

PATENT ASSIGNMENT COVER SHEET

Electronic Version v1.1
 Stylesheet Version v1.2

EPAS ID: PAT3359496

SUBMISSION TYPE:	NEW ASSIGNMENT	
NATURE OF CONVEYANCE:	LIEN	
CONVEYING PARTY DATA		
	Name	Execution Date
	VIREO SYSTEMS, INC.	04/19/2015
RECEIVING PARTY DATA		
Name:	FIRST BANK	
Street Address:	885 CONFERENCE DRIVE, SUITE 100	
City:	GOODLETTSVILLE	
State/Country:	TENNESSEE	
Postal Code:	37072	
PROPERTY NUMBERS Total: 1		
	Property Type	Number
	Patent Number:	8962685
CORRESPONDENCE DATA		
Fax Number:	(615)851-9620	
<i>Correspondence will be sent to the e-mail address first; if that is unsuccessful, it will be sent using a fax number, if provided; if that is unsuccessful, it will be sent via US Mail.</i>		
Phone:	615-859-1328	
Email:	jhankins@haynes-freeman.com	
Correspondent Name:	JOSHUA D. HANKINS, ESQ.	
Address Line 1:	POST OFFICE BOX 527	
Address Line 4:	GOODLETTSVILLE, TENNESSEE 37072	
NAME OF SUBMITTER:	JOSHUA D. HANKINS, ESQ.	
SIGNATURE:	/s/ Joshua D. Hankins, Esq.	
DATE SIGNED:	05/19/2015	
Total Attachments: 24		
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STATE OF TENNESSEE
Tre Hargett, Secretary of State
Division of Business Services
William R. Snodgrass Tower
312 Rosa L. Parks AVE, 6th FL
Nashville, TN 37243-1102

HAYNES, FREEMAN & BRACEY, PLC
PO BOX 527
GOODLETTSVILLE, TN 37070-0527

May 8, 2015 9:44 AM

Financing Statement Doc #: 423199133
DLN #: B0095-7946

UCC Financing Statement Acknowledgment

This acknowledges the filing of the attached UCC1 document. Please review the data to ensure database information corresponds with information on the submitted UCC form. In the event a discrepancy is found, please note the error and return the entire package to our office. If we may be of any further service to you, please contact us at the number noted below.

Tre Hargett
Secretary of State

Enclosures: Original Documents

DEBTOR INFORMATION

VIREO SYSTEMS, INC.

305 WILLIAMS AVE
MADISON, TN 37115-2626

FAULKNER, MARK C

6211 ROBIN HILL RD
NASHVILLE, TN 37205-3525

SECURED PARTY INFORMATION

FIRST BANK

885 CONFERENCE DR
STE 100
GOODLETTSVILLE, TN 37072-2082

RECORDING TAX

Maximum principal indebtedness for Tennessee recording tax purposes is: \$0.00

FILING INFORMATION

Financing Statement Doc #: 423199133

Filing Date: 5/8/2015 8:31 AM

Lapse Date: 5/8/2020 11:59 PM

Document Receipt

Receipt #: 2047903

Fees Paid: \$30.00

Taxes Paid: \$0.00

Payment-Check/MO - HAYNES, FREEMAN & BRACEY, PLC, GOODLETTSVILLE, TN

\$30.00



P281284

FINANCING STATEMENT

This is a representation of a document created electronically at the Tennessee Secretary of State's web site.

A. NAME & PHONE OF CONTACT AT FILER (Optional) JOSHUA D. HANKINS, ESQ. 615-859-1328
B. EMAIL OF CONTACT AT FILER (Optional) jhankins@haynes-freeman.com
C. SEND ACKNOWLEDGMENT TO: (Name and Address) HAYNES, FREEMAN & BRACEY, PLC PO BOX 527 GOODLETTSVILLE, TN 37070-0527

UCC Pending Doc #: P281284

Filing Date: SUBMISSION PENDING

Amount Due: \$30.00

Please File By: 06/05/2015

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

DEBTORS

1. DEBTOR'S NAME				
a. ORGANIZATION'S NAME VIREO SYSTEMS, INC.				
OR	b. INDIVIDUAL'S SURNAME		FIRST PERSONAL NAME	ADDITIONAL NAME(S) INITIAL(S)
c. MAILING ADDRESS 305 WILLIAMS AVE				
d. CITY	STATE	POSTAL CODE	COUNTRY	
MADISON	TN	37115-2626	USA	
2. DEBTOR'S NAME				
a. ORGANIZATION'S NAME				
OR	b. INDIVIDUAL'S SURNAME		FIRST PERSONAL NAME	ADDITIONAL NAME(S) INITIAL(S)
c. MAILING ADDRESS				
6211 ROBIN HILL RD				
d. CITY	STATE	POSTAL CODE	COUNTRY	
NASHVILLE	TN	37205-3525	USA	

SECURED PARTIES

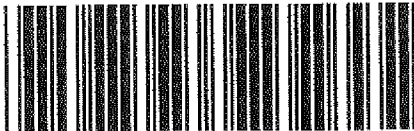
1. SECURED PARTY'S NAME (or NAME of ASSIGNEE of ASSIGNOR SECURED PARTY)				
a. ORGANIZATION'S NAME FIRST BANK				
OR	b. INDIVIDUAL'S SURNAME		FIRST PERSONAL NAME	ADDITIONAL NAME(S) INITIAL(S)
c. MAILING ADDRESS STE 100, 885 CONFERENCE DR				
d. CITY	STATE	POSTAL CODE	COUNTRY	
GOODLETTSVILLE	TN	37072-2082	USA	

COLLATERAL: This financing statement covers the following collateral:

See attached Exhibit A for description of collateral.

Maximum principal indebtedness for Tennessee recording tax purposes is:

\$0.00



FINANCING STATEMENT

A. NAME & PHONE OF CONTACT AT FILER (Optional) JOSHUA D. HANKINS, ESQ. 615-859-1328
B. EMAIL OF CONTACT AT FILER (Optional) jhankins@haynes-freeman.com
C. SEND ACKNOWLEDGMENT TO: (Name and Address) HAYNES, FREEMAN & BRACEY, PLC PO BOX 527 GOODLETTSVILLE, TN 37070-0527

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THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

Check only if applicable and check only one box: Collateral is ☐ held in a Trust
☐ being administered by a Decedent's Personal Representative

Check only if applicable and check only one box:

☐ Public-Finance Transaction ☐ Manufactured-Home Transaction ☐ A Debtor is a Transmitting Utility

Check only if applicable and check only one box:

☐ Agricultural Lien ☐ Non-UCC Filing

ALTERNATIVE DESIGNATION (if applicable): ☐ Lessee/Lessor ☐ Consignee/Consignor ☐ Seller/Buyer ☐ Bailee/Bailor ☐ Licensee/Licensor

OPTIONAL FILER REFERENCE DATA:

NOTE: All information on this form is public record.

