

09-21-2010

9/21/10



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ET

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

1. Name of conveying party(ies)

Aspen Avionics
5001 Indian School Road NE
Albuquerque, NM 87110

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

2. Name and address of receiving party(ies)

Name: Los Alamos National Bank

Internal Address: _____

Street Address: PO Box 60

City: Los Alamos

State: New Mexico

Country: USA

Zip: 87544

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

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

Execution Date(s) September 2, 2010

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

4. Application or patent number(s):

This document is being filed together with a new application.

A. Patent Application No.(s)

B. Patent No.(s)

11/430,071	12/176,838
11/448,446	PCT/US09/70667
11/773,419	12/243,584
PCT/US/07/72853	PCT/US09/59187

Additional numbers attached? Yes No

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

Name: Los Alamos National Bank, C/O Mike Montoya

Internal Address: _____

Street Address: 301 Griffin Street

City: Santa Fe

State: New Mexico

Zip: 87501

Phone Number: (505) 661-2224

Fax Number: (505) 954-5401

Email Address: Michaelm@lanb.com

6. Total number of applications and patents involved: 8

7. Total fee (37 CFR 1.21(h) & 3.41) \$320.00

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

8. Payment Information

Deposit Account Number XXXXXXXXXXXX

Authorized User Name _____

9. Signature:

Signature

9/16/10

Date

Michael Montoya
Name of Person Signing

Total number of pages including cover sheet, attachments, and documents: 12

3rd
check.

SECURITY AGREEMENT

DATE AND PARTIES. The date of this Security Agreement (Agreement) is September 2, 2010. The parties and their addresses are:

SECURED PARTY:

LOS ALAMOS NATIONAL BANK
301 Griffin Street
Santa Fe, NM 87501

DEBTOR:

ASPEN AVIONICS, INC.
a Delaware Corporation
5001 Indian School Road NE
Albuquerque, NM 87110

The pronouns "you" and "your" refer to the Secured Party. The pronouns "I," "me" and "my" refer to each person or entity signing this Agreement as Debtor and agreeing to give the Property described in this Agreement as security for the Secured Debts.

1. SECURED DEBTS. The term "Secured Debts" includes and this Agreement will secure each of the following:

A. Specific Debts. The following debts and all extensions, renewals, refinancings, modifications and replacements. A promissory note or other agreement, No. 124615170, dated September 2, 2010, from me to you, in the amount of \$2,000,000.00.

B. All Debts. All present and future debts from me to you, even if this Agreement is not specifically referenced, the future debts are also secured by other collateral, or if the future debt is unrelated to or of a different type than this debt. If more than one person signs this Agreement, each agrees that it will secure debts incurred either individually or with others who may not sign this Agreement. Nothing in this Agreement constitutes a commitment to make additional or future loans or advances. Any such commitment must be in writing.

This Agreement will not secure any debt for which you fail to give any required notice of the right of rescission. In addition, this Agreement will not secure any other debt if, as a result, the other debt would become subject to Section 670 of the John Warner National Defense Authorization Act for Fiscal Year 2007.

C. Sums Advanced. All sums advanced and expenses incurred by you under the terms of this Agreement.

Loan Documents refer to all the documents executed in connection with the Secured Debts.

2. SECURITY INTEREST. To secure the payment and performance of the Secured Debts, I give you a security interest in all of the Property described in this Agreement that I own or have sufficient rights in which to transfer an interest, now or in the future, wherever the Property is or will be located, and all proceeds and products from the Property (including, but not limited to, all parts, accessories, repairs, replacements, improvements, and accessions to the Property). Property is all the collateral given as security for the Secured Debts and described in this Agreement, and includes all obligations that support the payment or performance of the Property. "Proceeds" includes anything acquired upon the sale, lease, license, exchange, or other disposition of the Property; any rights and claims arising from the Property; and any collections and distributions on account of the Property.

