

02/02/2011

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To the Director of the U S Patent and Trade

nents or the new address(es) below

1. Name of conveying party(ies)

Darren Sean Henry

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

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

Execution Date(s) January 21, 2011

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

2. Name and address of receiving party(ies)

Name: 5-W Associates, LLC

Internal Address: Post Office Box 1242

Street Address: _____

City: Anderson

State: South Carolina

Country: USA Zip 29622

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

4. Application or patent number(s):

☐ This document is being filed together with a new application

A. Patent Application No.(s)

US 2010-0116512-A1

B. Patent No.(s)

Additional numbers attached? ☐ Yes ☒ No

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

Name: Harold P. Threlkeld, Esquire

Internal Address: Post Office Box 1385

Street Address: _____

City: Anderson

State: South Carolina Zip: 29622-1385

Phone Number: 864-226-1305

Fax Number: 864-226-1685

Email Address: hptartv@bellsouth.net

6. Total number of applications and patents involved: One (1)

7. Total fee (37 CFR 1.21(h) & 3.41) \$ 40.00

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

8. Payment Information

02/02/2011 AMULLINS 00000006 THRELKELD, H.
Deposit Account Number 40.00 US

Authorized User Name _____

9. Signature:

Signature

Harold P. Threlkeld

Name of Person Signing

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

9

**AGREEMENT GRANTING SECURITY INTEREST
IN PERSONAL PROPERTY AND EQUIPMENT**

THIS SECURITY AGREEMENT made this 21st day of January, 2011 by Darren S. Henry having as his mailing address 108 Benfields Ridge, Williamston, South Carolina, 29697 (hereinafter called the "Debtor") in favor of 5-W Associates, LLC having as its mailing address P. O. Box 1242, Anderson, South Carolina, 29622 (hereinafter together called the "Secured Party"):

W I T N E S S E T H

1. RECITALS:

1.1 Secured Party have contemporaneously herewith made a loan to Nitrostrike, Inc. ("Obligor") in the sum of Seven hundred ninety-six thousand six hundred forty-two and 70/100 (\$796,642.70) dollars, as evidenced by its certain Promissory Note of even date herewith (herein called the "Note");

1.2 To induce the Secured Party to extend a loan to the Obligor, the Debtor has guaranteed payment of the Note to the Secured Party (the "Guaranty");

1.3 To secure payment of the Guaranty, the Debtor has pledged certain tangible and intangible personal property to the Secured party; and

1.4 The extension of said loan by the Secured Party to the Obligor is conditioned upon the Debtor securing the Guaranty by giving and granting to the Secured Party a security interest in Debtor's personal property as hereinafter designated.

2. SECURITY INTEREST:

2.1 In consideration of the aforesaid loan, Debtor hereby grants to Secured Party a security interest (hereinafter called the "Security Interest"), in the property described upon Exhibit "1" annexed hereto and all additions, replacements and accessions thereto and thereof and in all proceeds therefrom (hereinafter called the "Collateral").

2.2 This Security Agreement and the rights hereby granted shall secure the following (herein collectively referred to as "Obligations").

a) The principal of the Note, the interest on, and any other sums due under the Note, and any renewals, extensions or modifications thereof; and,

b) The statutory costs of all legal proceedings brought by the Secured Party to enforce the Note and the Guaranty, all other costs and expenses paid or incurred by the Secured Party in respect of or in connection with the Collateral, and any other sums that may become due and payable hereunder by the Debtor; and,

c) The observance and performance by the Debtor of all of the terms, provisions, covenants and obligations on its part to be observed or performed under this Security Agreement and any other agreement of the Debtor providing security for the Guaranty or the Note.

3. DEBTOR WARRANTS, COVENANTS AND AGREES:

The Debtor hereby warrants, covenants and agrees that:

3.1 The Collateral covered by this Security Agreement has been pledged by the Debtor to the Secured Party pursuant to a Pledge Agreement of even date herewith, the terms and provisions of which are incorporated herein by this reference.

3.2 Although proceeds of Collateral are covered by this Security Agreement this shall not be construed to mean that Secured Party consents to any sale of such property, provided, the Secured Party hereby specifically consents to the sale of inventory by the Debtor in the ordinary course of business.

3.3 Except for purposes of replacement or the transfer of collateral from one location to another among the Debtor's businesses, covered by this Agreement, the Debtor will not remove or allow to be removed from Debtor's business the Collateral, or any part thereof, without the prior written consent of the Secured Party. The Debtor will promptly give written notice to the Secured Party of any substantial change in the character of its business conducted and of the cessation of all or any part thereof and of any loss or damage by fire or other casualty to any substantial part of the Collateral.

