

PATENT ASSIGNMENT COVER SHEET

Electronic Version v1.1
Stylesheet Version v1.2

EPAS ID: PAT2741027

SUBMISSION TYPE:	NEW ASSIGNMENT
NATURE OF CONVEYANCE:	SECURITY AGREEMENT
CONVEYING PARTY DATA	
Name	Execution Date
PS SYSTEMS, INC.	03/08/2013
RECEIVING PARTY DATA	
Name:	STANLEY PETERS
Street Address:	536 EAST 2ND AVE.
City:	CASTLE ROCK
State/Country:	COLORADO
Postal Code:	80108
Name:	ROB DAUGHERTY
Street Address:	6506 S. WESTCHESTER
City:	SPOKANE
State/Country:	WASHINGTON
Postal Code:	99223
Name:	KELLEE DAUGHERTY
Street Address:	6506 S. WESTCHESTER
City:	SPOKANE
State/Country:	WASHINGTON
Postal Code:	99223
Name:	SHERMAN HIGGINS
Street Address:	16758 FOXWOOD LANE
City:	MORRISON
State/Country:	COLORADO
Postal Code:	80465
Name:	ROBERT ALLISON
Street Address:	P.O. BOX 658

City:	MORRISON
State/Country:	COLORADO
Postal Code:	80465

Name:	KARA HUCKE
Street Address:	11713 GRAY WAY
City:	WESTMINSTER
State/Country:	COLORADO
Postal Code:	80220

PROPERTY NUMBERS Total: 1

Property Type	Number
Patent Number:	8074670

CORRESPONDENCE DATA

Fax Number: (303)357-1671
 Email: dsmith@merchantgould.com
Correspondence will be sent via US Mail when the email attempt is unsuccessful.
 Correspondent Name: MERCHANT & GOULD, P.C.
 Address Line 1: 1050 SEVENTEENTH ST.
 Address Line 2: SUITE 1950
 Address Line 4: DENVER, COLORADO 80265

ATTORNEY DOCKET NUMBER:	40261.0016USU1
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NAME OF SUBMITTER:	GEORGE C. LEWIS
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Signature:	/ George C. Lewis /
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Date:	02/25/2014
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Total Attachments: 10

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SECURITY AGREEMENT

THIS SECURITY AGREEMENT ("Agreement") is made and entered into effective as of March 8, 2013 by and between PS Systems, Inc., a Colorado corporation ("Debtor") and Stanley Peters, Robert Daugherty, Kellee Daugherty, Sherman Higgins, Robert Allison, and Kara Huckle (each a "Secured Party" and together the "Secured Parties").

RECITALS

WHEREAS, Debtor has executed that certain Master Promissory Note in the amount of up to Twenty Thousand and 00/100 Dollars (\$20,000.00) dated March 8, 2013 and made payable to Stanley Peters (the "Peters Note");

WHEREAS, Debtor has executed that certain Master Promissory Note in the amount of up to Twenty Thousand and 00/100 Dollars (\$20,000.00) dated March 8, 2013 and made payable to Robert Daugherty (the "R. Daugherty Note");

WHEREAS, Debtor has executed that certain Master Promissory Note in the amount of up to Twenty Thousand and 00/100 Dollars (\$20,000.00) dated March 8, 2013 and made payable to Kellee Daugherty (the "K. Daugherty Note");

WHEREAS, Debtor has executed that certain Master Promissory Note in the amount of up to Twenty Thousand and 00/100 Dollars (\$20,000.00) dated March 8, 2013 and made payable to Sherman Higgins (the "Higgins Note");

WHEREAS, Debtor has executed that certain Master Promissory Note in the amount of up to Twenty Thousand and 00/100 Dollars (\$20,000.00) dated March 8, 2013 and made payable to Robert Allison (the "Allison Note");

WHEREAS, Debtor has executed that certain Master Promissory Note in the amount of up to Twenty Thousand and 00/100 Dollars (\$20,000.00) dated March 8, 2013 and made payable to Kara Huckle (the "Huckle Note" and together with the Peters Note, R. Daugherty Note, K. Daugherty Note, Higgins Note, and Allison Note, the "Notes"); and

WHEREAS, as a material part of the consideration given by each Secured Party under their respective Notes, Debtor is required to enter into this Agreement to provide Secured Parties with security for the Note and any and all indebtedness, obligations and liabilities of any kind of Debtor to Secured Parties now or hereafter arising from and relating to the Notes and this Agreement (collectively, the "Obligations").