Property also includes any original evidence of title or ownership whether evidenced by a certificate of title or ownership, a manufacturer's statement of origin or other document when the Property is titled under any

federal or state law. I will deliver the title documents and properly execute all title documents as necessary to reflect your security interest.

This Agreement remains in effect until terminated in writing, even if the Secured Debts are paid and you are no longer obligated to advance funds to me under any loan or credit agreement.

3. PROPERTY DESCRIPTION. The Property is described as follows:

A. Inventory. All inventory which I hold for ultimate sale or lease, or which has been or will be supplied under contracts of service, or which are raw materials, work in process, or materials used or consumed in my business.

B. Accounts and Other Rights to Payment. All rights I have now or in the future to payments including, but not limited to, payment for property or services sold, leased, rented, licensed, or assigned, whether or not I have earned such payment by performance. This includes any rights and interests (including all liens and security interests) which I may have by law or agreement against any Account Debtor or obligor of mine.

C. Instruments, Documents and Chattel Paper. All instruments and rights I have now or in the future to payments including, but not limited to, rights to payment arising out of all present and future documents, instruments, tangible and electronic chattel paper, and loans and obligations receivable. This includes any rights and interests (including all liens and security interests) which I may have by law or agreement against any Account Debtor or obligor of mine.

D. General Intangibles. All general intangibles including, but not limited to, tax refunds, applications for patents, patents, copyrights, trademarks, trade secrets, good will, trade names, customer lists, permits and franchises, payment intangibles, computer programs and all supporting information provided in connection with a transaction relating to computer programs, and the right to use my name.

E. Equipment. All equipment including, but not limited to, all machinery, vehicles, furniture, fixtures, manufacturing equipment, farm machinery and equipment, shop equipment, office and recordkeeping equipment, and parts and tools. All equipment described in a list or schedule which I give to you will also be included in the Property, but such a list is not necessary for a valid security interest in my equipment.

F. Aircraft. Make: Cessna, Model: 421 C, Manufacturer's Serial No.: 421C-0601, U.S. Registration No.: N727DM, Additional Description: Two Continental engines model GTSIO-520-L bearing serial numbers TCM GTSIO-520-L 234232.R and TCM GTSIO-520-L R-608456, propellers and all spare parts, together with all appurtenances, equipment and accessories attached thereto or used in connection therewith, wherever located, whether now owned by Debtor or hereafter acquired..

Make: Piper, Model: PA-32T-200T, Manufacturer's Serial No.: 32R-7987116, U.S. Registration No.: N2176V, Additional Description: One Lycoming engine model TIO-540-S1AD bearing serial number L-6161-61A, propellers and all spare parts, together with all appurtenances, equipment and accessories attached thereto or used in connection therewith, wherever located, whether now owned by Debtor or hereafter acquired.

The Aircraft Property includes the airframe, including all components, instruments, equipment, engines, propellers, and avionics (including radio, radar, navigation systems, and other electronic equipment) installed in, appurtenant to, or delivered with or in respect of the airframe; and log books, manuals, flight and maintenance records, inspection reports, airworthiness certificates, and other records and information relating to the Aircraft.

4. WARRANTIES AND REPRESENTATIONS. I make to you the following warranties and representations which will continue as long as this Agreement is in effect:

A. Power. I am duly organized, and validly existing and in good standing in all jurisdictions in which the failure to do so singly or together may materially and adversely affect my property, operations, financial condition, or business.. I have the power and authority to enter into this transaction and to carry on my

business or activity as it is now being conducted and, as applicable, am qualified to do so in each jurisdiction described above.

B. Authority. The execution, delivery and performance of this Agreement and the obligation evidenced by this Agreement are within my powers, have been duly authorized, have received all necessary governmental approval, will not violate any provision of law, or order of court or governmental agency, and will not violate any agreement to which I am a party or to which I am or any of my property is subject.

C. Name and Location. My name indicated in the DATE AND PARTIES section is my exact legal name. I have more than one place of business. My chief executive offices are located in New Mexico. I will provide verification of registration and location upon your request.