3.4 The Debtor will, at all reasonable times, allow the Secured Party or its representatives free and complete access to all of the Debtor's records for such inspection and examination as the Secured Party deems necessary. The debtor shall also upon request of the Secured Party from time to time submit but not more often than annually up-to-date schedules of the items comprising the collateral in such detail as the Secured Party shall require.

3.5 The Debtor at its cost and expense will protect and defend this Agreement, all of the rights of the Secured Party hereunder, and the Collateral against the claims and demands of all other parties.

3.6 The Debtor will at all times keep and maintain the Collateral in good order, repair and condition, and will promptly replace any part thereof that from time to time may in Debtor's judgment be or become obsolete, badly worn, or in a state of disrepair, or, if supplies be consumed in the normal course of the Debtor's business operations. All such replacements shall be free of any other lien, security interest or encumbrance of any nature, except any purchase money lien or security interest or lessor's interest. The Debtor may sell or dispose of only that part of the Collateral that Debtor is obliged to replace, and, unless the proceeds are invested in replacement property or the Secured Party then agrees otherwise in writing, all proceeds from any such sale or other disposition shall promptly be paid over by the Debtor to the Secured Party to be applied against the sums

secured hereby, whether or not such sums are then due and payable.

3.7 The Secured Party or its representative may at any and all reasonable times inspect the Collateral and may enter upon any and all premises where the same is kept or might be located.

3.8 The Debtor will not, without obtaining the prior written consent of Secured Party, transfer or permit any transfer of the Collateral or any part thereof to be made, or any interest therein to be created by way of a sale (except as permitted above), or by way of a grant of a security interest, or by way of a levy or other judicial process

3.9 The Debtor will promptly notify Secured Party of any levy, distraint or other seizure by legal process or otherwise of any part of the Collateral, and of any threatened or filed claims or proceedings that might in any way affect or impair any of the terms of this Agreement.

3.10 The Secured Party at all times shall have a perfected security interest in the Collateral that shall be prior to any other interests therein. Debtor will do all acts and things, and will execute and file all instruments (including Security Agreements, Financing Statements, Continuation Statements, etc), requested by the Secured Party to establish, maintain and continue the perfected security interest of the Secured Party in the Collateral and will promptly on demand, pay all costs and expenses of filing and recording including the costs of any searches deemed necessary by Secured Party from time to time to establish and determine the validity and the continuing priority of the Security Interest of Secured Party, and also all other claims and charges, other than prior purchase money security interest, that in the opinion of Secured Party might prejudice, imperil or otherwise affect the Collateral or its security interest therein.

3.11 The Debtor at its expense will obtain and maintain in force insurance policies covering losses or damage to the Collateral. The insurance policies to be obtained by the Debtor shall be in form and amounts acceptable to Secured Party. The Secured Party is hereby irrevocably appointed the Debtor's attorney-in-fact to endorse any check or draft that may be payable to Debtor, alone or jointly with other payees, so that the Secured Party may collect the proceeds payable for any loss under such insurance. The proceeds of such insurance, less any costs and expenses incurred or paid by the Secured Party in the collection thereof shall be applied either toward the cost of the repair or replacement of the times damaged or destroyed, or on account of any sums secured hereby, whether or not then due or payable, in the same manner, and subject to the same terms and conditions, as that set forth in Paragraph 3 of the Mortgage.

3.12 The Secured Party may, at its option, and without any obligation to do so, pay, perform and discharge any and all amounts, costs, expenses and liabilities herein agreed to be paid or performed by Debtor, and all amounts expended by the Secured Party in so doing shall become part of the obligations secured hereby, and shall be immediately due and payable by Debtor to the Secured Party upon demand therefor, and shall bear interest at the highest lawful rate from the dates of such expenditures until paid.

3.13 Upon request of the Secured Party, Debtor will furnish within five (5) days thereafter to the Secured Party, or to any proposed assignee of the Note, Mortgage and any other security for the Note, a written statement in form satisfactory to the Secured Party, duly acknowledged, certifying the amount of the principal and interest then owing under the obligations and liabilities set forth in the Note, whether any claims, offsets or defenses exist there against the Assignment of Rents, this Security Agreement or any of the terms and provisions of any other agreement of the Debtor securing the Note. In connection with any assignment by the Secured Party of the Note, Mortgage and any other security for the Note, the Debtor hereby agrees to cause the insurance policies required hereby and by the Mortgage to be carried by the Debtor, to be endorsed in form satisfactory to the Secured Party or to such assignee, with loss payable clauses in favor of said assignee, and to cause such endorsements to be delivered to the Secured Party within ten (10) days after request therefor from the Secured Party.

