

**PATENT ASSIGNMENT**

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SUBMISSION TYPE:	NEW ASSIGNMENT
NATURE OF CONVEYANCE:	SECURITY AGREEMENT
<b>CONVEYING PARTY DATA</b>	
Name	Execution Date
Wastewater Technology, Inc.	10/02/2009
<b>RECEIVING PARTY DATA</b>	
Name:	National Bank of Canada
Street Address:	600, rue de la Gauchetiere Ouest, 11th Floor
City:	Montreal (Quebec)
State/Country:	CANADA
Postal Code:	H3B 4L2
<b>PROPERTY NUMBERS Total: 5</b>	
Property Type	Number
Patent Number:	D452295
Patent Number:	6572774
Patent Number:	6613229
Patent Number:	7276155
Application Number:	11865524
<b>CORRESPONDENCE DATA</b>	
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NAME OF SUBMITTER:	Kristen M. Walsh

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**Total Attachments: 25**

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**AMENDED AND RESTATED SECURITY AGREEMENT**

October 2, 2009 **THIS AMENDED AND RESTATED SECURITY AGREEMENT**, dated as of (this "Agreement"), made by **WASTEWATER TECHNOLOGY, INC.**, a Virginia corporation (the "Company"), in favor of **NATIONAL BANK OF CANADA** (the "Bank");

WHEREAS, H2O Innovation Inc., formerly known as H2O Innovation (2000) Inc., a corporation incorporated under the *Canada Business Corporations Act* (the "Borrower"), and the Bank are parties to an offer for financing dated July 23, 2008 (as amended, restated, supplemented or otherwise modified from time to time is referred to herein as the "Original Loan Agreement") providing, subject to the terms and conditions thereof, for extensions of credit to be made by the Bank to the Borrower;

WHEREAS, in connection with Facility F, as defined in and pursuant to the terms of the Original Loan Agreement, the Company made a guarantee dated as of August 14, 2008 in favor of the Bank (as amended, restated, supplemented or otherwise modified from time to time is referred to herein as the "Original Guarantee") whereby it agreed to guarantee, in an aggregate amount up to \$3,500,000 Canadian Dollars, the Obligations (as defined therein) in the manner set forth therein and a Security Agreement dated as of August 14, 2008 in favor of the Bank (as amended, restated, supplemented or otherwise modified from time to time is referred to herein as the "Original Security Agreement");

WHEREAS, the Borrower and the Bank entered into an additional offer for financing dated June 3, 2009 (as the same may be further amended, restated, supplemented or otherwise modified from time to time, the "New Loan Agreement") whereby the Bank offers to renew, maintain, circumscribe and/or make available to Borrower the credits described therein (together with the Original Loan Agreement is referred to herein as the "Loan Agreement");

WHEREAS, in connection with Facilities A and H, as defined in and pursuant to the terms of the New Loan Agreement, the Company is required to guarantee, in an aggregate amount up to \$3,300,000 Canadian Dollars, the Obligations under the New Loan Agreement, and has amended and restated the Original Guarantee (as the same may be further amended, restated, supplemented or otherwise modified from time to time is referred to herein as the "Guarantee") whereby the Company guarantees in an aggregate amount up to \$6,800,000 Canadian Dollars the due and prompt discharge, repayment and performance in full by the Borrower of all obligations under or in connection with the Loan Agreement; and

WHEREAS, it is required pursuant to the terms of the Loan Agreement that the Company agrees to secure the Secured Obligations (as hereinafter defined) in the manner hereinafter set forth.

NOW, THEREFORE, in consideration of the premises and mutual covenants herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree to amend and restate the Original Security Agreement in its entirety as follows:

1. Definitions.

1.1. Terms Defined in the UCC. All terms that are defined in the UCC (as hereinafter defined), and that are used in this Agreement or in the definition of the term Collateral without definition herein or therein, unless the context indicates otherwise, shall have the respective meanings specified in the UCC; provided that, to the extent that any such term is defined differently in different Articles of the UCC, the definition of such term contained in Article 9 thereof shall govern.

1.2. Additional Definitions. The following terms shall have the following meanings for purposes of this Agreement (such meanings to be equally applicable to both the singular and plural forms of the terms defined):

"Business Day" means any day that is not a Saturday, a Sunday or a day on which banks are required or permitted to be closed in the State of Delaware or in Montreal, Canada.

"Collateral" means, collectively, all right, title and interest of the Company in, to and under all personal property whether now owned by or owing to, or hereafter acquired by or arising in favor of the Company (including under any trade names, styles or derivations thereof), and whether owned or consigned by or to, or leased from or to, the Company, and regardless of where located, including, without limitation:

1. all accounts (including, without limitation, health-care-insurance receivables);
2. all chattel paper (including, without limitation, tangible chattel paper and electronic chattel paper);
3. all documents;
4. all general intangibles (including, without limitation, payment intangibles and software);
5. all commercial tort claims;
6. all goods (including, without limitation, inventory, equipment and fixtures);
7. all instruments (including, without limitation, promissory notes);
8. all investment property (including, without limitation, certificated and uncertificated securities, security entitlements, securities accounts, commodity contracts and commodity accounts);
9. all deposit accounts of the Company and all deposits therein;
10. all money, cash or cash equivalents of the Company;
11. all supporting obligations and letter-of-credit rights;

12. all of the contracts and agreements of the Company, together with all schedules, exhibits, documents and certificates referred to therein, as amended, supplemented or otherwise modified from time to time, including without limitation, all rights of the Company to (a) receive moneys due and to become due to it thereunder or in connection therewith, (b) damages arising out of, or for, breach or default in respect thereof, (c) compel performance of the terms thereof, (d) benefits and claims under all warranty and indemnity provisions contained therein, (e) all insurance payments provided therein and (f) any other moneys due and to become due to the Company thereunder or in connection therewith and all proceeds and general intangibles arising from any of the foregoing (the "Contracts");
13. all insurance covering any type of Collateral or any part thereof against risks of fire, flood, theft, loss, nonconformity of, defects or infringement of rights in, or damage or any other risk of loss whatsoever and all proceeds and general intangibles arising from any of the foregoing ("Insurance");
14. all of the Company's right, title and interest in all of its books, records, ledger sheets, files and other data and documents, including records in any form (digital or other) and recorded in or through any tangible medium (magnetic, lasergraphic or other) and all is retrievable in perceivable form, together with all machinery and processes (including computer programming instructions) required to read and print such records relating to any types of Collateral ("Records");
15. all patent rights throughout the world, including all letters patents, patent applications, patent licenses, patentable inventions, modifications and improvements thereof, all rights to any and all letters patent and applications for letters patent, all divisions, renewals, reissues, continuations, continuations-in-part, extensions and reexaminations of any of the foregoing, all shop rights, all proceeds of, and rights associated with any of the foregoing (including license royalties and proceeds of infringement suits), the right to sue third parties for past, present or future infringements of any of the foregoing and for breach or enforcement of any of the foregoing, and all rights corresponding to each of the foregoing throughout the world and all proceeds and general intangibles arising from any of the foregoing ("Patent Rights");
16. all information concerning the subject matter of the Patent Rights, and all other confidential or proprietary or useful information and all know-how and common law or statutory trade secrets obtained by or used in or contemplated at any time for use in the business of the Company, and all other research and development work by the Company whether or not the same is a patentable invention, including without limitation all design and engineering data, shop rights, instructions, procedures, standards, specifications, plans, drawings and designs and all proceeds and general intangibles arising from any of the foregoing (the "Technical Information");