B0095-7948 05/08/2015 8:31 AM Received by Tennessee Secretary of State The Halpern

EXHIBIT A

UCC-1 FINANCING STATEMENT – DESCRIPTION OF COLLATERAL

Vireo Systems, Inc., a Tennessee business corporation, and Mark C. Faulkner, a resident of the State of Tennessee (individually and/or collectively, “Debtor”)

And

First Bank, a Tennessee state banking corporation (“Secured Party”)

All of Debtor’s present and future right, title and interest in and to the following, wherever located, all whether now owned or hereafter existing, acquired or arising:

- (i) United States Patent No. 7,608,641;
- (ii) United States Patent No. 8,026,385;
- (iii) United States Patent No. 8,354,450;
- (iv) United States Patent No. 8,962,685;

(v) All of Debtor’s present and future (related to the foregoing patents): (1) accounts, accounts receivable, contracts, contract rights, deposits, deposit accounts, documents, documents of title, intangibles (including general intangibles and payment intangibles), and all other claims; (2) inventory, parts, accessories, accessions, goods, work in process, and as-extracted collateral; (3) fixtures, equipment, rolling stock, machinery, materials, building materials, construction materials, parts, manuals, drawings, plans, specifications, surveys, and tools; (4) franchises and corporate privileges; (5) licenses, permits, names, tradenames, assumed names, software (to the extent assignable), and trademarks, service marks, copyrights, patents, and all other intellectual property rights; (6) improvements of or additions to any collateral; (7) insurance policies; (8) ledgers, books and records, records (all of the foregoing including those in digital, electronic, or other format); and (9) all cash proceeds, noncash proceeds, products, offspring, rents and/or profits of all of and any of the foregoing; and

(vi) To the extent not listed above as original collateral, proceeds and products of the foregoing, as each of these terms is understood under Article Nine. (“Proceeds” is broadly defined to include whatever is acquired upon the sale, lease, license, exchange or other disposition of any Collateral; rights arising out of Collateral; and collections and distributions on Collateral, and is intended to be expansively understood as reflected in Tenn. Code Ann. §47-9-102(a)(64) (and/or the equivalent statute in effect in the State of Nebraska) of Article Nine. This term also includes insurance proceeds and dividends, as well as premium rebates and refunds and tax refunds.

Terms not otherwise defined herein shall be defined according to the Loan Documents, and if not defined therein, as context requires.

SECURITY AGREEMENT (PATENTS)

THIS SECURITY AGREEMENT (PATENTS) (this "Security Agreement") is made to be effective as of April 19, 2015, by VIREO SYSTEMS, INC., a Tennessee business corporation, the principal business address of which is located at 305 Williams Avenue, Madison, Tennessee 37115 ("Vireo Systems"), and MARK C. FAULKNER, a resident of the State of Tennessee, the primary residence of whom is located at 6211 Robin Hill Road, Nashville, Tennessee 37205 ("Faulkner") (Vireo Systems and Faulkner may be individually and/or collectively referred to herein as "Borrower or Debtor"), in favor, and for the benefit, of FIRST BANK, a Tennessee state banking corporation ("Secured Party" or "Lender"), a branch of which is located at 885 Conference Drive, Suite 100, Goodlettsville, Tennessee 37072.

Secured Party and Debtor agree that:

1 Background and Consideration. Vireo Systems is borrowing funds from Secured Party to obtain a working capital line of credit. Faulkner is borrowing funds from Secured Party to purchase certain property.

1.1 Loan. Borrower is borrowing money from Secured Party.

1.2 Consideration. The consideration for this Security Agreement consists of the parties' respective promises and agreements in this Security Agreement and in the other Loan Documents, as well as Secured Party making advances under the Loan.

2 Definitions and Other Terms. This section contains both definitions and substantive terms. The following definitions and substantive terms shall apply to this Security Agreement and, if the context is appropriate, to the other Loan Documents. Terms not otherwise defined herein shall have the meanings ascribed to them in the Loan Agreement.

2.1 Article Nine. The term "Article Nine" means Article Nine of the UCC in effect in the State of Tennessee and/or the State of Nebraska on the date of closing.

2.2 Collateral. The term "Collateral" means and includes the following personal property of Debtor, wherever located, and now owned or hereafter acquired, arising or existing, including:

2.2.1 United States Patent No. 7,608,641;

2.2.2 United States Patent No. 8,026,385;

2.2.3 United States Patent No. 8,354,450;

2.2.4 United States Patent No. 8,962,685;

2.2.5 All of Debtor's present and future (related to the foregoing patents): (1) accounts, accounts receivable, contracts, contract rights, deposits, deposit accounts, documents, documents of title, intangibles (including general intangibles and payment intangibles), and all other claims; (2) inventory, parts, accessories,

accessions, goods, work in process, and as-extracted collateral; (3) fixtures, equipment, rolling stock, machinery, materials, building materials, construction materials, parts, manuals, drawings, plans, specifications, surveys, and tools; (4) franchises and corporate privileges; (5) licenses, permits, names, tradenames, assumed names, software (to the extent assignable), and trademarks, service marks, copyrights, patents, and all other intellectual property rights; (6) improvements of or additions to any collateral; (7) insurance policies; (8) ledgers, books and records, records (all of the foregoing including those in digital, electronic, or other format); and (9) all cash proceeds, noncash proceeds, products, offspring, rents and/or profits of all of and any of the foregoing; and

2.2.6 To the extent not listed above as original collateral, proceeds and products of the foregoing, as each of these terms is understood under Article Nine. ("Proceeds" is broadly defined to include whatever is acquired upon the sale, lease, license, exchange or other disposition of any Collateral; rights arising out of Collateral; and collections and distributions on Collateral, and is intended to be expansively understood as reflected in Tenn. Code Ann. §47-9-102(a)(64) (and/or the equivalent statute in effect in the State of Nebraska) of Article Nine. This term also includes insurance proceeds and dividends, as well as premium rebates and refunds and tax refunds.

2.3 Effective Date. The term "Effective Date" means the date first above written unless otherwise expressly stated in this Security Agreement or in another of the Loan Documents.

2.4 Future Advances. The term "Future Advances" (or "future advances") means all sums hereafter advanced, or extensions of credit or commitments made, whether or not subject to a present commitment or related to any current or presently anticipated debt or extension of credit, by Secured Party to or for the benefit of Debtor, in connection with any Collateral, or otherwise in connection with any of the Obligations, or for any other reason at any time whatsoever. The parties intend that this term shall be broadly construed and that it shall not be limited in scope to "other indebtedness" of the same "kind" or "class" or otherwise be "related" to the Secured Debt and the other original Obligations secured.