AGREEMENT

NOW THEREFORE, in consideration of these promises, the mutual covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

Section 1. Pledge and Collateral. As security for the prompt payment in full, when due (whether by stated maturity, by acceleration or otherwise), of all the Obligations (as defined above), Debtor hereby pledges and assigns to Secured Parties, and grants to Secured Parties a continuing first (except as otherwise expressly provided herein) priority security interest in, all of Debtor's right, title and interest in, to and under: (i) those certain United States patents listed on Exhibit A attached hereto ("Patents"), and (ii) any sums of money or other property hereafter distributed or received in respect thereof or in exchange therefor. The Patents, the proceeds thereof and any sums of money or other property hereafter distributed or received in respect thereof or in exchange therefor shall be delivered to Secured Parties to be held by Secured Parties under and subject to the terms of this Agreement as additional security for the Obligations, and at the time held by Secured Parties in accordance herewith are herein collectively called the "Security."

Section 2. Collateral Assignment. Debtor hereby collaterally assigns, and Secured Parties hereby accept, an assignment of the Patents for purposes of preserving Secured Parties' interest in the Security.

Section 3. Covenants. Debtor further covenants and agrees that, so long as any Obligation remains outstanding:

- A. Debtor will not create or, from and after the date hereof suffer to exist, any lien, security interest or other charge or encumbrance created after the date hereof, against, in or respect to the Security without prior written consent of all Secured Parties;
- B. Debtor will not abandon, sell, lease assign, exchange, create warrants or options for or otherwise transfer any of Debtor's rights to any of the Security without prior written consent of all Secured Parties;
- C. Debtor will pay when due any tax, or assessment imposed on Debtor or the Security;
- D. Secured Parties may, subsequent to default, purchase the Security at any sale whether public or private; and
- E. Debtor agrees that Debtor will warrant and defend the Patents against any claims and demands of all persons at any time claiming the same or any interest therein adverse to Secured Parties and take such action as may be reasonably requested by Secured Parties to protect Debtor's title to the Patents.

Section 4. Representations and Warranties. Debtor represents and warrants that:

- A. Debtor has good, valid and marketable title to the Patents free and clear of all liens, pledges, claims, options, restrictions, encumbrances and equities of any nature whatsoever except the security interest granted hereby and as otherwise expressly provided herein;

- B. Debtor is not a party to, or bound by, any agreement, instrument or understanding restricting the transfer of the Patents except for this Agreement;
- C. This Agreement has been duly executed and delivered by Debtor and when duly executed and delivered to Secured Parties will constitute a valid and legally binding obligation of Debtor, enforceable against Debtor in accordance with its terms, subject to bankruptcy, insolvency, reorganization and other laws affecting the enforceability or creditors' rights generally and as limited by general principles of equity; and
- D. This Agreement shall create a valid first lien upon and, upon recordation and filing with the Colorado Secretary of State and United States Patent and Trademark Office, a perfected security interest in the Patents and the proceeds thereof, subject to no prior or equal security interest, lien, charge or other encumbrance whatsoever, except as otherwise expressly provided herein.

Section 5. Events of Default. Debtor shall be in default of this Agreement upon the happening of any of the following events or conditions:

- A. Default in the payment or performance of any Obligation; and
- B. Except as provided herein, sale or encumbrance by Debtor of the Security or his interest therein, or the making of any levy, seizure or attachment thereof or thereon.

Section 6. Remedies. When Debtor has defaulted under this Agreement, Secured Party shall be entitled to the remedies of a secured party under Article 9 of the Colorado Uniform Commercial Code or, where appropriate, under the analogous law of any other state, and, as applicable, the remedies of a secured party under federal law ("Creditors' Rights"). In addition, while any default has occurred and is continuing with respect to this Agreement or the Obligations and such default has not been effectively waived in writing by all Secured Parties, the rights of Debtor to use the Patents or receive proceeds therefrom shall be suspended. Upon a default of any of the Obligations and for a period of thirty (30) days after any such default has been cured, in addition to any Creditors' Right, Secured Parties shall have full rights and powers regarding the Patents. Debtor agrees that this provision constitutes Debtor's appointment of Secured Parties as attorney-in-fact.

Section 7. Attorney-in-Fact. Secured Parties are hereby appointed the attorney-in-fact of Debtor for the purpose of signing documents and taking other action to perfect and protect Debtor's security interest in the Security and for the purpose of carrying out the provisions of this Agreement and taking any action and executing any instruments that Secured Parties may deem necessary or advisable to accomplish the purposes hereof or to protect his interest in the Security, which appointment as attorney-in-fact is irrevocable and coupled with an interest. Without limiting the generality of the foregoing, during any period of default with respect to the Obligations, Secured Parties shall have the right and power to receive, endorse and collect all checks made payable to the order of Debtor representing any payment in respect of the Security or any part thereof and to give full discharge for the same.