17. all trademarks, trade names, corporate names, company names, business names, fictitious business names, trade styles, service marks, certification marks, collective marks, logos, domain names, URLs, other source of business identifiers, prints and labels on which any of the foregoing have appeared or appear, designs and general intangibles of a like nature (each of the foregoing items being called a "Trademark"), now existing anywhere in the world or hereafter adopted or acquired, whether currently in use or not, all registrations and recordings thereof and all applications in connection therewith, whether pending or in preparation for filing, including registrations, recordings and applications in the United States Patent and Trademark Office or in any office or agency of the United States of America or any State thereof or any foreign country, all Trademark licenses, all reissues, extensions or renewals of any of the foregoing items all of the goodwill of the business connected with the use of, and symbolized by the foregoing items all proceeds of, and rights associated with, the foregoing, including any claim by the Company against third parties for past, present or future infringement or dilution of any Trademark, Trademark registration or Trademark license, including any Trademark, Trademark registration or Trademark license, or for any injury to the goodwill associated with the use of any such Trademark or for breach or enforcement of any Trademark license and all proceeds and general intangibles arising from any of the foregoing (the "Trademark Rights");
18. All copyrights and all semiconductor chip product mask works of the Company, whether statutory or common law, registered or unregistered, now or hereafter in force throughout the world, including, without limitation, all of the Company's right, title and interest in and to all copyrights and mask works registered in the United States Copyright Office or anywhere else in the world and all applications for registration thereof, whether pending or in preparation, all copyright and mask work licenses, the right to sue for past, present and future infringements of any thereof, all rights corresponding thereto throughout the world, all extensions and renewals of any thereof and all proceeds of the foregoing, including, without limitation, licenses, royalties, income, payments, claims, damages and proceeds of suit and all proceeds and general intangibles arising from any of the foregoing (the "Copyrights");
19. (A) all computer and other electronic data processing hardware, integrated computer systems, central processing units, memory units, display terminals, printers, features, computer elements, card readers, tape drives, hard and soft disk drives, cables, electrical supply hardware, generators, power equalizers, accessories and all peripheral devices and other related computer hardware, whether now owned, licensed or leased or hereafter acquired by the Company; (B) all software programs including source code and object code and all related applications and data files), whether now owned, licensed or leased or hereafter acquired by the Company, designed for use on the computers and electronic data processing hardware described in clause (A) above; (C) all firmware associated therewith, whether now owned, licensed or leased or hereafter acquired by the Company; (D) all documentation (including flow charts, logic diagrams, manuals,

guides and specifications) for such hardware, software and firmware described in the preceding clauses (A), (B) and (C), whether now owned, licensed or leased or hereafter acquired by the Company; and (E) all rights with respect to all of the foregoing, including, without limitation, any and all copyrights, licenses, options, warranties, service contracts, program services, test rights, maintenance rights, support rights, improvement rights, renewal rights and indemnifications and any substitutions, replacements, additions or model conversions of any of the foregoing and all proceeds and general intangibles arising from any of the foregoing (the "Computer Hardware and Software"); and

20. to the extent not otherwise included, all proceeds, tort claims, insurance claims and other rights to payments not otherwise included in the foregoing and products of the foregoing and all accessions to, substitutions and replacements for, and rents and profits of, each of the foregoing.

"Contracts" has the meaning specified in the definition of the term Collateral.

"Control Letter" means a letter agreement between the Bank and (i) the issuer of uncertificated securities with respect to uncertificated securities in the name of the Company, (ii) a securities intermediary with respect to securities, whether certificated or uncertificated, securities entitlements and other financial assets held in a securities account in the name of the Company, or (iii) a futures commission merchant or clearing house, as applicable, with respect to commodity accounts and commodity contracts held by the Company, whereby, among other things, the issuer, securities intermediary or futures commission merchant disclaims any security interest in the applicable financial assets or subordinates such security interest to the Lien of the Bank, acknowledges the Lien of the Bank on such financial assets, and agrees to follow the instructions or entitlement orders of the Bank without further consent by the Company.

"Computer Hardware and Software" has the meaning specified in the definition of the term Collateral.

"Copyrights" has the meaning specified in the definition of the term Collateral.

"Event of Default" means the failure by Company to perform, make payment or take any such action as necessary or required pursuant to the terms and conditions set forth in the Guarantee or in any other Loan Document.

"Governmental Authority" means any federal, state, provincial, county, city, town, village, municipal or other government or governmental department, commission, council, court, board, bureau, agency, authority or instrumentality (whether executive, legislative, judicial, administrative or regulatory), of or within the United States of America or its territories or possessions, or of or within any other country, or of any international community or organization established by treaty.

"Insurance" has the meaning specified in the definition of the term Collateral.

"Lien" means any mortgage or deed of trust, pledge, hypothecation, assignment, deposit arrangement, lien, charge, claim, security interest, easement or encumbrance, or preference,

priority or other security agreement or preferential arrangement of any kind or nature whatsoever (including any lease or title retention agreement, any financing lease having substantially the same economic effect as any of the foregoing, and the filing of, or agreement to give, any financing statement perfecting a security interest under the UCC or comparable law of any jurisdiction).

"Loan Documents" means, collectively, the Loan Agreement, the Guarantee, this Agreement and all other agreements, instruments, documents and certificates executed and delivered to, or in favor of, the Bank, and including all other pledges, powers of attorney, consents, assignments, contracts, notices, and all other written matter whether heretofore, now or hereafter executed by or on behalf of the Borrower and delivered to the Bank in connection with the Loan Agreement, this Agreement or the transactions contemplated thereby. Any reference in the Loan Agreement, this Agreement or any other Loan Document shall include all appendices, exhibits or schedules thereto, and all amendments, restatements, supplements, or other modifications thereto, and shall refer to the Loan Agreement, this Agreement or such other Loan Document as the same may be in effect at any and all times such reference becomes operative.

"Patent Rights" has the meaning specified in the definition of the term Collateral.

"Permitted Lien(s)" shall mean and include any Lien permitted with respect to the Company pursuant to the Loan Agreement.

"Person" means any individual, sole proprietorship, partnership, joint venture, trust, unincorporated organization, association, corporation, limited liability company, institution, public benefit corporation, other entity or Governmental Authority.

"Records" has the meaning specified in the definition of the term Collateral.