2.5 Loan. The term "Loans" means:

2.5.1 That certain secured term loan in the original principal amount of One Million Three Hundred Thousand and 00/100 Dollars (\$1,300,000.00), pursuant to that certain Secured Term Loan Agreement dated to be effective as of August 13, 2014, between D-Squared, LLC, a Tennessee limited liability company ("D-Squared") and Secured Party ("Loan No. 6218342");

2.5.2 That certain secured term loan in the original principal amount of Eight Hundred Fifty Thousand and 00/100 Dollars (\$850,000.00), pursuant to that certain Secured Term Loan Agreement dated to be effective as of December 27, 2012, between D-Squared and Secured Party ("Loan No. 6208055");

- 2.5.3 That certain secured term loan in the original principal amount of Two Hundred Sixty-Four Thousand and 00/100 Dollars (\$264,000.00), pursuant to that certain Secured Term Loan Agreement dated to be effective as of July 11, 2014, between D-Squared and Secured Party ("Loan No. 6592871");
- 2.5.4 That certain secured revolving credit loan in the original principal amount of up to One Hundred Thousand and 00/100 Dollars (\$100,000.00), pursuant to that certain Secured Revolving Credit Loan Agreement dated to be effective as of August 13, 2014, between Besway Systems Inc., a Tennessee business corporation ("Besway Systems"), and Secured Party ("Loan No. 6218347");
- 2.5.5 That certain secured revolving credit loan in the original principal amount of up to Two Hundred Thousand and 00/100 Dollars (\$200,000.00), pursuant to that certain Secured Revolving Credit Loan Agreement dated to be effective as of April 19, 2015, between Vireo Systems and Secured Party ("Loan No. 6222793");
- 2.5.6 That certain secured term loan in the original principal amount of Three Hundred Forty-Five Thousand and 00/100 Dollars (\$345,000.00), pursuant to that certain Secured Term Loan Agreement dated to be effective as of December 27, 2012, between Faulkner and Secured Party ("Loan No. 6208054");
- 2.5.7 That certain secured term loan in the original principal amount of Five Hundred Twenty Thousand and 00/100 Dollars (\$520,000.00), pursuant to that certain Secured Term Loan Agreement dated to be effective as of May 1, 2015, between Faulkner, Suzanne M. Faulkner and Secured Party ("Loan No. 6222865") and
- 2.5.8 If the Loans are modified or amended, then the term "Loans" shall include such converted or otherwise modified loan.
- 2.6 Loan Agreement. The term "Loan Agreement" means that certain Amended and Restated Consolidated Loan Agreement between Borrower, Suzanne M. Faulkner, D-Squared, Besway Systems, Benco Sales, Inc., a Tennessee business corporation ("Benco Sales"), and Vireo Resources, LLC, a Nebraska limited liability company ("Vireo Resources") (Borrower, Suzanne M. Faulkner, D-Squared, Besway Systems, Benco Sales, and Vireo Resources may be individually referred to herein as a "Responsible Person" and collectively as the "Responsible Persons"), and Lender, and all amendments, modifications, renewals, extensions, refinancings, consolidations and replacements of, and substitutions for, the same.
- 2.7 Loan Documents. The term "Loan Documents" means all of the present and future documents and instruments described as "Loan Documents" in each of the Loan Agreement, and all renewals, extensions, amendments, and/or other changes to any thereof. This Security Agreement is a Loan Document.
- 2.8 Notice. The term "Notice" means written notice sent as required by **Section 11.3**.

- 2.9 Obligations. This Security Agreement secures the timely, complete, and final payment and performance of all of the following obligations ("Obligations"):
- 2.9.1 All of the Responsible Persons' payment and performance obligations under the Loans, this Security Agreement, and the other Loan Documents (including the "Obligations" specified in the Loan Agreement);
 - 2.9.2 All of the Responsible Persons' other present and future payment and performance obligations to Secured Party under the Loan Documents;
 - 2.9.3 The repayment of (a) any amounts that Secured Party may advance, spend, suffer the loss of, or incur, for the creation, defense, determination (such as in a declaratory judgment action), maintenance or preservation of all or any part of the Collateral and/or Secured Party's rights under any of the Loan Documents, and (b) any other expenditures that Secured Party may make under the provisions of this Security Agreement (and/or any of the other Loan Documents) or for the benefit of the Responsible Persons;
 - 2.9.4 All amounts owed under any modifications, renewals or extensions of any of the foregoing obligations;
 - 2.9.5 All other amounts now or in the future owed by the Responsible Persons to Secured Party, whether or not owed under the Loan Documents, together with all Future Advances;
 - 2.9.6 All "Obligations" described in the Loan Documents; and
 - 2.9.7 Any of the foregoing that arises after the filing of a petition by or against any Responsible Person under the United States Bankruptcy Code, even if the obligations do not accrue because of the automatic stay under Bankruptcy Code § 362 or otherwise.
- 2.10 Security Agreement. The term "Security Agreement" means this Security Agreement and all extensions, renewals, amendments and other modifications hereof agreed upon by the parties from time-to-time.
- 2.11 Secured Indebtedness. The term "Secured Indebtedness" includes the Loans and all other Obligations and shall have all additional meaning ascribed to that term in the Loan Agreement.
- 2.12 Secured Party. The term "Secured Party" means Secured Party named herein and all of its successors and assigns.
- 2.13 UCC. The term "UCC" means the Uniform Commercial Code in effect in Tennessee and/or the State of Nebraska at the time in question. Except as otherwise provided, any term used in the UCC and not defined in this Security Agreement has the meaning given to the term in Article Nine of the UCC, and if not there defined, then elsewhere in the UCC.

3 Grant of Security Interest.

- 3.1 Grant of Security Interest. Debtor hereby grants a continuing security interest in the Collateral to Secured Party to secure the timely, complete, periodic and final payment and performance of each and every one of the Obligations.
- 3.2 Security Interest Absolute. All rights of Secured Party, all security interests and all obligations of the Responsible Persons hereunder shall be absolute and unconditional irrespective of: (i) any change in the time, manner or place of payment of, or in any other term in respect of, all or any of the Obligations, or any other amendment or waiver of or consent to any departure from this Security Agreement or any other agreement or instrument relating thereto; (ii) any release or amendment or waiver of or consent to departure from any guaranty for all or any of the Obligations; and/or (iii) any other reason.

4 Perfection of Security Interests.

4.1 Filing of Financing Statement / Notations on Certificates of Title.

- 4.1.1 In furtherance of this grant, and as further described below, Debtor hereby authorizes (whether or not such authorization would now or hereafter be necessary) Secured Party to execute and file one or more financing statements and continuation statements, as well as notations on any certificates of title and/or filings with the United States Patent and Trademark Office. This grant of authority is and shall be irrevocable until all Obligations have been fully and finally paid and performed; and this grant of authority shall be deemed to be a power coupled with an interest.) Debtor's signature at the end of this Security Agreement and/or at the end of the Loan Agreement constitutes authentication of this Security Agreement and all of the other Loan Documents, and shall be deemed to "authorize" Secured Party to file financing statements and continuation statements (and notations on the certificates of title and/or filings with the United States Patent and Trademark Office) covering the Collateral described in this Security Agreement as contemplated in Article Nine or otherwise by Tennessee and/or Nebraska law. Debtor expressly authorizes Secured Party to file a financing statement describing the Collateral.
- 4.1.2 If applicable, Debtor authorizes Secured Party to file a financing statement describing any agricultural liens or other statutory liens held by Secured Party.
- 4.1.3 Secured Party shall receive prior to the Closing an official report from the Secretary of State of each Collateral State, the Chief Executive Office State, and the Debtor State (each as defined below) (the "SOS Reports") indicating that Secured Party's security interest is prior to all other security interests or other interests reflected in the report.