D. Business Name. Other than previously disclosed in writing to you I have not changed my name or principal place of business within the last 10 years and have not used any other trade or fictitious name. Without your prior written consent, I do not and will not use any other name and will preserve my existing name, trade names and franchises.

E. Ownership of Property. I represent that I own or lease all of the Property. Your claim to the Property is ahead of the claims of any other creditor, except as disclosed in writing to you prior to any advance on the Secured Debts and except for Permitted Liens (as defined in the Commercial Loan Agreement) which by operation of law or your express consent are senior to your security interest.

F. Aircraft Property. I represent that I am, or will be, the registered owner of the Aircraft Property pursuant to an effective registration under the Federal Aviation Act of 1958, as amended, and I qualify in all respects as a citizen of the United States as defined in the Act. The Aircraft Property is not and will not be registered under the laws of any foreign country.

5. DUTIES TOWARD PROPERTY.

A. Protection of Secured Party's Interest. I will defend the Property against any other claim other than Permitted Liens. I agree to do whatever you require to protect your security interest and to keep your claim in the Property ahead of the claims of other creditors, subject to Permitted Liens which by operation of law or your express consent are senior to your security interest. I will not do anything to harm your position as a secured creditor.

I will keep books, records and accounts about the Property and my business in general. I will let you examine these and make copies at any reasonable time. I will prepare any report or accounting you reasonably request which deals with the Property.

B. Use, Location, and Protection of the Property. I will keep the Property in my possession and in good repair. I will use it only for commercial purposes. I will not change this specified use without your prior written consent. You have the right of reasonable access to inspect the Property and I will promptly inform you of any material loss or damage to the Property. I will not cause or permit waste to the Property, ordinary wear and tear excepted.

I will keep the Property at my business locations, with the exceptions of (i) immaterial portions of the Property which may be used in home offices of employees, the addresses of which shall be provided to you and updated promptly upon any change unless we agree I may keep it at other locations, (ii) Property in transit, (iii) Property at another location for repair, or (iv) as permitted under Section 5(E) of this Agreement. The location of the Property is given to aid in the identification of the Property. It does not in any way limit the scope of the security interest granted to you. I will not use the Property in violation of any law. I will notify you in writing prior to any change in my address, name or, if an organization, any change in my identity or structure or jurisdiction of organization.

Until the Secured Debts are fully paid and this Agreement is terminated, I will not grant a security interest in any of the Property without your prior written consent. I will pay all taxes and assessments levied or

assessed against me or the Property and provide timely proof of payment of these taxes and assessments upon request.

C. Selling, Leasing or Encumbering the Property. I will not sell, offer to sell, lease, or otherwise transfer or encumber the Property without your prior written permission, except Permitted Dispositions (as defined in the Commercial Loan Agreement). If I am in Default under this Agreement, upon receipt of your written notice, I may not sell the Inventory portion of the Property even in the ordinary course of business. Any disposition of the Property contrary to this Agreement will violate your rights. Your permission to sell the Property may be reasonably withheld without regard to the creditworthiness of any buyer or transferee. I will not permit the Property to be the subject of any court order which singly or together are reasonably expected to materially and adversely affect my rights to the Property in any action by anyone other than you, that is otherwise not timely satisfied, protested or appealed. If the Property includes material chattel paper or instruments, either as original collateral or as proceeds of the Property, I will note your security interest on the face of the chattel paper or instruments.

D. Additional Duties Specific to Accounts. Until you tell me otherwise after a Default, I will collect all Accounts in the ordinary course of business. I will not dispose of the Accounts by assignment without your prior written consent, subject to Permitted Dispositions. I will deliver the Accounts after Default to you at your request. I understand that the failure of my debtors to pay on the Accounts shall not alleviate my liability to repay this Loan. I will give you any statements, reports, certificates, lists of Account Debtors (showing names, addresses and amounts owing), invoices applicable to each Account, and other data in any way pertaining to the Accounts as you may reasonably request.