4. EVENTS OF DEFAULT:

The occurrence of any of the following events shall constitute and is hereby defined to be, an "Event of Default":

4.1 Any failure or neglect to observe or perform any of the terms, provisions, promises, agreements or covenants of this Security Agreement and the continuance of such failure or neglect after notice thereof to the Debtor; or

4.2 Any failure of the Debtor to pay any installment of principal and/or interest, or any other sum due under the Note or under any other obligations secured hereby, at the time such installment shall become due and payable; or

4.3 Any warranty, representation or statement contained in this Security Agreement made or furnished to the Secured Party by or on behalf of the Debtor which shall be or shall prove to have been false when made or furnished; or

4.4 Voluntary or involuntary transfer of any of the Collateral (and said Collateral is not replaced, restored or returned within 45 days) or the possession thereof to anyone other than the tenants of any portion of the real property, or the sale, creation of a security interest, lien, attachment, levy, garnishment, distraint, or other process of, in or upon any of the Collateral, and such attachment or other similar process is not bounded or released within 45 days after levy.

5. SECURED PARTY'S REMEDIES:

Upon the occurrence of any Event of Default hereunder, Secured Party shall have the following rights and remedies at any time after giving notice and after the expiration of the grace period provided herein:

5.1 The Secured Party may, at its option, declare all or any party of the obligations immediately due and payable and Debtor shall on demand by Secured Party deliver the Collateral to the Secured Party. Secured Party may, without further notice or

demand and without legal process, take possession of the Collateral wherever found, and for this purpose, may enter upon said real property or upon any other property occupied by or in the control of the Debtor. The Secured Party may require the Debtor to assemble the Collateral and make it available to the Secured Party at a place to be designated by the Secured Party that is reasonably convenient to both parties.

5.2 The Secured Party may pursue any legal remedy available to collect all sums secured hereby and to enforce its title in and right to possession of the Collateral, and to enforce any and all other rights or remedies available to it, and no such action shall operate as a waiver of any other right or remedy of the Secured Party under the terms hereof, or under the laws of the State of South Carolina.

5.3 The Secured Party, may, at its option, treat the Collateral and the real property covered by the Security Agreement as an entirety or as one security for the obligations. Accordingly, the Secured Party shall have the right and power, to the extent that is lawful, to cause the Collateral to be sold at the same time for one total bid or price at any judicial sale whereby the lien thereof is discharged.

5.4 The Secured Party, upon obtaining possession of the Collateral or any part thereof, may sell the same at public or private sale either with or without having such Collateral at the place of sale, and with notice to Debtor as provided in Paragraph 5.6 therein. The proceeds of such sale, after deducting therefrom all expenses of the Secured Party in taking, storing, repairing and selling the Collateral (including reasonable attorney's fees) shall be applied to the payment of any part or all of the Obligations and any other indebtedness or liability of the Debtor to the Secured Party, and any surplus thereafter remaining shall be paid to the Debtor, or any other person that may be legally entitled thereto. In the event of a deficiency between such net proceeds from the sale of Collateral and the total amount owing by the Debtor under the Obligations, the Debtor will promptly upon demand pay the amount of such deficiency to the Secured Party.

5.5 At any sale, public or private, of the Collateral or any part thereof, made in the enforcement of the rights and remedies hereunder of the Secured Party, the Secured Party may, so far as may be lawful, purchase any part or parts of the Collateral or all thereof offered at such sale.

5.6 Secured Party shall give Debtor reasonable notice of any sale or other disposition of the Collateral or any part hereof. Debtor agrees that notice and demand shall be conclusively deemed to be reasonable and effective if such notice is mailed by regular or certified mail, postage prepaid, to the Debtor at the address above given, or such other address as the Debtor may designate by written notice to the Secured Party at least five (5) days prior to such sale or other disposition.