4.2 Possession.

4.2.1 Debtor shall have possession of the Collateral, except where expressly otherwise provided in this Security Agreement or by agreement with Lender or where Secured Party chooses to perfect its security interest by possession in addition to the filing of a financing statement.

4.2.2 Where Collateral is now in or later comes into the possession of a Person who or which is a third party, Debtor will join with Secured Party in notifying the said third party of Secured Party's security interest and obtaining an acknowledgment from the third party that it is holding the Collateral for the benefit of Secured Party.

4.3 Control Agreements. Debtor will cooperate with Secured Party in obtaining a control agreement in form and substance satisfactory to Secured Party with respect to Collateral consisting of:

4.3.1 Each of Debtor's Deposit Accounts (as that term is defined in this document and/or in Article Nine);

4.3.2 Each part of Debtor's Investment Property (as that term is defined in Article Nine, if now or hereafter applicable);

4.3.3 All of Debtor's letter-of-credit rights (as that term is defined in Article Nine, if now or hereafter applicable); and

4.3.4 Each part of Debtor's electronic chattel paper (as that term is defined in Article Nine, if now or hereafter applicable).

Debtor agrees that it will not allow any Person to have or to retain control or possession of any of the foregoing types of property if such Person declines to provide Secured Party with the type of commercially reasonable control agreement requested by Secured Party.

4.4 Marking of Chattel Paper. Debtor will not create any Chattel Paper without placing a legend on the Chattel Paper acceptable to Secured Party indicating that Secured Party has a security interest in the Chattel Paper (as that term is defined in Article Nine).

5 Debtor's Representations and Warranties. Debtor warrants and represents that:

5.1 Title to and transfer of Collateral. Debtor has rights in or the power to transfer the Collateral and warrants that its title to the Collateral is free of all adverse claims, liens, security interests and restrictions on transfer or pledge except as created by this Security Agreement or one or more of the other Loan Documents. Debtor has not granted any liens on the Collateral except to Secured Party in the Loan Documents and there exist no liens on the Collateral (other than those in favor of Secured Party). Debtor owns the Collateral free and clear of any lien, security interest or other charge or encumbrance and no effective financing statement or other instrument similar in effect covering all or any part of the Collateral is on file in any recording office except as filed in favor of Secured Party.

- 5.2 Filing / Noting. Upon the filing of a financing statement in the Office of the Tennessee Secretary of State and/or the Nebraska Secretary of State (or the notation of its liens on the certificates of title and/or the filings with the United States Patent and Trademark Office or the taking and maintaining possession by Secured Party of Instruments, documents and cash), and the payment of all required fees and taxes, Secured Party will have a valid first collateral assignment of, and first-priority security interest in, the Collateral, as collateral and security for the Obligations. Secured Party's having possession of all Instruments, documents and cash constituting Collateral from time-to-time and the filing of the financing statement with the Tennessee Secretary of State and/or the Nebraska Secretary of State required to be filed (or noting its liens on the certificates of title and/or the filings with the United States Patent and Trademark Office) (as recited above) results in the perfection of such security interest. Such security interest is, or in the case of Collateral in which Debtor obtains rights after the date hereof, will be, a perfected first-priority, continuing security interest. Such filings and all other action necessary or desirable to perfect, establish the priority specified above, or otherwise protect, such security interest in favor of Secured Party in the Collateral have been duly-completed, except for the taking of possession by Secured Party of Instruments, documents and cash constituting Collateral on or after the date hereof.
- 5.3 Location of Collateral. All collateral consisting of goods is located solely in the State of Tennessee, unless otherwise permitted by Lender (the "Collateral State").
- 5.4 Location, State of Incorporation, and Name of Debtor. Debtor's:
- 5.4.1 chief executive office is located in the State of Tennessee (the "Chief Executive Office State");
- 5.4.2 state of incorporation: for Vireo Systems, Besway Systems and Benco Sales - Tennessee ("Debtor State");
- 5.4.3 state of formation: for D-Squared – Tennessee; for Vireo Resources - Nebraska ("Debtor State"); and
- 5.4.4 the precise, exact registered legal name of Debtor is as set forth in the first paragraph of this Security Agreement.
- 5.5 No Violation. The execution, delivery and performance by Debtor of this Security Agreement does not contravene any law or any contractual restriction binding on or affecting Debtor or any of its properties; shall not result in or require the creation of any lien upon or with respect to any of its properties; and does not render any Debtor insolvent. No authorization or approval or other action by, and no notice to or filing with, any governmental authority or other regulatory body is required either for the grant by Debtor of the security interest created hereby in the Collateral or for the exercise by Secured Party of its rights and remedies hereunder. The exercise by Secured Party of any of its rights and remedies hereunder will not contravene any law or any contractual restriction binding on or affecting Debtor or any of its properties or businesses and will not result in or require the

creation of any lien, security interest or other charge or encumbrance upon or with respect to any of the properties of Debtor.

- 5.6 No Promissory Notes. None of the Collateral is evidenced by a promissory note or other instrument but, should the same ever be so evidenced, Debtor will hold the same in trust for Secured Party and promptly and without fail deliver the same forthwith to Secured Party in exactly the form received with all necessary or requested unlimited endorsements.

6 Post-Closing Covenants and Rights Concerning the Collateral.

- 6.1 Inspection. The parties to this Security Agreement may inspect any Collateral in the other party's possession, at any time upon reasonable notice.
- 6.2 Copies. Upon request by Secured Party, Debtor will deliver to Secured Party true, accurate complete and correct copies of all records related to Debtor, the Collateral and Debtor's insurance policies as specified by Secured Party, including all schedules, exhibits, and endorsements thereto.
- 6.3 Personal Property. The Collateral shall remain personal property at all times. Debtor shall not affix any of the Collateral to any real property in any manner which would change its nature from that of personal property to real property or to a fixture.
- 6.4 Secured Party's Collection Rights. Upon the occurrence or existence of a default, Secured Party shall have the right at any time to enforce Debtor's rights against account debtors and obligors.
- 6.5 Limitations on Obligations Concerning Maintenance of Collateral.
 - 6.5.1 Risk of Loss. Debtor has the risk of loss of the Collateral.
 - 6.5.2 No Collection Obligation. Secured Party has no duty to collect any income accruing on the Collateral or to preserve any rights relating to the Collateral.
- 6.6 No Disposition of Collateral. Secured Party does not authorize, and Debtor agrees not to:
 - 6.6.1 make any sales or leases of any of the Collateral, unless otherwise permitted by Lender;
 - 6.6.2 license any of the Collateral; or
 - 6.6.3 grant any other security interest in, or suffer to exist any lien or other encumbrance on or against, any of the Collateral except in the ordinary course of business and as otherwise allowed in the other Loan Documents.