E. Additional Duties Specific to Aircraft. I will maintain the Aircraft portion of the Property in good repair (ordinary wear and tear excepted) and airworthy condition and I will comply with all applicable laws and regulations regarding periodic inspections, annuals, maintenance, overhauls, condition, use and operation of the Aircraft.

The Aircraft portion of the Property will be based at:

Albuquerque International Sunport, Albuquerque, New Mexico.

So long as I am not in Default under this Agreement, the Aircraft will not be restricted to a specific location and may be moved as necessary during ordinary use. However, the Aircraft may not be removed from the United States or Canada without your prior written consent, nor taken out of state permanently. I will provide you with the exact location of the Aircraft at any time upon request.

I will observe all required inspections, night, instrument, and other minimum equipment certifications, and manufacturer performance recommendations. I will keep accurate and complete logs, manuals, books, and records relating to the Aircraft Property, and will provide you with copies of such materials upon request. I will carry the Federal Aviation Administration (FAA) certificate of registration and such other documents as required by the FAA or other federal or domestic government agency on the Aircraft Property at all times. At your request, I will affix on the Aircraft Property name plates or other markings that indicate your lien interest.

I will perform or cause to have performed in a timely manner all of the following at my expense:

- (1) maintain and keep the Aircraft Property in good order and repair (ordinary wear and tear excepted) and in airworthy condition in accordance with FAA regulations, directives, and manufacturers' manuals and service bulletins which relate to airworthiness;
- (2) perform all inspections, maintenance, modifications, repairs, and overhauls of the Aircraft Property by personnel authorized by the FAA to perform such services;
- (3) if any part of the Aircraft Property shall reach such a condition as to require overhaul, repair, or replacement in order to comply with the standards for maintenance and other provisions set forth in this Agreement, I may either install on or in the Aircraft Property such items of substantially the same type in permanent or temporary (pending overhaul or repair of the unsatisfactory item) replacement of those

then installed on the Aircraft Property, provided that such replacement items must be in such a condition as to be permissible for use upon the Aircraft Property in accordance with the standards for maintenance and other provisions set forth in this Agreement and that I at all times retain unencumbered title to all items temporarily removed;

(4) replace, in or on the airframe, any and all engines, parts, appliances, instruments, or accessories which may be worn out, lost, destroyed, or otherwise rendered unfit for use;

(5) provide for licensing or re-licensing of the Aircraft Property in accordance with all applicable FAA and other governmental requirements and cause the Aircraft Property to have on board a current Certificate of Airworthiness issued by the FAA.

In the event I shall be required or permitted to install upon the airframe or any engine, components, appliances, accessories, instruments, engines, equipment, or parts in permanent replacement of those then installed on the airframe or engine, I may do so provided that you are not divested of your security interest in any item removed from the Aircraft Property and that no such removed item becomes subject to the lien or claim of any person (other than Permitted Liens), unless and until such item is replaced by an item of the type and condition required by this Agreement, title to which, upon its being installed or attached to the airframe, is validly vested in me, free and clear of all liens and claims, of every kind or nature, of all persons other than you (other than Permitted Liens), and my title to every substituted item shall immediately be and become subject to your security interest, and each such item shall remain so encumbered unless it is replaced by a substitute item in the manner permitted in this Agreement.

I will pay when due all statements and charges of airport authorities, mechanics, laborers, materialmen, suppliers and others incurred in connection with the ownership, use, operation, storage, maintenance, and repair of the Aircraft Property. I will comply promptly with all laws, ordinances, and regulations of the FAA and all other governmental authorities applicable to the use, operation, maintenance, overhauling, or condition of the Aircraft Property. At no time shall the Aircraft Property be operated in or over any area which may expose you to any penalty, fine, sanction, or other liability, whether civil or criminal, under any applicable law, rule, treaty, or convention; nor may the Aircraft Property be used in any manner which is or may be declared to be illegal or which may render the Aircraft Property liable to confiscation, seizure, detention, or destruction. I will indemnify you against all claims arising out of or connected with the financing, ownership, or use of the Property, including, without limitation, claims under any strict liability theory and excluding claims arising out of or in connection with your gross negligence or willful misconduct.