"Secured Obligations" means all liabilities and obligations for the performance of covenants, tasks or duties or for payment of monetary amounts (whether or not such performance is then required or contingent, or such amounts are liquidated or determinable) owing by the Company to the Bank and all covenants and duties regarding such amounts, of any kind or nature, present or future, whether or not evidenced by any note, agreement or other instrument, including, without limitation, all obligations arising under the Guarantee. "Secured Obligations" includes, without limitation, all principal, interest (including all interest that accrues after the commencement of any case or proceeding by or against any of the Borrower and the Company in bankruptcy, whether or not allowed in such case or proceeding), fees, charges, expenses, attorneys' fees and any other sum chargeable to the Borrower and the Company under the Loan Agreement, this Agreement or any of the other Loan Documents.

"Taxes" has the meaning specified in Section 4.18 hereof.

"Technical Information" has the meaning specified in the definition of the term Collateral.

"Trademark" has the meaning specified in the definition of the term Collateral.

"Trademark Rights" has the meaning specified in the definition of the term Collateral.



"UCC" means the Uniform Commercial Code as the same may, from time to time, be enacted and in effect in the State of New York; provided that in the event that, by reason of mandatory provisions of law, any or all of the attachment, perfection or priority of, or remedies with respect to, the Bank's Lien on any Collateral is governed by the Uniform Commercial Code as enacted and in effect in a jurisdiction other than the State of New York, the term "UCC" shall mean the Uniform Commercial Code as enacted and in effect in such other jurisdiction solely for purposes of the provisions thereof relating to such attachment, perfection, priority or remedies and for purposes of definitions related to such provisions.

**2. Grant of Lien; Right of Setoff.**

2.1. To secure the prompt and complete payment, performance and observance of all of the Secured Obligations, the Company hereby grants, assigns, conveys, mortgages, pledges, hypothecates and transfers to the Bank a Lien upon all of the Company's right, title and interest in, to and under the Collateral.

2.2. In addition, to secure the prompt and complete payment, performance and observance of the Secured Obligations, the Company hereby grants to the Bank a right of setoff against (i) all Collateral now or hereafter in the possession or custody of or in transit to the Bank, for any purpose, including safekeeping, collection or pledge, for the account of the Company, or as to which the Company may have any right or power, and (ii) all right, title and interest of the Company in and to all deposit accounts now or hereafter maintained by the Company with the Bank.

2.3. This Agreement is in addition to and without limitation of any right of the Bank under any of the Loan Documents or any other security agreement, mortgage or guaranty granted by the Company or any other Person to the Bank.

**3. Representations and Warranties.**

In addition to the representations and warranties contained in the Loan Documents, the Company represents and warrants to the Bank that:

3.1. The Company has full power, right and authority to execute, deliver and perform its obligations under this Agreement.

3.2. This Agreement has been duly authorized, executed and delivered by the Company and constitutes the legally valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, except to the extent that such enforcement may be limited by applicable bankruptcy, insolvency and other similar laws affecting creditors' rights generally and by general principles of equity.

3.3. The execution, delivery and performance by the Company of this Agreement do not and will not (i) require any consent or approval of any Governmental Authority or other Person that has not been obtained, (ii) violate any provisions of any law, rule, regulation, order, writ, judgment, injunction, decree, determination or award presently in effect applicable to the

Company, (iii) result in a breach of, constitute a default under or otherwise contravene any indenture or loan or credit agreement or any other agreement, lease or instrument to which the Company is a party or by which the Company or the Company's properties may be bound or affected, (iv) result in, or require, the creation or imposition of any Lien (other than a Lien in favor of the Bank) upon or with respect to any of the Company's properties now owned or hereafter acquired, or (v) cause the Company to be in default under any such law, rule, regulation, order, writ, judgment, injunction, decree, determination or award or any such indenture, agreement, lease or instrument.

3.4. The Company has rights in or the power to transfer rights in each item of the Collateral upon which it purports to grant a Lien hereunder free and clear of any and all Liens other than Permitted Liens.

3.5. The Company has not granted, nor are there outstanding or in effect, any Liens in the Collateral to any Person other than to the Bank, and no security agreement, financing statement, equivalent security or Lien instrument or continuation statement in favor of any such other Person covering any of the Collateral or any proceeds thereof is on file in any public office. The Company is, and as to Collateral acquired from time to time after the date hereof, will be the owner of all Collateral free and clear of any Lien, except pursuant to and under this Agreement and except for the Permitted Liens.

3.6. Schedule A annexed hereto accurately and completely sets forth (i) the Company's exact legal name as it appears in official filings in the state of its incorporation or other organization, (ii) all other names (including, without limitation, trade names) under which the Company presently conducts business, (iii) all other names (including, without limitation, trade names) under which the Company has previously conducted business, (iv) the type of entity of the Company (including corporation, partnership, limited partnership or limited liability company), (v) the organizational identification number issued by the Company's state of organization or incorporation or a statement that no such number has been issued, (vi) the Company's state of incorporation or organization, (vii) the locations of the Company's chief executive office and principal place of business, (viii) the locations of the Company's other corporate or administrative offices, (ix) the locations of all other premises where Collateral is stored or located, and (x) the locations of the Company's Records concerning the Collateral. The Company has only one state of incorporation or organization. Except as noted on Schedule A hereto, the Company conducts and has in the past conducted no business, whether directly or indirectly or through any subsidiary, division or affiliate, under any name or trade name other than its name first recited above.

3.7. This Agreement is effective to create a valid and continuing Lien on and, upon the filing of the appropriate financing statements listed on Schedule F hereto, a perfected Lien in favor of the Bank, on the Collateral with respect to which a Lien may be perfected by filing pursuant to the UCC. Such Lien is prior to all other Liens and is enforceable as such against any and all creditors of and purchasers from the Company (other than purchasers and lessees of inventory in the ordinary course of business). All action by the Company necessary or desirable to perfect such Lien, and requested by the Bank to protect such Lien, on each item of the Collateral has been duly taken.

3.8. Schedules C, D and E respectively set forth accurately and completely all of the Company's Patent Rights, Trademark Rights and Copyrights. The Company has no interest in, or title to, any Patent Rights, Trademark Rights or Copyrights except as set forth in Schedules C, D and E hereto, respectively. This Agreement is effective to create a valid and continuing Lien on and, upon filing of the appropriate financing statements listed on Schedule F hereto, filing of the assignments and other documents referred to in Section 4.1 with respect to Patent Rights and Trademark Rights with the United States Patent and Trademark Office, and filing of the assignments and other documents referred to in Section 4.1 with respect to Copyrights with the United States Copyright Office, perfected Liens in favor of the Bank on Company's Patents Rights, Trademark Rights and Copyrights, and such perfected Liens are enforceable as such as against any and all creditors of and purchasers from the Company.