- 6.7 Purchase Money Security Interests. To the extent Debtor uses the Loan to purchase Collateral, Debtor's repayment of the Loan shall apply on a "first-in-first-out" basis so that the portion of the Loan used to purchase a particular item of Collateral shall be paid in the chronological order Debtor purchased the Collateral.
- 6.8 Taxes. Debtor will pay promptly, and in any event prior to the same becoming delinquent, all property and other taxes, assessments and governmental charges or levies imposed upon, and all claims (including claims of labor, materials and supplies) against the Collateral, except, after Prior Notice (as described in **Section 11.6**) to Secured Party, to the extent the validity thereof is being contested in good faith by proper proceedings which stay the imposition of any penalty, fine or lien resulting from the non-payment thereof.
- 6.9 Preservation. Debtor shall preserve its corporate existence and not, in one transaction or a series of related transactions, merge into or consolidate with any other entity, or sell (or otherwise voluntarily or involuntarily dispose of or suffer the disposition of) all or any material part (individually or in the aggregate) of its assets;
- 6.10 Change of State of Organization. Debtor shall not change the state of its organization or utilize either a trade name, an assumed name, and/or any other type of "dba";
- 6.11 Location of Collateral. Debtor shall not transfer any portion of the Collateral to a Person incorporated in another state; nor shall Debtor change the location of the Collateral to another state or jurisdiction without Secured Party's Prior Consent (as described in **Section 11.6**) after not less than ninety-days' Notice.
- 6.12 Location of Chief Executive Office. Debtor shall not change the location or State of its chief executive office without at least ninety-days' (90) prior Notice to Secured Party and Secured Party's Prior Consent thereto; and
- 6.13 Corporate Name. Debtor shall not change its corporate name or conduct business under any other name without providing Secured Party with at least ninety-days' (90) Prior Notice.
- 7 Default. The occurrence of any of the following shall, at the option of Secured Party, be a default under this Security Agreement:
- 7.1 Any default, Default, Event of Default or other violation by any Responsible Person under the Loans, this Agreement, any Loan Documents, or any of the other Obligations;
- 7.2 Any default, Default, Event of Default or other violation by any Responsible Person with respect to all other present and future payment and performance obligations to Secured Party, whether related or unrelated to the Loan Documents;
- 7.3 Debtor's failure to comply with any of the provisions of, or the incorrectness of any representation or warranty contained in, this Security Agreement or any of the other Loan Documents executed by Debtor (as Borrower) to Secured Party (as Lender), and/or in respect of any of the Obligations;

- 7.4 Transfer or disposition of any of the Collateral, except as expressly permitted by this Security Agreement;
- 7.5 Loss or material impairment, or any material decline in value, of all or any material part of the Collateral;
- 7.6 Attachment, execution or levy on any of the Collateral;
- 7.7 Debtor's voluntarily or involuntarily becoming subject to any proceeding under (a) the Bankruptcy Code or (b) any similar remedy under state statutory or common law including, without limitation, any receivership or other reorganization law;
- 7.8 Debtor's failure to comply with, or become subject to any administrative or judicial proceeding under any federal, state or local (a) hazardous waste or environmental law, (b) asset forfeiture or similar law which can result in the forfeiture of property, or (c) other law, rule or regulation where noncompliance may have any significant effect on Debtor's operations, prospects (including the collection of any one or more of its Accounts or other accounts receivables), and/or Collateral;
- 7.9 Reliable information being received by Secured Party at any time following the Closing (in the form of an SOS Report or other information deemed reasonably reliable by Secured Party) indicating that Secured Party's security interest is not prior to all other security interests or other interests reflected in the report;
- 7.10 Debtor's indictment, conviction, guilty plea, or plea of nolo contendere to any criminal offense, or the indictment, conviction, guilty plea, or plea of nolo contendere to any criminal offense by any other Responsible Person (excepting only minor traffic offenses not involving alcohol, controlled substances, personal injury, death, or the violation of any law that could or does result in any forfeiture of property or fine greater than \$5,000); or
- 7.11 Secured Party's determination in the exercise of its business judgment that its position is insecure.

8 Default Costs.

- 8.1 Should a default occur, Debtor will pay to Secured Party all costs reasonably incurred by Secured Party for the purpose of enforcing its rights hereunder, including:
 - 8.1.1 costs of foreclosure, including (without limitation) the costs of advertising, appraising, transporting and otherwise dealing with all or any portion of the Collateral;
 - 8.1.2 costs of obtaining money damages;
 - 8.1.3 costs of obtaining one or more receivers, trustees, escrow agents and other types of professionals; and

8.1.4 reasonable fees for the services of attorneys and other professionals (including expert witnesses, investigators, shipping companies, and the like) employed by or on behalf of Secured Party for any purpose related to any of the Loan Documents (including this Security Agreement), any of the Collateral, and/or the Obligations, including consultation, drafting documents, sending notices or instituting, defending, clarifying (or declaring), prosecuting or defending rights, claims, interests, litigation or arbitration.

9 Remedies Upon Default.

9.1 General. Upon any default, Secured Party may pursue any remedy available at law (including those available under the provisions of the UCC), or in equity to collect, enforce or satisfy any Obligations then owing, whether by acceleration or otherwise. All of Secured Party's rights and remedies shall be cumulative and not exclusive of or alternative to any other rights and remedies.

9.2 Concurrent Remedies. Upon any default, Secured Party shall have the right to pursue any of the following remedies separately, successively or concurrently:

9.2.1 File suit and obtain judgment and, in conjunction with any action, Secured Party may seek any ancillary remedies provided by law, including levy of attachment and garnishment.

9.2.2 Take possession of any Collateral if not already in its possession without demand and without legal process. Upon Secured Party's demand, Debtor will assemble and make the Collateral available to Secured Party as Secured Party directs. Debtor grants to Secured Party the right, for this purpose, to enter into or on any premises where Collateral may be located as more fully described in **Section 11.13**.

9.2.3 Without taking possession, sell, lease or otherwise dispose of the Collateral at public or private sale in accordance with the UCC.

9.2.4 Charge the Default Rate (the lesser of (i) twenty-four percent (24.0%), or (ii) the highest interest rate allowed by applicable law) as specified in the Loan Agreement.