Notwithstanding anything to the contrary in this Agreement or any other Loan Document, my aircraft may be licensed in either in a Standard Airworthiness category, or in an Experimental Airworthiness category for the purpose of Research and Development or Market Survey activities related to our business. For any aircraft licensed in an Experimental Airworthiness category, I will comply with the FAA requirements applicable to that aircraft, which may differ from FAA requirements applicable to aircraft licensed in a Standard Airworthiness category that may be incorporated in this Agreement.

6. INSURANCE. I agree to keep the Property insured against the risks reasonably associated with the Property I will obtain and maintain general liability, workers' compensation, and hull and liability insurance with respect to the Aircraft, in amounts and with insurers of recognized responsibility acceptable to you, such acceptance not to be unreasonably withheld. The aircraft insurance must be written under the standard "all risks, ground and flight" form. The coverages shall be in accordance with customary industry practice and you may request additional insurance to include, but not be limited to fire, hazard, extended risk, and, business interruption insurance. Such policies to name you as Additional Insureds and Loss Payee as your interests may appear; aircraft hull & liability policy to provide coverage of claims for bodily injury, death, and property damage arising out of the use, ownership, possession, operation, and condition of the Aircraft Property and broad form contractual liability endorsement acknowledging my obligation to indemnify you as provided within this Agreement as well as a breach of warranty provision providing that coverage shall not be impaired

by any act, omission or default by me or any other person; and provide you with thirty (30) days (ten (10) days in the event of non-payment of premium) notice of cancellation or material change. Certificates of insurance evidencing coverage will be provided upon execution of this agreement, at each policy renewal and annually if requested by you. I will promptly notify you of cancellation or termination of insurance. I consent to you using or disclosing information relative to any contract of insurance required by the Loan for the purpose of replacing this insurance. I also authorize my insurer and you to exchange all relevant information related to any contract of insurance required by any document executed as part of this Loan.

The insurance will last until the Property is released from this Agreement.

You may apply the insurance proceeds toward what is owed on the Secured Debts upon a Default. You may require added security as a condition of permitting any insurance proceeds to be used to repair or replace the Property.

If you acquire the Property in damaged condition, my right to any insurance policies and proceeds will pass to you to the extent necessary to satisfy my debt with you.

If I fail to keep the Property insured, you may obtain insurance to protect your interest in the Property and I will pay for the insurance on your demand. You may demand that I pay for the insurance all at once, or you may add the insurance premiums to the balance of the Secured Debts and charge interest on it at the rate that applies to the Secured Debts. This insurance may be written by a company other than one I would choose, and may be written at a higher rate than I could obtain if I purchased the insurance. I acknowledge and agree that you or one of your affiliates may receive commissions on the purchase of this insurance.

7. COLLECTION RIGHTS OF THE SECURED PARTY. Account Debtor means the person who is obligated on an account, chattel paper, or general intangible. I authorize you to notify my Account Debtors of your security interest, and to deal with the Account Debtors' obligations at your discretion, in each case, following my Default. You may enforce the obligations of an Account Debtor, exercising any of my rights with respect to the Account Debtors' obligations to make payment or otherwise render performance to me, including the enforcement of any security interest that secures such obligations, in each case, following my Default. You may apply proceeds received from the Account Debtors to the Secured Debts then due and payable or you may release such proceeds to me.