**4. Covenants and Agreements of the Company.**

The Company covenants and agrees that:

4.1. At the time this Agreement is executed and delivered to the Bank, the Company shall: (a) execute and deliver to the Bank each financing statement, fixture filing, notice of lien, instrument of assignment and other writing (including, without limitation, documents in form suitable for filing with the United States Patent and Trademark Office, the United States Copyright Office, other governmental office and any foreign equivalent in order to evidence, perfect, maintain, record and enforce the Bank's interest in the Copyrights, Trademark Rights and Patent Rights), and take such other action, as the Bank may deem necessary or desirable to evidence or perfect the Liens of the Bank in the Collateral, including, without limitation, the filing of financing statements and/or fixture filings in each of the jurisdictions specified in Schedule F hereto; (b) immediately deliver to the Bank all original negotiable documents, certificated securities, chattel paper and instruments, with each such endorsement, instrument of assignment and other writing as the Bank may request; and (c) execute, endorse, acknowledge and deliver to the Bank any certificate of title or other document required to acknowledge, register or perfect the Liens hereby granted in any of the Collateral.

4.2. The Company hereby irrevocably authorizes the Bank at any time and from time to time to file in any filing office in any Uniform Commercial Code jurisdiction any initial financing statements and amendments thereto that (a) describe the Collateral (i) as all assets of the Company or words of similar effect, regardless of whether any particular asset comprised in the Collateral falls within the scope of Article 9 of the UCC or such jurisdiction, or (ii) as being of an equal or lesser scope or with greater detail, and (b) contain any other information required by part 5 of Article 9 of the UCC for the sufficiency or filing office acceptance of any financing statement or amendment, including (i) whether the Company is an organization, the type of organization and any organization identification number issued to the Company, and (ii) in the case of a financing statement filed as a fixture filing or indicating Collateral as as-extracted collateral or timber to be cut, a sufficient description of real property to which the Collateral relates. The Company agrees to furnish any such information to the Bank promptly upon request. The Company also ratifies its authorization for the Bank to have filed in any Uniform Commercial Code jurisdiction any initial financing statements or amendments thereto if filed prior to the date hereof.

4.3. At any time and from time to time, upon the written request of the Bank and at the sole expense of the Company, the Company shall promptly and duly execute and deliver any and all such further instruments and documents and take such further actions as the Bank reasonably may deem desirable to obtain the full benefits of this Agreement and of the rights and powers herein granted, including (a) using its best efforts to secure all consents and approvals necessary or appropriate for the assignment to or for the benefit of the Bank of any license or contract held by the Company and to enforce the security interests granted hereunder; and (b) filing any financing or continuation statements under the UCC with respect to the Liens granted hereunder or under any other Loan Document as to those jurisdictions that are not Uniform Commercial Code jurisdictions.

4.4. Unless the Bank shall otherwise consent in writing (which consent may be revoked), the Company shall deliver to the Bank all Collateral hereafter in the Company's possession or control consisting of negotiable documents, certificated securities, chattel paper and instruments (in each case, accompanied by stock powers, allonges or other instruments of transfer executed in blank) promptly after the Company receives the same.

4.5. The Company shall use commercially reasonable efforts to obtain waivers or subordinations of Liens from landlords and mortgagees, and the Company shall in all instances obtain signed acknowledgments of the Bank's Liens from bailees now or hereafter having possession of the Company's goods that they hold such goods for the benefit of the Bank.

4.6. If the Company (i) is or hereafter becomes a holder of uncertificated securities, (ii) opens and maintains a securities account in the name of the Company, (iii) opens and maintains a commodity account or is or hereafter becomes a party to commodity contracts with a futures commission merchant or clearing house, the Company shall promptly, and in any event within twenty (20) Business Days after the occurrence of any of (i), (ii) or (iii) above, obtain authenticated Control Letters from each issuer of uncertificated securities, securities intermediary, or commodities intermediary now or hereafter issuing or holding any financial assets or commodities to or for the account of the Company.

4.7. If the Company is or hereafter becomes the beneficiary of a letter of credit, the Company shall promptly, and in any event within two (2) Business Days after becoming a beneficiary thereof, notify the Bank in writing thereof and, upon the Bank's written request thereafter, (i) execute and deliver to the Bank an assignment, satisfactory in form and substance to the Bank, of the proceeds of such letter of credit to the Bank, (ii) use commercially reasonable efforts to obtain and deliver to the Bank a written consent, satisfactory in form and substance to the Bank, of the issuer and any nominated person of such letter of credit to such assignment of the proceeds thereof, and (iii) deliver the original of such letter of credit to the Bank.

4.8. The Company shall take all steps necessary to grant the Bank control of all electronic chattel paper in accordance with the UCC and all "transferable records" as defined in each of the Uniform Electronic Transactions Act and the Electronic Signatures in Global and National Commerce Act.

4.9. The Company shall promptly, and in any event within fifteen (15) Business Days after the same is acquired by it, notify the Bank of any commercial tort claim (as defined in the

Code) acquired by it and unless otherwise consented by the Bank, the Company shall enter into a supplement to this Agreement, granting to the Bank a Lien in such commercial tort claim.

4.10. For each deposit account that the Company at any time opens or maintains, the Company shall, at the Bank's written request and option, pursuant to an agreement in form and substance satisfactory to the Bank, either (a) cause the depository bank to agree to comply, without further consent of the Company, at any time with instructions from the Bank to such depository bank directing the disposition of funds from time to time credited to such deposit account, or (b) arrange for the Bank to become the customer of the depository bank with respect to the deposit account, with the Company being permitted, only with the consent of the Bank, to exercise rights to withdraw funds from such deposit account; provided that the Bank hereby agrees that it shall not give any such instructions or withhold any such consent unless an Event of Default shall at the time have occurred and be continuing, or would occur and be continuing immediately after giving effect to any such withdrawal. The provisions of this Section 4.10 shall not apply to (i) any deposit account for which the Company, the depository bank and the Bank have entered into a cash collateral agreement specially negotiated among the Company, the depository bank and the Bank for the specific purpose set forth therein, (ii) any deposit account with respect to which the Bank is the depository bank and thereby has automatic control of such deposit account pursuant to the provisions of Section 9-104 of the UCC, or (iii) any deposit account specially and exclusively used by the Company for payroll, payroll taxes and other employee wage and benefit payments to or for the benefit of the Company's employees.

4.11. The Company shall not adjust, settle or compromise the amount or payment of any account, or release wholly or partly any customer or obligor thereof, or allow any credit as discount thereon (other than adjustments, settlements, compromises, releases, credits or discounts in the ordinary course of business and in amounts which are not material to the Company) without the prior consent of the Bank.

4.12. The Bank shall have the right, by its employees, accountants, attorneys and other agents, to examine and inspect the Collateral at any reasonable time and wherever located.

4.13. Except with respect to claims pursuant to Permitted Liens, the Company will defend the Collateral against all claims and demands of all other Persons at any time claiming the same or an interest therein. The Company shall not encumber any Collateral to any Person other than the Bank, or sell, assign or transfer the Collateral or any right, title or interest therein (other than the sale of inventory in the ordinary course of the Debtor's business and the sale or disposal of obsolete equipment).

4.14. If any action or proceeding shall be commenced, other than any action to collect the Secured Obligations, to which action or proceeding the Bank is made a party and in which it becomes necessary to defend or uphold the Bank's Liens hereunder, all costs incurred by the Bank for the expenses of such litigation (including reasonable counsel fees and expenses) shall be deemed part of the Secured Obligations secured hereby, which the Company agrees to pay or cause to be paid.