Section 8. Secured Parties' Exoneration. Except to the extent required by law or provided below, under no circumstances shall Secured Parties be deemed to assume any responsibility for or obligation or duty with respect to any part or all of the Security, of any nature or kind or any matter or proceedings arising out of or relating thereto, but the same shall be at Debtor's sole risk at all times. Except to the extent required by law, Secured Parties shall not be required to take any further action of any kind to preserve or protect any of Secured Parties' or Debtor's rights in or to the Security. Except to the extent caused by Secured Parties' gross negligence or willful misconduct, Debtor hereby releases Secured Parties from any claims, causes of action and demands at any time arising out of or with respect to the execution, negotiation and delivery of this Agreement, and Debtor hereby agrees to hold Secured Parties harmless from and with respect to any and all such claims, causes of actions and demands. Notwithstanding the foregoing, Secured Parties' prior recourse to any part or all of the Security shall not constitute a condition of any demand, suit or proceeding for payment or collection of any of the Obligations.

Section 9. No Waiver; Amendment. Unless specifically waived in writing as provided in this Section 9, Secured Parties shall not by any act, delay, omission or otherwise, be deemed to have waived any of Secured Parties' rights, remedies, powers or privileges hereunder or otherwise. A waiver by Secured Parties of any right, remedy, power or privilege hereunder on any one occasion shall not be construed as a bar to any right, remedy, power or privilege that Secured Parties would otherwise have had on any future occasion. No single or partial exercise of any right, remedy, power or privilege hereunder shall preclude any other or future exercise thereof or the exercise of any other right, remedy, power or privilege of such Secured Party or any other Secured Party. The rights, remedies, powers and privileges herein provided to Secured Parties are to the fullest extent permitted by law cumulative and are not exclusive of any other rights, remedies, powers or privileges provided by law. Any provisions of this Agreement may be amended or waived if, but only if, such amendment or waiver is in writing and is signed by the party to be charged.

Section 10. Termination. Upon the payment in full of all Obligations and the performance by Debtor of all terms and conditions of this Agreement, this Agreement shall terminate and Secured Parties shall assign, transfer and deliver to Debtor free and clear of any encumbrances whatsoever created by Secured Parties, any remaining Security then held by Secured Parties.

Section 11. Expenses. Debtor agrees to pay to Secured Parties all reasonable costs and expenses (including reasonable expenses for legal services of every kind) of, or incident to, the enforcement of or the protection or preservation of the Security or any right under any of the provisions of this Agreement, or the performance by Debtor of any obligations of Debtor in respect of the Security that Debtor has failed or refused to perform, or an actual or attempted sale, or any exchange, collection, compromise or settlement in respect of the Security, and for the care of the Security and maintaining or asserting rights and claims of Secured Parties in respect thereof, by litigation or otherwise, including expenses of insurance; and all such expenses shall be Obligations to Secured Party secured under this Agreement.

Section 12. Notices. Any notice required or permitted to be given by any party under this Agreement shall be sufficient if in writing and if personally delivered or if sent by certified or

registered mail to the address(es) set forth below, or to such other address(es) the sending party shall have had notice of prior thereto. Such notices shall be effective as of the date of such personal delivery shown on the receipt thereof. The address(es) for delivery of such notices shall be as follows:

If to Debtor:

If to Stanley Peters: 536 East 2nd Ave.
Castle Rock, CO 80108

If to Rob Daugherty: 6506 S. Westchester
Spokane, WA 99223

If to Kellee Daugherty: 6506 S. Westchester
Spokane, WA 99223

If to Sherman Higgins: 16758 Foxwood Lane
Morrison, CO 80465

If to Robert Allison: PO Box 658
Morrison, CO 80465

If to Kara Hucke: 11713 Gray Way
Westminster, CO 80220

Section 13. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, except that Debtor may not assign or transfer any of Debtor's rights or obligations hereunder without the prior written consent of all Secured Parties. Any assignment of this Agreement in contravention of this paragraph shall be null and void.

Section 14. Law to Govern. The terms and provisions of this Agreement are intended to be and shall be governed, interpreted and construed pursuant to the laws of the State of Colorado.