5.7 Secured Party shall give notice of any event of default hereunder to Debtor prior to exercising any remedies for default hereunder. The following grace period shall be allowed after notice of default, for the correction and cure any Event of Default hereunder:

- a) If the Default relates to the nonpayment of money: thirty (30) days.

b) If the Default relates to the non-performance of any covenant herein made by Debtor, or to the existence of any condition or state of affairs that may be corrected by Debtor or its designee: thirty (30) days plus any additional time period during which Debtor is diligently engaged in performance of such covenant or correction of such condition or state of affairs.

Provided, however, that if the Event of Default arises under the Note(s) and Security Agreement, this grace period shall run concurrently with any grace period provided therein, if any.

5.8 The Secured Party shall have all the rights and remedies afforded a Secured Party under the South Carolina Uniform Commercial Code and all other legal or equitable remedies provided by the laws of the United States and the State of South Carolina.

6. MISCELLANEOUS PROVISIONS:

6.1 No Event of Default hereunder by Debtor shall be deemed to have been waived by the Secured Party except by a writing to that effect signed on behalf of the Secured Party by an officer thereof and no waiver of any such Event of Default shall operate as a waiver of any other Event of Default on a future occasion. All rights, remedies and privileges of the Secured Party hereunder shall be cumulative and not alternative, and shall, whether or not specifically so expressed, inure to the benefit of the Secured Party, its successors and assigns, and all obligations of the Debtor shall bind its successors and legal representatives.

6.2 Until an Event of Default and expiration of any applicable grace period, the Debtor may retain possession of the Collateral and may use it in any lawful manner not inconsistent with this Security Agreement or with the provisions of any policies of insurance thereon.

6.3 The terms herein shall have the meanings in and be construed under the South Carolina Uniform Commercial Code and all issues arising hereunder shall be governed by the law of the State of South Carolina. Whenever possible each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement.

6.4 No modification, rescission, waiver, release or amendment of any provision of this Security Agreement shall be made except by a written agreement subscribed by Debtor and Secured Party.

6.5 This Security Agreement is, and is intended to be, a continuing Security Agreement and shall remain in full force and effect until the Secured Party shall actually receive written notice of the discontinuance and shall remain in full force and effect

thereafter until all of the indebtedness contracted for or created before the receipt of such notice by Secured Party, and any extensions or renewals thereof (whether made before or after receipt of such notice(s) together with interest accruing thereon after such notice shall be paid in full).

6.6 Secured Party and Debtor as used herein shall include the heirs, executors or administrators, or successors or assigns of those parties. The provisions of this Agreement shall apply to the parties according to the context hereof and without regard to the number or gender of words and expressions used herein.

IN WITNESS WHEREOF, this Security Agreement has been executed and delivered on behalf of and in the name of the Debtors and Secured Party on the date indicated above.

In the presence of:

Berni M. Jones
Harold P. Williams

Darren S. Henry
Darren S. Henry
DEBTOR

Berni M. Jones
Harold P. Williams

5-W ASSOCIATES, LLC

BY: [Signature]
ITS: [Signature]
SECURED PARTY

EXHIBIT "1"
TO
SECURITY AGREEMENT AND FINANCING STATEMENTS


DEBTOR: Darren S. Henry

SECURED PARTY: 5-W Associates, LLC

All of the following assets, property and interests in property of the Debtor (herein referred to as the "Collateral"), whether such Collateral shall be presently owned or existing or at any time hereafter acquired, arising or created by Debtor, wherever located, together with the products and proceeds of all such collateral, and any replacements, additions, accessions or substitutions therefor, and the proceeds thereof, including:

DESCRIPTION OF COLLATERAL

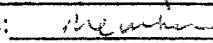
1. All securities issued by Nitrostrike, Inc. to Darren S. Henry, including common stock, preferred stock, warrants, stock options, stock warrants and expressly including 800 shares of common stock evidenced by stock certificate number 1 issued by Nitrostrike, Inc. to Debtor dated March 18, 2009;
2. All instruments issued by Nitrostrike, Inc. including but not limited to promissory notes, bills of exchange and bonds;
3. All accounts, including but not limited to all contract rights and other rights to payment;
4. All documents, including but not limited to bills of lading, warehouse receipts and other documents;
5. All proceeds, including proceeds of the collateral;
6. All cash, including cash proceeds from the collateral;
7. All additions to, replacements of and accessions thereto.
8. All patent rights on Nitrostrike issued by the United States Patent Office including all rights to, renewals and extensions thereof.



Darren S. Henry, DEBTOR

5-W ASSOCIATES, LLC

BY: 

ITS: 

SECURED PARTY