4.15. All Records of the Collateral will be located at the Company's principal place of business. The Company shall not change any location of any equipment or inventory or Records

pertaining to any Collateral unless the Company gives the Bank not less than fourteen (14) days' prior written notice.

4.16. The Company will have and maintain Insurance at its expense at all times in such amounts, in such form, containing such terms, all as is customary for companies of similar size and businesses, and written by such companies as may be reasonably satisfactory to the Bank. All policies of Insurance shall be payable to the Bank or the Company, as their interests may appear, and shall provide for thirty (30) days' written notice of cancellation or modification to the Bank. The Bank is authorized by the Company to act as its attorney in collecting, adjusting, settling or canceling such Insurance and endorsing any drafts drawn by insurers. The Bank may apply any proceeds of Insurance received by it to the Secured Obligations, whether due or not; provided, however, that the Bank will hold such proceeds as a special deposit for use by the Company in replacing any damaged Collateral which gave rise to such proceeds, so long as the Company is taking steps to replace such Collateral with due diligence and in good faith and so long as no Event of Default shall have occurred. The Company will immediately notify the Bank of any damage to or loss of the Collateral in excess of \$100,000. Not later than the expiration date of each policy of Insurance then in effect, the Company shall deliver to the Bank a certificate of insurance certifying as to (i) the extension of such policy or the issuance of a renewal policy therefor, describing the same in reasonable detail satisfactory to the Bank and (ii) the payment in full of the portion of the premium therefor then due and payable (or accompanied by other proof of such payment satisfactory to the Bank). The Company shall be required forthwith to notify the Bank (by telephone, confirmed in writing) if the Company shall determine at any time not to, or at any time be unable to, extend or renew any such policy then in effect.

4.17. The Company will use the Collateral for business purposes and not in violation of any statute or ordinance and will keep the Collateral in good repair, working order and condition, and from time to time the Company will make to such Collateral all needful and proper repairs, renewals, replacements, extensions, additions, betterments and improvements thereto, to the extent and in the manner customary for companies in similar lines of business under similar circumstances.

4.18. The Company will pay promptly when due all excise, property, sales and use taxes and assessments imposed by any Governmental Authority upon or with respect to any of the Collateral ("Taxes"), except for any Taxes which are being contested in good faith and for which adequate reserves under generally accepted accounting principles have been established.

4.19. The Company will at all times keep accurate and complete Records of the Company's accounts, instruments and other Collateral and will deliver such reconciliation reports and other financial information to the Bank at any time as reasonably requested. The Bank, or any of its agents, shall have the right to call at the Company's place or places of business at reasonable intervals and upon reasonable notice to inspect, audit, make test verifications and otherwise examine and make extracts from the books, journals, orders, receipts, correspondence and other Records relating to any of the Collateral.

4.20. Upon the occurrence of an Event of Default, the Company agrees, upon the written demand of the Bank, to stamp all books and records pertaining to the Company's

accounts, instruments and general intangibles to evidence the Bank's Lien therein in form satisfactory to the Bank.

4.21. The Company will notify the Bank in writing at least thirty (30) days prior to changing its chief executive office or other locations at which it does business or changing its name or conducting business under any name or trade name or changing its state of incorporation (by way of merger, consolidation, reincorporation or otherwise), in each case specifying the places or names involved.

4.22. Upon request of the Bank, the Company shall obtain the consent of any Person, governmental instrumentality or agency, or public body or official to the assignment hereunder of any account, instrument, document or general intangible if such consent may be required by the terms of any agreement, contract or statute.

4.23. The Company shall not reincorporate or reorganize itself under the laws of any jurisdiction other than the jurisdiction in which it is incorporated or organized as of the date hereof without the prior written consent of the Bank, which consent shall not be unreasonably withheld or delayed.

## 5. Remedies; Rights Upon Default.

5.1. In addition to all other rights and remedies granted to it under this Agreement, the Loan Agreement and the other Loan Documents, upon the occurrence and continuation of any Event of Default, the Bank shall have and may exercise all of the rights, powers and remedies of a Bank under the UCC, including without limitation, the right to sell, lease or otherwise dispose of any or all of the Collateral, and to take possession of the Collateral, and for that purpose the Bank may enter peaceably any premises on which the Collateral or any part thereof may be situated and remove the same therefrom and the Company will not resist or interfere with such action. The Bank may require the Company to assemble the Collateral and make the same available to the Bank at a place to be designated by the Bank which is reasonably convenient to both parties. The Company hereby agrees that the place or places of location of the Collateral are places reasonably convenient to it to assemble the Collateral. Unless the Collateral is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market, the Bank will send the Company reasonable notice of the time and place of any public sale or reasonable notice of the time after which any private sale or any other disposition thereof is to be made. The requirement of sending reasonable notice shall be met if such notice is mailed, postage prepaid, to the Company at least ten (10) days before the time of the sale or disposition. The Bank shall have the right upon any such public sale or sales and, to the extent permitted by law, upon any such private sale or sales, to purchase for the benefit of the Bank, the whole or any part of said Collateral so sold. Such sales may be adjourned and continued from time to time with or without notice. The Bank shall have the right to conduct such sales on the Company's premises or elsewhere and shall have the right to use the Company's premises without charge for such time or times as the Bank deems necessary or advisable. Until the Bank is able to effect a sale, lease, or other disposition of Collateral, the Bank shall have the right to hold or use such Collateral, or any part thereof, to the extent that it deems appropriate for the purpose of preserving such Collateral or its value or for any other

purpose deemed appropriate by the Bank. The Bank shall have no obligation to the Company to maintain or preserve the rights of the Company as against third parties with respect to Collateral while such Collateral is in the possession of the Bank. The Bank may, if it so elects, seek the appointment of a receiver or keeper to take possession of Collateral and to enforce any of the Bank's remedies with respect to such appointment without prior notice or hearing as to such appointment. To the maximum extent permitted by applicable law, the Company waives all claims, damages, and demands against the Bank arising out of the repossession, retention or sale of the Collateral except such as arise solely out of the gross negligence or willful misconduct of the Bank as finally determined by a court of competent jurisdiction.

5.2. Upon demand by the Bank after the occurrence and during the continuance of an Event of Default, the Company will immediately deliver to the Bank all proceeds of Collateral, and all original evidences of accounts, chattel paper, instruments, documents, securities or general intangibles of the Company, including, without limitation, all checks, drafts, cash and other remittances, notes, trade acceptances or other instruments or contracts for the payment of money, appropriately endorsed to the Bank's order and, regardless of the form of such endorsement, the Company hereby waives presentment, demand, notice of dishonor, protest and notice of protest and all other notices with respect thereto. Pending such deposit, the Company agrees that it will not commingle any such checks, drafts, cash and other remittances with any of the Company's funds or property, but will hold them separate and apart therefrom and upon an express trust for the Bank, until delivery thereof is made to the Bank.