9.3 Expenses of Collection. The parties agree that the security interest created herein automatically secures payment to Secured Party of any and all expenses relating to all aspects of collection, repossession or other assemblage of any of the Collateral, and each and every foreclosure sale, including attorneys (and other professional) fees.

9.4 Secured Party's Rights; Debtor's Duties. Secured Party may exercise in respect of the Collateral, in addition to other rights and remedies provided for herein or otherwise available to it, all the rights and remedies of a secured party on default under the Code (whether or not the Code applies to the affected Collateral), and also may (i) require Debtor to, and Debtor hereby agrees that it will at its expense and upon request of Secured Party forthwith, assemble all or part of the Collateral as directed by Secured Party and make it available to Secured Party at a place to be designated by Secured Party which is reasonably

convenient to Secured Party; and (ii) without notice except as specified below, sell the Collateral or any part thereof in one or more parcels at public or private sale, at any of Secured Party's offices or elsewhere, for cash, on credit or for future delivery, and at such price or prices and upon such other terms as are commercially reasonable in Secured Party's judgment. Debtor agrees that, to the extent notice of sale shall be required by law, no more than ten days' (10) notice to Debtor of the time and place of any public sale or the time after which any private sale is to be made shall constitute reasonable notification. Secured Party shall not be obligated to make any sale of Collateral regardless of notice of sale having been given. Secured Party may adjourn any public or private sale from time to time (by announcement, in the case of any public sale, at the time and place fixed therefor), and such sale may, without further notice, be made at the time and place to which it was so adjourned.

9.5 Cash. Any cash held by Secured Party as Collateral and all cash proceeds received by Secured Party in respect of any sale of, collection from, or other realization upon, all or any part of the Collateral may, in the discretion of Secured Party, be held by Secured Party as collateral for, and/or then or at any time thereafter applied (after payment of any amounts payable to Secured Party pursuant to this Security Agreement) in whole or in part by Secured Party against, all or any part of the Obligations in such order as Secured Party shall elect. Any surplus of such cash or cash proceeds held by Secured Party and remaining after payment in full of all of the Obligations shall be paid over to Debtor or to whomsoever may be lawfully entitled to receive such surplus.

9.6 Deficiency. In the event that the proceeds of any such sale, collection or realization are insufficient to pay all amounts to which Secured Party is legally entitled, Debtor shall be liable for the deficiency, together with interest thereon as well as the costs of collection and the reasonable fees of any attorneys employed by Secured Party to collect such deficiency.

10 Foreclosure Procedures.

10.1 No Waiver. No delay or omission by Secured Party to exercise any right or remedy accruing upon any default shall: (a) impair any right or remedy, (b) waive any default or operate as an acquiescence to the default, or (c) affect any subsequent default of the same or of a different nature.

10.2 Notices. Secured Party shall give Debtor such notice of any private or public sale as may be required by the UCC. Secured Party shall have the benefit of all safe harbors such as T.C.A. § 47-9-611(c)(3)(B) and T.C.A. § 47-9-613(5) (and the equivalent statutes in effect in the State of Nebraska). Any such notice shall be deemed to be sufficient if it is sent by United States Postal Service, first-class postage prepaid, or by overnight courier for next business day delivery with delivery charges prepaid, giving Debtor at least ten days' (10) prior notice of the date on which the sale is to be held unless under the UCC and/or the circumstances then and there prevailing an earlier sale is allowed or necessary in Secured Party's judgment. Additional notice provisions are set forth in **Section 11.3.**

10.3 Condition of Collateral. Secured Party has no obligation to clean-up or otherwise prepare the Collateral for sale. Secured Party is hereby authorized to dispose of all or any part of the

Collateral in its then condition or, if Secured Party so determines in the exercise of its discretion, following any commercially reasonable (as reasonably determined by Secured Party in the exercise of its discretion) preparation or processing. Secured Party's determinations in this regard shall be binding on Debtor and all others claiming or having an interest in the Collateral unless Secured Party's conduct is clearly and demonstrably outrageous and done in bad faith. Debtor hereby waives all claims that it has or may have against Secured Party in this regard to the maximum extent permitted by law.

- 10.4 No Obligation to Pursue Others. Secured Party has no obligation to attempt to satisfy the Obligations by collecting them from any other person liable for them and Secured Party may release, modify or waive any collateral provided by any other Person to secure any of the Obligations, all without affecting Secured Party's rights against Debtor. Debtor waives any right it may have to require Secured Party to pursue any Person who or which is a third party for any of the Obligations.
- 10.5 Compliance With Other Laws. Secured Party may comply with any applicable state or federal law requirements in connection with a disposition of the Collateral and compliance will not be considered adversely to affect the commercial reasonableness of any sale of the Collateral.
- 10.6 Warranties. Secured Party may sell the Collateral without giving any warranties as to the Collateral. Secured Party may specifically disclaim any warranties of title or the like. This procedure will not be considered adversely to affect the commercial reasonableness of any sale of the Collateral.
- 10.7 Sales on Credit. If Secured Party sells any of the Collateral upon credit, Debtor will be credited only with payments actually made by the purchaser, received by Secured Party and applied to the indebtedness of the Purchaser. In the event the purchaser fails to pay for the Collateral, Secured Party may resell the Collateral and Debtor shall be credited with the proceeds of the sale.
- 10.8 Purchases by Secured Party. In the event Secured Party purchases any of the Collateral being sold, Secured Party may pay for the Collateral by crediting some or all of the Obligations of Debtor.
- 10.9 No Marshalling. Secured Party has no obligation to marshal any assets in favor of Debtor, or against or in payment of:

10.9.1 any promissory note held by Secured Party,

10.9.2 any of the other Obligations, or

10.9.3 any other obligation owed to Secured Party by Debtor or any other Person.