I specifically and irrevocably authorize you to exercise any of the following powers at my expense, without limitation, following my Default and until the Secured Debts are paid in full:

- A. demand payment and enforce collection from any Account Debtor or Obligor by suit or otherwise.
- B. enforce any security interest, lien or encumbrance given to secure the payment or performance of any Account Debtor or any obligation constituting Property.
- C. file proofs of claim or similar documents in the event of bankruptcy, insolvency or death of any person obligated as an Account Debtor.
- D. compromise, release, extend, or exchange any indebtedness of an Account Debtor.
- E. take control of any proceeds of the Account Debtors' obligations and any returned or repossessed goods.
- F. endorse all payments by any Account Debtor which may come into your possession as payable to me.
- G. deal in all respects as the holder and owner of the Account Debtors' obligations.

8. AUTHORITY TO PERFORM. I authorize you to do anything you deem reasonably necessary to perfect and continue your security interest in the Property. If I Default, you are authorized, without notice to me, to perform the duties or cause them to be performed.

These authorizations include, but are not limited to, permission to do any of the following after my Default:

- A. pay and discharge taxes, liens, security interests or other encumbrances at any time levied or placed on the Property.
- B. pay any rents or other charges under any lease affecting the Property.

- C. order and pay for the repair, maintenance and preservation of the Property.
- D. file any financing statements on my behalf and pay for filing and recording fees pertaining to the Property.
- E. place a note on any chattel paper indicating your interest in the Property.
- F. take any action you feel necessary to protect the Property and to realize on the Property, including performing any part of a contract or endorsing it in my name.
- G. handle any suits or other proceedings involving the Property in my name.
- H. prepare, file, and sign my name to any necessary reports or accountings.
- I. make an entry on my books and records showing the existence of this Agreement.
- J. notify any Account Debtor of your interest in the Property and tell the Account Debtor to make payments to you or someone else you name.

If you perform for me, you will use reasonable care. If you exercise the care and follow the procedures that you generally apply to the collection of obligations owed to you, you will be deemed to be using reasonable care. Reasonable care will not include: any steps necessary to preserve rights against prior parties; the duty to send notices, perform services or take any other action in connection with the management of the Property; or the duty to protect, preserve or maintain any security interest given to others by me or other parties. Your authorization to perform for me will not create an obligation to perform and your failure to perform will not preclude you from exercising any other rights under the law or this Agreement. All cash and non-cash proceeds of the Property may be applied by you only upon your actual receipt of cash proceeds against such of the Secured Debts, matured or unmatured, as you determine in your sole discretion.

If you come into actual or constructive possession of the Property, you will preserve and protect the Property. For purposes of this paragraph, you will be in actual possession of the Property only when you have physical, immediate and exclusive control over the Property and you have affirmatively accepted that control. You will be in constructive possession of the Property only when you have both the power and the intent to exercise control over the Property.

9. DEFAULT. I will be in Default if any of the following occur:

- A. Payments.** I fail to make a payment in full when due.
- B. Insolvency or Bankruptcy.** The death, dissolution or insolvency of, appointment of a receiver by or on behalf of, application of any debtor relief law, the assignment for the benefit of creditors by or on behalf of, the voluntary or involuntary termination of existence by, or the commencement of any proceeding under any present or future federal or state insolvency, bankruptcy, reorganization, composition or debtor relief law by or against me, Obligor, or any co-signer, endorser, surety or guarantor of this Agreement or any other obligations Obligor has with you; provided that in the event any such proceeding is brought against me, it shall be deemed a Default only if the proceeding has not been dismissed within thirty days (and the parties agree no extensions of credit on the Loan will be made during such cure period).
- C. Business Termination.** I merge, dissolve, reorganize, or end my business or existence other than in a Permitted Change (as defined in the Commercial Loan Agreement).
- D. Failure to Perform.** I fail to perform any condition or to keep any promise or covenant of this Agreement.
- E. Other Documents.** A Default occurs under the terms of any other Loan Document.
- F. Other Agreements.** I am in "Default" as defined in any other debt or agreement I have with you.
- G. Misrepresentation.** Any material misrepresentation or material misstatement exists at the time when made in any warranty or representation set forth herein or in any certificate delivered to you by me now or hereafter pursuant to this Agreement or to induce you to enter into this Agreement or any other Loan Document.