5.3. Upon the occurrence and during the continuance of an Event of Default, the Bank shall have the right to notify the account debtors obligated on any or all of the Company's accounts, chattel paper, instruments, documents, securities and general intangibles to make payment thereof directly to the Bank, and the Bank may take control of all proceeds of any thereof. The Company will not thereafter without the Bank's written consent extend, compromise, compound or settle any accounts, chattel paper, instruments, documents, securities or general intangibles, or release, wholly or partly, any Person liable for payment thereof, or allow any credit or discount thereon which is not customarily allowed by the Company in the ordinary conduct of its business.

5.4. To the extent that applicable law imposes duties on the Bank to exercise remedies in a commercially reasonable manner, the Company acknowledges and agrees that it is not commercially unreasonable for the Bank (i) to fail to incur expenses reasonably deemed significant by the Bank 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 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 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 Company, for expressions of interest in acquiring all or any portion of such Collateral, (vii) to hire one or more professional



auctioneers to assist in the disposition of Collateral, whether or not the Collateral is of a specialized nature, (viii) to dispose of Collateral by utilizing internet sites that provide for the auction of assets of the types included in the Collateral or that have the reasonable capacity of doing so, or that match buyers and sellers of assets, (ix) to dispose of assets in wholesale rather than retail markets, (x) to disclaim disposition warranties, such as title, possession or quiet enjoyment, (xi) to purchase insurance or credit enhancements to insure the Bank against risks of loss, collection or disposition of Collateral or to provide to the Bank a guaranteed return from the collection or disposition of Collateral, or (xii) to the extent deemed appropriate by the Bank, to obtain the services of other brokers, investment bankers, consultants and other professionals to assist the Bank in the collection or disposition of any of the Collateral. The Company acknowledges that the purpose of this Section 5.4 is to provide non-exhaustive indications of what actions or omissions by the Bank would not be commercially unreasonable in the Bank's exercise of remedies against the Collateral and that other actions or omissions by the Bank shall not be deemed commercially unreasonable solely on account of not being indicated in this Section 5.4. Without limitation upon the foregoing, nothing contained in this Section 5.4 shall be construed to grant any rights to the Company or to impose any duties on the Bank that would not have been granted or imposed by this Agreement or by applicable law in the absence of this Section 5.4.

5.5. After deducting all expenses incurred by the Bank in protecting or enforcing its rights in the Collateral, the net proceeds of collection or sale of the Collateral shall be applied to the payment of the Secured Obligations in such order as the Bank may determine, and any excess shall be returned to the Company. The Company shall remain liable for any deficiency.

5.6. The Bank shall not be required to make any demand upon, or pursue or exhaust any of their rights or remedies against, the Company, any other obligor, guarantor, pledgor or any other Person with respect to the payment of the Secured Obligations or to pursue or exhaust any of their rights or remedies with respect to any Collateral therefor or any direct or indirect guarantee thereof. The Bank shall not be required to marshal the Collateral or any guarantee of the Secured Obligations or to resort to the Collateral or any such guarantee in any particular order, and all of its and their rights hereunder or under any other Loan Document shall be cumulative. To the extent it may lawfully do so, the Company absolutely and irrevocably waives and relinquishes the benefit and advantage of, and covenants not to assert against the Bank, any valuation, stay, appraisal, extension, redemption or similar laws and any and all rights or defenses it may have as a surety now or hereafter existing which, but for this provision, might be applicable to the sale of any Collateral made under the judgment, order or decree of any court, or privately under the power of sale conferred by this Agreement, or otherwise.

5.7. Upon the occurrence and during the continuance of an Event of Default, and whether or not the Bank exercises any available right to declare any Secured Obligation due and payable or seeks or pursues any other relief or remedy available to it under applicable law or under this Agreement, the Loan Agreement or any other agreement relating to such Secured Obligation, and, if the Bank shall so request in writing, the Company agrees to execute and deliver to the Bank appropriate additional dividend, distribution and other orders and documents to that end, provided that if such Event of Default is cured, any such dividend or distribution theretofore paid to the Bank shall, upon request of the Company (except to the extent theretofore

applied to the Secured Obligations and to the extent permitted by the Loan Agreement), be returned by the Bank to the Company.

**6. The Bank's Appointment as Attorney-In-Fact.**

The Company hereby appoints the Bank to be the Company's true and lawful attorney, with full power of substitution, in the Bank's name or the Company's name or otherwise, for the Bank's sole use and benefit, but at the Company's cost and expense, to exercise upon the occurrence and during the continuance of an Event of Default all or any of the following powers with respect to all or any of the accounts, chattel paper, instruments, documents, securities or general intangibles:

- 6.1. to demand, sue for, collect, receive and give acquittance for any and all moneys due or to become due upon or by virtue thereof;
- 6.2. to receive, take, endorse, assign and deliver any and all checks, notes, drafts and other negotiable and non-negotiable instruments taken or received by the Bank in connection therewith, and the Company waives notice of presentment, protest and non-payment of any instrument so endorsed or assigned;
- 6.3. to settle, compromise, compound, prosecute or defend any action or proceeding with respect thereto;
- 6.4. to extend the time of payment of any or all thereof, to make any allowances and other adjustments with reference thereto;
- 6.5. to sell, transfer, assign or otherwise deal in or with the same or the proceeds or avails thereof or the relevant goods, as fully and effectually as if the Bank were the absolute owner thereof;
- 6.6. to make any reasonable allowances and other reasonable adjustments with reference thereto;
- 6.7. to sign the Company's name on any document, on invoices relating to any account, on drafts against customers, on schedules of assignments of accounts, on notices of assignment and other public records, on verifications of accounts, and on notices to customers;
- 6.8. to file or record in any public office notices of assignment or any other public notice required to effect this Agreement;
- 6.9. to notify the post office authorities to change the address for delivery of the Company's mail to an address designated by the Bank;
- 6.10. to receive, open and dispose of all mail addressed to the Company;
- 6.11. to discharge Taxes and Liens at any time levied against or placed on any of the Collateral;

6.12. to send requests for verification of accounts to the Company's customers;

6.13. to file, with or without any signature and by electronic means, any financing statement, addendum, amendment, continuation statement or other Record on the Company's behalf, including any filing which further describes for identification any commercial tort claim which may come into existence in the future; and

6.14. to do all other things which the Bank deems reasonably necessary or desirable to carry out the purposes of this Agreement.

The power of attorney herein granted to the Bank, being coupled with an interest, is irrevocable so long as any of the Secured Obligations remain outstanding. **NONE OF THE BANK OR ITS AFFILIATES, OFFICERS, DIRECTORS, EMPLOYEES, AGENTS OR REPRESENTATIVES SHALL BE RESPONSIBLE TO THE COMPANY FOR ANY ACT OR FAILURE TO ACT UNDER THIS POWER OF ATTORNEY OR OTHERWISE, EXCEPT IN RESPECT OF DAMAGES ATTRIBUTABLE SOLELY TO THEIR OWN GROSS NEGLIGENCE OR WILLFUL MISCONDUCT AS FINALLY DETERMINED BY A COURT OF COMPETENT JURISDICTION, NOR FOR ANY PUNITIVE, EXEMPLARY, INDIRECT OR CONSEQUENTIAL DAMAGES.**

7. Waivers.

The Company hereby waives all demands, notices and protests of every kind which are not expressly required under this Agreement or the Loan Documents which are permitted by law to be waived, and which would, if not waived, impair the Bank's enforcement of this Agreement or release any Collateral from the Liens of the Bank under this Agreement.