Section 15. Jurisdiction and Venue. The parties agree that the District Court of the City and County of Denver, Colorado shall have exclusive jurisdiction, including *in personam* jurisdiction, and shall be the exclusive venue for any and all controversies and claims arising out of or relating to this Agreement or a breach thereof, except as otherwise unanimously agreed by the parties. Each party understands that each has the constitutional right of due process that guarantees that each party must have minimum contacts with the State of Colorado prior to the exercise by such court *in personam* jurisdiction over any party and said constitutional right is hereby expressly waived by each party.

Section 16. Specific Performance. Should any dispute arise regarding the rights and obligations of the parties to this Agreement, the parties agree that they will be irrevocably harmed. Therefore, the parties agree that this Agreement, except as otherwise provided by law,

may be specifically enforced and/or such conduct enjoined by a decree of a court with jurisdiction over the subject matter and the parties to the controversy. The remedies provided by this paragraph shall be in addition to, and not exclusive of, any other remedies that the parties to this Agreement may have.

Section 17. Counterparts/Facsimile or Electronic Signature. This Agreement may be executed simultaneously in any number of counterparts, all of which taken together will constitute one agreement, any one of the parties hereto may execute this Agreement by signing any such counterpart. A facsimile or other electronically-transmitted copy of a signature on this Agreement shall be acceptable as and deemed to be an original signature.

Section 18. Consent. Debtor hereby consents, for purposes of this Agreement, that without the necessity of any reservation of rights against Debtor and without notice to or further assent by Debtor, any demand for payment of any of the Obligations may be rescinded by Secured Parties, and the Obligations, or the liability of any other party upon or for any part thereof, or any Security, may, from time to time, in whole or in part, be renewed, extended, amended, modified, accelerated, compromised, waived, surrendered or released by Secured Parties, and any Security may be sold, exchanged, waived, surrendered or released, all without the necessity of any reservation of rights against Debtor hereunder, who will remain bound hereunder notwithstanding any such renewal, extension, modification, acceleration, compromise, amendment, supplement, termination, sale, exchange, waiver, surrender or release. Neither the rights of Secured Parties hereunder, nor the obligations and liabilities of Debtor hereunder, shall be conditioned or contingent upon the pursuit by Secured Party or any other person at any time of any right or remedy against Debtor or against any other person that may be or become liable in respect of all or any part of the Obligations or against any security therefor. For the purpose of this Section 18, "**demand**" shall include the commencement and continuance of any legal proceedings.

Section 19. Severability. If any one or more of the provisions of this Agreement shall be held to be invalid, illegal or unenforceable, the validity, legality or enforceability of the remaining provisions of this Agreement will not be affected thereby and the parties will use all reasonable efforts to substitute one or more valid, legal and enforceable provisions that, insofar as practicable, implement the purposes and intents hereof. To the extent permitted by applicable law, Debtor waives any provision of law that renders any provision of this Agreement invalid, illegal or unenforceable in any respect.

[Signature Page Follows]

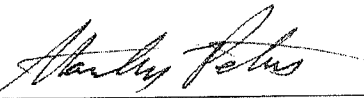
IN WITNESS WHEREOF, the parties hereto have caused this Security Agreement to be duly executed effective as of the day and year first above written

DEBTOR:

PS Systems, Inc.

Name: Sherman Higgins
Title: President

SECURED PARTIES:

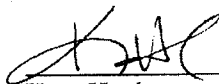

Stanley Peters

Robert Daugherty

Kellee Daugherty

Sherman Higgins

Robert Allison


Kara Huckle

IN WITNESS WHEREOF, the parties hereto have caused this Security Agreement to be duly executed effective as of the day and year first above written

DEBTOR:

PS Systems, Inc.

Name: Sherman Higgins
Title: President

SECURED PARTIES:

Stanley Peters

Robert Daugherty
Robert Daugherty

Kellie Daugherty
Kellie Daugherty

Sherman Higgins

Robert Allison

Kara Huckle

IN WITNESS WHEREOF, the parties hereto have caused this Security Agreement to be duly executed effective as of the day and year first above written

DEBTOR:

PS Systems, Inc.

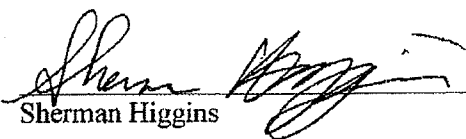
Name: Sherman Higgins
Title: President

SECURED PARTIES:

Stanley Peters

Robert Daugherty

Kellce Daugherty



Sherman Higgins



Robert Allison

Kara Huckle

EXHIBIT A

(Patents)

U.S. Patent Numbers:

7,192,218

7,972,080

8,074,670