITS LEGAL COUNSEL AND THAT IT KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL.**

19. **Headings.** The section headings appearing in this Security Agreement have been inserted for convenience only and shall be given no substantive meaning or significance whatever in construing the terms and provisions of this Security Agreement. Terms used in this

instrument which are defined in the UCC and not otherwise defined herein or in the Loan Agreement are used with the meanings as defined in the UCC.

20. **Termination.** If all of the Obligations shall have been paid and performed in full, the Secured Party shall, upon the written request of the Debtor, execute and deliver to the Debtor a proper instrument or instruments acknowledging the release and termination of the security interests created by this Agreement, and shall duly assign and deliver to the Debtor (without recourse and without any representation or warranty) such of the Collateral as may be in the possession of the Secured Party and has not previously been sold or otherwise applied pursuant to this Agreement. The foregoing notwithstanding, if the payment of any amount of principal of or interest with respect to the Obligations, or any portion thereof, is rescinded, voided, or must otherwise be refunded by the Secured Party upon the insolvency, bankruptcy, or reorganization of the Debtor or otherwise for any reason whatsoever, then each of (a) the Obligations, (b) the Loan Documents (including, without limitation, this Agreement, the Loan Agreement and the Note), (c) the indebtedness, liabilities, and obligations of the Debtor and, (d) all liens for the benefit of the Secured Party, created under or evidenced by the Loan Documents, will be automatically reinstated and become automatically effective and in full force and effect, all to the extent that and as though such payment so rescinded, voided, or otherwise refunded had never been made.

IN WITNESS WHEREOF, the Debtor has caused this Security Agreement to be duly executed and delivered as of the date first above written.



Randall L. Byrd

AGREED TO AND ACCEPTED:

USAM I Fund, LLC,
a Texas limited liability company

By: _____
Jack H. Lieberman, President

SCHEDULES

Schedule 1 - Description of Patents

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By: 

Jack H. Lieberman, President

SCHEDULES

Schedule 1 - Description of Patents

PATENTS

UNITED STATES PATENT

<u>Patent No.</u>	<u>Issued</u>	<u>Title</u>
6907709	6/21/2005	Concrete Construction Material and Method of Use

MEXICO PATENT

<u>Patent No.</u>	<u>Issued</u>	<u>Title</u>
PA/E/2003/011617	03/28/2003	Molde Macho y Hembra Para la Construccion de Paredes y Techos de casas. {Male and Female mould for the construction of walls and ceilings of houses}
PA/E/2003/06693	02/19/2003	Molde Giratorio para la Construccion de pisos de casas {Revolving mould for the construction of floors of houses}

SCHEDULE 1

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