8. Limitation on the Bank's Duty in respect of Collateral.

The Bank shall have no duty as to the collection or protection of Collateral not in the Bank's possession or control, and the Bank's duty with reference to Collateral in its possession or control shall be to use reasonable care in the custody and preservation of such Collateral, but such duty shall not require the Bank to do any of the following (although the Bank is authorized to reasonably undertake any such action if the Bank deems such action appropriate):

- 8.1. protect any of the Collateral against the claims of others;
- 8.2. collect any sums due on the Collateral;
- 8.3. exercise any rights under the Collateral;
- 8.4. notify the Company of any maturities or other similar matters concerning the Collateral;
- 8.5. act upon any request the Company may make; or

8.6. preserve or protect the Company's rights in the Collateral.

**9. Liens and Obligations Absolute.**

All Liens created pursuant to this Agreement, and all obligations of the Company hereunder, shall be absolute and unconditional irrespective of, and shall not be impaired or otherwise affected by:

9.1. any bankruptcy, insolvency, reorganization, arrangement, readjustment, composition, liquidation or the like of the Company;

9.2. any lack of validity or enforceability of the Loan Agreement or any other Loan Document, or any other agreement or instrument relating thereto;

9.3. any change in the time, manner or place of payment of, or in any other term of, all or any of the Secured Obligations, or any other amendment or waiver of or any consent to any departure from the Loan Agreement or any other Loan Document;

9.4. any exchange, release or non-perfection of any Collateral, or any release or amendment or waiver of or consent to any departure from any guarantee of all or any of the Secured Obligations;

9.5. any exercise or non-exercise, or any waiver of any right, remedy, power or privilege under or in respect of this Agreement or any other Loan Document except as specifically set forth in a waiver granted by the Bank pursuant to the provisions of Section 17 hereof; or

9.6. any other circumstances which might otherwise constitute a defense available to, or a discharge of, the Company.

**10. Grant Of License To Use Intellectual Property Collateral.**

For the purpose of enabling the Bank to exercise rights and remedies under Section 5 hereof (including, without limiting the terms of Section 5 hereof, in order to take possession of, hold, preserve, process, assemble, prepare for sale, market for sale, sell or otherwise dispose of Collateral) at such time as the Bank shall be lawfully entitled to exercise such rights and remedies, the Company hereby grants to the Bank, an irrevocable, nonexclusive license (exercisable without payment of royalty or other compensation to the Company) to use, license or sublicense any Patent Rights, Trademark Rights, Copyrights, Technical Information and Computer Hardware and Software now owned or hereafter acquired by the Company, and wherever the same may be located, and including in such license access to all media in which any of the licensed items may be recorded or stored and to all computer software and programs used for the compilation or printout thereof.

11. Actions and Proceedings.

THE COMPANY HEREBY IRREVOCABLY CONSENTS TO THE NONEXCLUSIVE JURISDICTION AND VENUE OF ANY STATE OR FEDERAL COURT SITTING IN THE COUNTY OF NEW YORK, STATE OF NEW YORK, IN CONNECTION WITH ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT; PROVIDED, HOWEVER, THAT NOTHING IN THIS AGREEMENT SHALL BE DEEMED OR SHALL OPERATE TO PRECLUDE THE Bank FROM BRINGING SUIT OR TAKING OTHER LEGAL ACTION IN ANY OTHER JURISDICTION TO REALIZE ON THE COLLATERAL OR ANY OTHER SECURITY FOR THE SECURED OBLIGATIONS, OR TO ENFORCE A JUDGMENT OR OTHER COURT ORDER IN FAVOR OF THE Bank. THE COMPANY EXPRESSLY SUBMITS AND CONSENTS IN ADVANCE TO SUCH JURISDICTION IN ANY ACTION OR SUIT COMMENCED IN ANY SUCH COURT, AND HEREBY WAIVES ANY OBJECTION WHICH IT MAY HAVE BASED UPON LACK OF PERSONAL JURISDICTION, IMPROPER VENUE OR FORUM NON CONVENIENS. THE COMPANY HEREBY WAIVES PERSONAL SERVICE OF THE SUMMONS, COMPLAINT AND OTHER PROCESS ISSUED IN ANY SUCH ACTION OR SUIT AND AGREES THAT SERVICE OF SUCH SUMMONS, COMPLAINTS AND OTHER PROCESS MAY BE MADE BY REGISTERED OR CERTIFIED MAIL ADDRESSED TO THE COMPANY AT THE ADDRESS FOR NOTICE SET FORTH HEREIN AND THAT SERVICE SO MADE SHALL BE DEEMED COMPLETED UPON THE EARLIER OF ACTUAL RECEIPT THEREOF OR THREE (3) DAYS AFTER DEPOSIT IN THE U.S. MAILED, PROPER POSTAGE PREPAID.

12. Waiver of Jury Trial.

THE PARTIES HERETO HEREBY WAIVE ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, SUIT OR PROCEEDING BROUGHT TO RESOLVE ANY DISPUTE, WHETHER SOUNDING IN CONTRACT, TORT, OR OTHERWISE, BETWEEN THE Bank AND THE COMPANY ARISING OUT OF, CONNECTED WITH, RELATED TO, OR INCIDENTAL TO THE RELATIONSHIP ESTABLISHED IN CONNECTION WITH, THIS AGREEMENT OR ANY OF THE OTHER LOAN DOCUMENTS OR THE TRANSACTIONS RELATED HERETO OR THERETO.

13. Address for Notices and Service of Process.

All notices, requests and demands to or upon the Bank or the Company shall be effective if made in writing and shall be deemed to be delivered (A) upon receipt (i) if delivered by hand or by Federal Express or other national overnight courier, or (ii) if sent by telegraph, or (B) when sent, answer back received, in the case of notice by telex or facsimile, or (C) five (5) days after deposited in the mail, air postage prepaid, to the address of the Bank or the Company as may be hereafter notified by the Bank or the Company to the other.

14. Expenses.

The Company shall pay all costs, fees and expenses of protecting, storing, warehousing, appraising, insuring, handling, maintaining and shipping the Collateral, all costs, fees and expenses of creating, perfecting, maintaining and enforcing the security interest granted hereby, and any and all Taxes imposed by any federal, state, local or foreign authority on any of the Collateral, or with respect to periodic appraisals and inspections of the Collateral, or with respect to the sale or other disposition thereof. If the Company fails to promptly pay any portion of the above costs, fees and expenses when due or to perform any other such obligation of the Company under this Agreement, the Bank may, at its option, but shall not be required to, pay or perform the same and charge the Company's account for all fees, costs and expenses incurred therefor, and the Company agrees to reimburse the Bank therefor on demand. All sums so paid or incurred by the Bank for any of the foregoing, any and all other sums for which the Company may become liable hereunder and all fees, costs and expenses (including attorneys' fees, legal expenses and court costs) incurred by the Bank in enforcing or protecting the Liens granted hereby or any of its rights or remedies under this Agreement shall be payable on demand, shall constitute Secured Obligations and shall bear interest until paid at the highest rate provided in the Loan Agreement.