11 General and Miscellaneous Terms and Conditions.

11.1 Assignment.

- 11.1.1 Binds Assignees. This Security Agreement shall bind and shall inure to the benefit of the heirs, legatees, executors, administrators, successors and assigns of Secured Party and shall bind all Persons who become bound as a debtor to this Security Agreement.
- 11.1.2 No Assignments by Debtor. Secured Party does not consent to any assignment by Debtor except as expressly provided in this Security Agreement.
- 11.1.3 Secured Party Assignments. Secured Party may assign its rights and interests under this Security Agreement. If an assignment is made, Debtor shall render performance under this Security Agreement to the assignee. Debtor waives and will not assert against any assignee any claims, defenses or set-offs which Debtor could assert against Secured Party (such as impairment of collateral) except defenses which cannot be waived.
- 11.2 Severability. Should any provision of this Security Agreement be found to be void, invalid or unenforceable by a court or panel of arbitrators of competent jurisdiction, that finding shall only affect the provisions found to be void, invalid or unenforceable and shall not affect the remaining provisions of this Security Agreement.
- 11.3 Notices. Any notices required by this Security Agreement shall be deemed to be delivered when a record has been (a) deposited in any United States postal box if postage is pre-paid, and the notice properly addressed to the intended recipient, (b) received by telecopy, (c) received through the Internet, and (d) when personally delivered.
- 11.4 Captions, Headings, Etc. Section headings used in this Security Agreement are for convenience only. They are not a part of this Security Agreement and shall not be used in construing it.
- 11.5 Governing Law. This Security Agreement is being executed and delivered and is intended to be performed in the State of Tennessee and shall be construed and enforced in accordance with the internal laws of the State of Tennessee, without giving effect to the conflicts of laws principles of such State, except to the extent that the UCC provides for the application of the law of the Debtor State(s).
- 11.6 Prior Notice and Prior Consent. The parties acknowledge and agree that they have negotiated the terms of the Loan Documents in good faith and in a spirit of fair dealing. They have agreed that in some cases Secured Party expects to receive prior notice ("Prior Notice") of certain actions or decisions of Debtor and that, in those instances where the Loan Documents require "Prior Notice," Secured Party has the power to veto such actions or decisions but will not withhold its consent thereto unreasonably in the exercise of its judgment. However, the parties have also agreed that in some instances Secured Party believes that the actions or decisions are so important to Secured Party that Secured Party shall have the right, and it is a material inducement to Secured Party to make the Loan to Debtor that Secured Party have the right, to veto certain actions or decisions in the exercise of its judgment. If the text or context of a provision in the Loan Documents states that it is

subject to Prior Notice, then Secured Party agrees that it will not withhold its consent unreasonably. If the text or context of a provision in the Loan Documents states that it is subject to "Prior Consent," or to comparable language, then Secured Party shall have the absolute right to veto such action or decision. This paragraph has been expressly bargained for by Secured Party and agreed to by Debtor.

- 11.7 Terms Fully Negotiated. The parties acknowledge and agree that they have mutually negotiated the terms of the Loan Documents. Accordingly, none of the terms should be construed in favor of any party or against the other party if any such term is, or such terms are, deemed to be ambiguous.
- 11.8 Secured Party's Discretion or Judgment, Etc. Where this Security Agreement or any of the other Loan Documents require or permit Secured Party to exercise its discretion or judgment, including its business judgment, the parties agree that Secured Party is permitted and expected to exercise such discretion or judgment with a view toward protecting its Collateral and obtaining repayment and performance of all Obligations. The provisions of the Loan Agreement are adopted herein.
- 11.9 Consensual Liens on Real Estate Property. To the extent that any anti-deficiency (or comparable) laws, rules or regulations of any state would be implicated, this Security Agreement shall be construed not to secure any obligation described above which is secured by a consensual lien on real property.
- 11.10 Amendment, Waiver, Integration and Modifications.
 - 11.10.1 This Security Agreement, together with the other Loan Documents, constitutes the entire agreement of Debtor and Secured Party concerning its subject matter.
 - 11.10.2 No amendment, waiver or modification of any provision of this Security Agreement shall be effective unless it is in writing and signed by Debtor and Secured Party, and no waiver of any provision of this Security Agreement, and no consent to any departure by Debtor from any of the terms hereof (or of any other Loan Document), shall be effective unless it is in writing and signed by Secured Party, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which it is expressly given.
 - 11.10.3 No failure on the part of Secured Party to exercise, and no delay in exercising, any right hereunder or under any other Loan Document shall operate as a waiver thereof; nor shall any single or partial exercise of any such right preclude any other or further exercise thereof or the exercise of any other right. The rights and remedies of Secured Party provided herein and in the other Loan Documents are cumulative and are in addition to, and not exclusive of, any rights or remedies provided by law. The rights of Secured Party hereunder or under any other Loan Document against any party thereto are not conditional or contingent on any attempt by Secured Party to exercise any of its rights under any other Loan Document against such party or against any other person.

11.11 Rules of Construction.

11.11.1 No reference to "proceeds" in this Security Agreement authorizes any sale, transfer, or other disposition of the Collateral by Debtor.

11.11.2 "Includes" and "including" are not limiting.

11.11.3 "Or" is not exclusive.

11.11.4 "All" includes "any" and "any" includes "all."

11.12 Registered Name, Etc. Debtor acknowledges that the financing statement (and certificates of title) must use the registered name of Debtor if there is one and that Debtor's giving or use of an incorrect name would be seriously misleading and damaging to Secured Party. Accordingly, Debtor reconfirms to Secured Party that the name for Debtor first used in this Security Agreement is Debtor's exact, precise registered legal name.

11.13 Right of Entry Easement and License. Debtor hereby grants Secured Party a license and an easement to enter the premises or other location of any and all Collateral to remove the same in the event of default. Secured Party shall not be deemed to have breached the peace in the course of attempting to inspect, monitor, repair, disable, or take possession of any Collateral, or otherwise, by entering into any location or place of business to take such action. In furtherance of this power granted by Debtor, Secured Party shall have the right to remove locks, open or remove doors or gates, and otherwise to gain entry without causing extensive destruction of the premises. To the extent that any such conduct results in or is deemed to be a breach of the peace or trespass, Debtor waives any claims that Debtor may have therefor and hereby assigns the same to Secured Party.

11.14 Continuing Security Interest. This Security Agreement shall create a continuing security interest in the Collateral and shall (i) remain in full force and effect until the final payment in full or release (in writing signed by Secured Party) of the Obligations, and (ii) be binding on Debtor and its successors and assigns and shall inure, together with all rights and remedies of Secured Party hereunder, to the benefit of Secured Party and its successors, participants, transferees and assigns. Without limiting the generality of the foregoing, Secured Party may assign or otherwise transfer its rights under any Loan Document to any other person, and such other person shall thereupon become vested with all of the benefits in respect thereof granted to Secured Party. None of the rights or obligations of Debtor hereunder may be assigned, or delegated, or otherwise transferred without the prior written consent of Secured Party.

11.15 Failure to Perfect; Release. Secured Party's failure to perfect any one or more security interests, or any security interest, and/or Secured Party's release of any Collateral or security interest, shall not be a violation of any Secured Party obligation to Debtor or any Guarantor (or other Obligor) and shall not constitute a defense to any collection or other action or proceeding brought by Secured Party.

11.16 Unenforceability. Any provision of this Security Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or invalidity without invalidating the remaining portions hereof or affecting the validity or enforceability of such provision in any other jurisdiction. Without limiting the generality of the foregoing, in the event that any of the Obligations is unenforceable in whole or in part in any jurisdiction, as to such jurisdiction the security interest purported to be created hereby in the Collateral shall secure the remaining Obligations with the same effect as if such unenforceable Obligations were never secured by such security interest, and the provisions of this Security Agreement shall be interpreted accordingly.