H. Judgment. I fail to satisfy or appeal any judgments for the payment of money against me which individually or in the aggregate exceed \$100,000.

I. Forfeiture. The Property is used in a manner or for a purpose that threatens confiscation by a legal authority.

J. Name Change. I change my name or assume an additional name without notifying you before making such a change.

K. Property Transfer. I transfer all or a substantial part of my money or property other than a Permitted Disposition.

L. Material Adverse Change. There is a material adverse change in my prospects, business or financial condition, or there is a material impairment in the prospect of repayment of any portion of the Loan or a material impairment in the perfection, value or priority of your security interests in the Property that is included in the Borrowing Base from that contemplated hereby.

Notwithstanding anything to the contrary in this Agreement, I will not be deemed to be in default under this Agreement or any other Loan Document (a "Default") unless I have failed to cure any of the events set forth in this Section 9 other than Section 9(A) within thirty (30) days after receipt of written notice of such event from you, provided, however, that if the default cannot by its nature be cured within the thirty-day period or cannot after diligent attempts by me be cured within such thirty-day period, and such default is likely to be cured within a reasonable time, then I shall have an additional reasonable period (which shall not in any case exceed 30 days) to attempt to cure such default, and within such reasonable time period the failure to have cured such default shall not be deemed a Default but no extensions of credit on the Loan will be made.

10. RESERVED.

11. REMEDIES. After I Default, you may at your option do any one or more of the following.

A. Acceleration. You may make all or any part of the amount owing by the terms of the Secured Debts immediately due.

B. Sources. You may use any and all remedies you have under state or federal law or in any Loan Document.

C. Insurance Benefits. You may make a claim for any and all insurance benefits or refunds that may be available on my Default.

D. Payments Made On My Behalf. Amounts advanced on my behalf will be immediately due and may be added to the Secured Debts.

E. Assembly of Property. You may require me to gather the Property and make it available to you in a reasonable fashion.

F. Repossession. You may repossess the Property so long as the repossession does not involve a breach of the peace. You may sell, lease or otherwise dispose of the Property as provided by law. You may apply what you receive from the disposition of the Property to your expenses, your attorneys' fees and legal expenses (where not prohibited by law), and any debt I owe you. If what you receive from the disposition of the Property does not satisfy the debt, I will be liable for the deficiency (where permitted by law). You may keep the Property to satisfy the debt to the extent permitted by applicable law.

Where a notice is required, I agree that ten days prior written notice sent by first class mail to my address listed in this Agreement will be reasonable notice to me under the New Mexico Uniform Commercial Code. If the Property is perishable or threatens to decline speedily in value, you may, without notice to me, dispose of such Property in a commercially reasonable manner at my expense following any commercially reasonable preparation or processing.

If any items not otherwise subject to this Agreement are contained in the Property when you take possession, you may hold these items for me at my risk and you will not be liable for taking possession of them.

G. Use and Operation. You may enter upon my premises and take possession of all or any part of my property for the purpose of preserving the Property or its value, so long as you do not breach the peace. You may use and operate my property for the length of time necessary to protect your interest, all without payment or compensation to me.

H. Waiver. By choosing any one or more of these remedies you do not give up your right to use any other remedy. You do not waive a Default if you choose not to use a remedy. By electing not to use any remedy, you do not waive your right to later consider the event a Default and to use any remedies if the Default continues or occurs again.

12. RESERVED

13. PERFECTION OF SECURITY INTEREST AND COSTS. I authorize you to file a financing statement covering the Property. I will comply with, facilitate, and otherwise assist you in connection with obtaining perfection or control over the Property for purposes of perfecting your security interest under the Uniform Commercial Code. I agree to pay all taxes, fees and costs you pay or incur in connection with preparing, filing or recording any financing statements or other security interest filings on the Property. I agree to pay all actual costs of terminating your security interest.