15. No Waiver of Remedies.

No failure to exercise and no delay in exercising, on the part of the Bank, any right, remedy, power or privilege under this Agreement shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege under this Agreement or any of the other Loan Documents preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges provided under this Agreement are cumulative and are not exclusive of any rights, remedies, powers and privileges provided under the other Loan Documents or by law.

16. New York Law.

**THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK APPLICABLE TO CONTRACTS MADE AND PERFORMED IN THAT STATE.**

17. Entire Agreement; Modifications.

This Agreement contains the entire agreement between the Bank and the Company with respect to all subject matters contained herein. This Agreement cannot be amended, modified or changed in any way, except by a written instrument executed by the Bank and the Company. No waiver of or departure from any provision of this Agreement shall be effective except by a written instrument executed by the Bank.

**18. Successors and Assigns.**

The covenants, representations, warranties and agreements herein set forth shall be binding upon the Company, its legal representatives, successors and assigns (including, without limitation, any debtor-in-possession on behalf of the Company) and shall inure to the benefit of the Bank and its successors and assigns. Any successor or assign of the Bank shall forthwith become vested with and entitled to exercise all the powers and rights given by this Agreement to the Bank, as if such successor or assign were originally named as the Bank herein. The Company may not assign, sell, hypothecate or otherwise transfer and interest in or delegate any obligation under this Agreement.

**19. Severability.**

If any provision hereof shall be held to be invalid, illegal or unenforceable in any jurisdiction, then, to the fullest extent permitted by law, (i) the other provisions hereof shall remain in full force and effect in such jurisdiction, and (ii) the invalidity or unenforceability of any provision hereof in any jurisdiction shall not affect the validity or enforceability of such provision in any other jurisdiction.

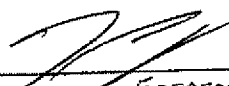
**20. Counterparts.**

This Agreement may be executed in any number of counterparts, all of which, when taken together shall constitute one and the same instrument, and any party hereto may execute this Agreement by signing any such counterpart.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed by its duly authorized officer or representative as of the date and year first above written.

WASTEWATER TECHNOLOGY, INC.

By:   
Name: FREDERIC DUJRE  
Title: PRESIDENT & CEO

ACCEPTED:

NATIONAL BANK OF CANADA

By:   
Name: ALEXANDRE GYGEL  
Title: DIRECTOR



**SCHEDULE A**

**SCHEDULE OF OFFICES, LOCATIONS OF COLLATERAL  
AND RECORDS CONCERNING COMPANY'S COLLATERAL**

- I. Company's exact legal name: Wastewater Technology, Inc.
- II. All other names (including trade names) under which Company presently conducts business: none
- III. All other names (including trade names) under which Company or any predecessor to Company (by merger or otherwise) has previously conducted business during the past five years: none
- IV. Type of entity (e.g. corporation, partnership, business trust, limited partnership, limited liability company): corporation
- V. Organizational identification number issued by Company's state of incorporation or a statement that no such number has been issued: 0505464-8
- VI. State of Incorporation of Company: Virginia
- VII. Company's mailing address: 420 Charest East Boulevard, Suite 240, Quebec (Quebec), Canada G1K 8M4  
  
If different from the above mailing address, the address of Company's place of business or, if more than one place of business, Company's chief executive office:  
  
6352 Mill Gap Road, Monterey, Virginia 24465
- VIII. Corporate or Administrative Offices of Company (including name of State and County of each location):  

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6352 Mill Gap Road, Monterey, Virginia 24465
- IX. Other Premises at which Collateral is stored or located (including name of State and County of each location): None
- X. Premises at which Records concerning the Collateral are stored or located:  
  
420 Charest East Boulevard, Suite 240, Quebec (Quebec), Canada G1K 8M4

SCHEDULE C

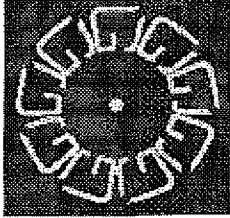
Description of Patents

Patent/Patent Application No.	Name of Patent	Date of Patent/Date of Publication
US D452,295 S	Plate for a Wastewater Treatment Plant	12/18/2001
US 6,572,774 B2	Waste Treatment Method and Apparatus with Integral Clarifier	6/3/2003
US 6,613,229 B2	Waste Treatment Method and Apparatus with Denitrification Chamber	9/2/2003
US 7,276,155 B1	Waste Treatment Apparatus with Integral Membrane Apparatus	10/2/2007
WO 2007/130293 A2	Waste Treatment Method and Apparatus with Integral Membrane Apparatus	11/15/2007
US 2008/0017575 A1	Waste Treatment Method and Apparatus with Integral Membrane Apparatus	1/24/2008

SCHEDULE D

Description of Trademark Rights and products name

Mark	Description of Goods/Services	Date of First Use
<b>BIO-WHEEL</b> (Product name - No federal or state registration of common law mark)	A fixed-film aerator in a waste water treatment process, geometrically designed to maximize surface area to permit the cultivation of micro-organisms.	4/1/2000
<b>BIO-BRANE</b> (Product name - No federal or state registration of common law mark)	Products or services that incorporate, utilize, or otherwise involve waste treatment apparatus with integral membrane apparatus technology	1/1/2006
Wastewater Technology, Inc. <b>Logo</b>	Business services in connection with manufacture and production of wastewater treatment facilities for installation in commercial, residential and industrial locations.	12/1/1997

 <p>(No federal or state registration of common law mark)</p>		
<p><b>WASTEWATER TECHNOLOGY</b> (No federal or state registration of common law mark)</p>	<p>Business services in connection with manufacture and production of wastewater treatment facilities for installation in commercial, residential and industrial locations. (No federal or state registration of common law mark; application for federal registration filed 10/23/2000, abandoned 9/28/2001 – serial number 76151550)</p>	<p>12/1/1997</p>

URL

<b>Domain Names</b>			
Name	Date of Registration	Date of Expiration	Registrar
bio-wheel.com	July 28, 2000	July 28, 2010	Melbourne IT, LTD. d/b/a Internet Names Worldwide

SCHEDULE E

Description of Copyrights

Website and all webpages currently displayed at <a href="http://www.bio-wheel.com">www.bio-wheel.com</a>
Operating Manual for Wastewater Treatment Facility
Marketing Materials for products/services
Designs for Molds for Treatment Facility Components

SCHEDULE F

FILING JURISDICTIONS

Commonwealth of Virginia