14. APPLICABLE LAW. This Agreement is governed by the laws of New Mexico, the United States of America, and to the extent required, by the laws of the jurisdiction where the Property is located, except to the extent such state laws are preempted by federal law. In the event of a dispute, the exclusive forum, venue and place of jurisdiction will be in New Mexico, unless otherwise required by law.

15. JOINT AND INDIVIDUAL LIABILITY AND SUCCESSORS. Each Debtor's obligations under this Agreement are independent of the obligations of any other Debtor. You may sue each Debtor individually or together with any other Debtor. You may release any part of the Property and I will still be obligated under this Agreement for the remaining Property. Debtor agrees that you and any party to this Agreement may extend, modify or make any change in the terms of this Agreement or any evidence of debt without Debtor's consent. Such a change will not release Debtor from the terms of this Agreement. If you assign any of the Secured Debts, you may assign all or any part of this Agreement without notice to me or my consent, and this Agreement will inure to the benefit of your assignee to the extent of such assignment. You will continue to have the unimpaired right to enforce this Agreement as to any of the Secured Debts that are not assigned. This Agreement shall inure to the benefit of and be enforceable by you and your successors and assigns and any other person to whom you may grant an interest in the Secured Debts and shall be binding upon and enforceable against me and my personal representatives, successors, heirs and assigns.

16. AMENDMENT, INTEGRATION AND SEVERABILITY. This Agreement may not be amended or modified by oral agreement. No amendment or modification of this Agreement is effective unless made in writing and executed by you and me. This Agreement and the other Loan Documents are the complete and final expression of the understanding between you and me. If any provision of this Agreement is unenforceable, then the unenforceable provision will be severed and the remaining provisions will still be enforceable.

17. INTERPRETATION. Whenever used, the singular includes the plural and the plural includes the singular. The section headings are for convenience only and are not to be used to interpret or define the terms of this Agreement.

18. NOTICE, FINANCIAL REPORTS AND ADDITIONAL DOCUMENTS. Unless otherwise required by law, any notice will be given by delivering it or mailing it by first class mail to the appropriate party's address listed in the DATE AND PARTIES section, or to any other address designated in writing. Notice to

one Debtor will be deemed to be notice to all Debtors. I will provide you any financial statement or information you reasonably request. All financial statements and information I give you will be correct and complete in accordance with Section 5(A) of the Commercial Loan Agreement. I agree to sign, deliver, and file any additional documents or certifications that you may consider necessary to perfect, continue, and preserve my obligations under this Agreement and to confirm your lien status on any Property as contemplated by this Agreement. Time is of the essence.

19. OTHER. Notwithstanding anything else to the contrary in this Agreement or any other Loan Document and provided no Default is then in existence and continuing:

A. All requests and demands by you for additional information, certifications, warranties, documents, reports, accountings, security, insurance coverages, inspections or actions not otherwise specified in this Agreement, and all fees and expenses to be reimbursed by me under this Agreement, must be reasonable;

B. I may control and deal solely with my accounts receivable in the ordinary course of business;

C. I may sell inventory in the ordinary course of business, and I may sell the Cessna 421 C aircraft, Manufacturer's Serial No.: 421C-0601, U.S. Registration No.: N727DM;

D. RESERVED

E. I may maintain and incur unsecured debt subordinate to the Loan provided all debts are disclosed to Lender on the financial statements required under Sections 5 and 6 of the Commercial Loan Agreement; and

F. I may maintain and incur up to a total of \$100,000 in purchase money security interests at any one time in the ordinary course of business provided such debts are disclosed to Lender on budget and forecasts required under Sections 5 and 6 of the Commercial Loan Agreement.

SIGNATURES. By signing, I agree to the terms contained in this Agreement. I also acknowledge receipt of a copy of this Agreement.

DEBTOR:

Aspen Avionics, Inc.

By


Todd Hauge, Chief Financial Officer