11.17 Further Assurances; Loan Agreement, Etc. Debtor agrees to execute any further documents, and to take any further actions, reasonably requested by Secured Party to evidence or perfect the security interest granted herein or to effectuate the rights granted to Secured Party herein. Without limiting the foregoing, Debtor expressly agrees that Debtor will, at Debtor's expense, at any time and from time to time, promptly execute and deliver all further instruments and documents and take all further action that may be necessary or desirable or that Secured Party may request in order (i) to perfect and protect the security interest created or purported to be created hereby; (ii) to enable Secured Party to exercise and enforce its rights and remedies hereunder in respect of the Collateral; or (iii) to otherwise effect the purposes of this Security Agreement, including, without limitation: (A) executing and filing such financing or continuation statements (or amendments thereto), or noting its liens on any certificate of title covering the Collateral, as may be necessary or desirable or that Secured Party may request in order to perfect and preserve the security interest purported to be created hereby; and (B) furnishing to Secured Party from time to time statements and schedules further identifying and describing the Collateral and such other reports in connection with the Collateral as Secured Party may reasonably request, all in reasonable detail. Debtor incorporates herein all of Debtor's agreements, representations and warranties as set forth in the Loan Agreement.

12 Indemnity and Expenses.

12.1 Indemnity. Debtor agrees to indemnify Secured Party from and against any and all claims, losses and liabilities growing out of or resulting from this Security Agreement (including, without limitation, enforcement of this Security Agreement), except claims, losses or liabilities resulting from Secured Party's negligence or willful misconduct. Lender shall have the right to commence, appear in or defend any action or proceeding purporting to affect the rights, duties or liabilities of the parties hereunder, or the disbursement of any funds. As set forth in this **Section 12**, Debtor shall pay to Lender all reasonable costs and expenses incurred by Lender in enforcing or preserving Lender's rights under this Security Agreement or any other Loan Documents, whether or not a default or an event of default has actually occurred or has been declared and thereafter cured, to the extent that Lender is the prevailing or successful party to any proceedings by or against Debtor including, but not limited to, (i) reasonable attorneys and paralegals fees and disbursements; (ii) the fees and expenses of litigation, administrative, bankruptcy, insolvency, receivership or other similar proceedings by or against Debtor; (iii) court costs; (iv) the out-of-pocket expenses of Lender and its employees, agents, attorneys, and witnesses in preparing for such

proceedings and for lodging, travel, and attendance at meetings, hearings, depositions and trials; and (v) consulting and witness fees incurred by Lender in connection with such matters. Payment of all of the foregoing fees shall be secured by this Security Agreement.

- 12.2 Payment of Fees and Expenses. Debtor will upon demand pay to Secured Party the amount of any and all costs and expenses, including the disbursements and reasonable fees of Secured Party's counsel and of any experts and agents, which Secured Party may actually incur in connection with (i) the administration of this Security Agreement; (ii) the custody, preservation, use or operation of, or the sale of, collection from, or other realization upon, any Collateral; (iii) the exercise or enforcement of any of the rights of Secured Party hereunder; or (iv) the failure by Debtor to perform or observe any of the provisions hereof.

13 Attorney-in-Fact.

- 13.1 Appointment. Debtor hereby irrevocably appoints Secured Party as Debtor's attorney-in-fact and proxy, with full authority in the place and stead of Debtor and in the name of Debtor or otherwise as is authorized and consistent with the terms, provisions and conditions of this Security Agreement and in accordance with applicable law, to take any action and to execute any instrument which Secured Party may deem necessary or advisable to accomplish the purposes of this Security Agreement, including, without limitation: (i) to obtain and adjust insurance required to be paid to Secured Party; (ii) to ask, demand, collect, sue for, recover, compound, receive and give acquittance and receipts for moneys due and to become due under or in respect of any Collateral; (iii) to receive, endorse, and collect any drafts or other instruments, documents and chattel paper in connection with clause (i) or (ii) above; (iv) to execute, on Debtor's behalf, by signing Debtor's name, financing statements and continuation statements and certificates of title in respect of the Collateral; and (v) to file any claims or take any action or institute any proceedings which Secured Party may deem necessary or desirable for the collection of any Collateral or otherwise to enforce the rights of Secured Party with respect to any Collateral.
- 13.2 Failure by Debtor. If Debtor fails to perform any agreement contained herein, Secured Party may itself perform, or cause performance of, such agreement or obligation, and the expenses of Secured Party incurred in connection therewith (including attorneys fees) shall be payable by Debtor just as in the case of Secured Party acting in the event of a default.
- 13.3 Purpose. The powers conferred on Secured Party hereunder are solely to protect its interest in the Collateral and shall not impose any duty upon it to exercise any such powers. Except for the exercise of reasonable care to assure the safe custody of any Collateral in its actual possession and the accounting for moneys actually received by it hereunder, Secured Party shall have no duty as to any Collateral and shall be relieved of all responsibility for Collateral in its possession upon surrendering it or tendering surrender of it to Debtor or at Debtor's direction. Risk remains on Debtor as provided in **Section 6.5.1.**

14 Termination of Security Interest. Upon the full and final payment and performance in full of all of the Obligations and all other payment and performance obligations of Debtor to Secured Party, this Security Agreement and the security interest created hereby shall terminate and all rights to the Collateral shall revert to Debtor. Secured Party will, at Debtor's expense, (i) return to Debtor such of the Collateral as shall not have been sold or otherwise disposed of or applied pursuant to the terms hereof; and (ii) execute and deliver to Debtor in due course such documents as Debtor shall reasonably request to evidence such termination.

15 Waiver of Trial by Jury. **BY THEIR SIGNATURES BELOW, THE RESPONSIBLE PERSONS AND SECURED PARTY WAIVE ANY RIGHT TO A TRIAL BY JURY AS TO ANY MATTER RELATED TO THIS SECURITY AGREEMENT, THE TRANSACTIONS DESCRIBED HEREIN, THE COLLATERAL, THE LOANS, AND/OR ANY MATTER RELATED TO THE OBLIGATIONS.**

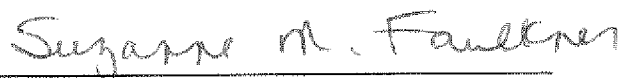
SIGNATURES

The parties have signed this Security Agreement to be effective as of the day and year first above written.

VIREO SYSTEMS, INC.
A Tennessee Business Corporation

By: 
Mark C. Faulkner, President

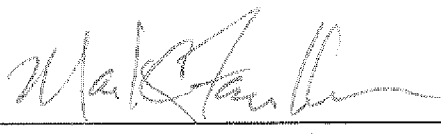

MARK C. FAULKNER


SUZANNE M. FAULKNER

D-SQUARED, LLC
A Tennessee Limited Liability Company

By: 
Mark C. Faulkner, President

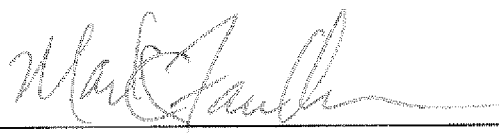
BESWAY SYSTEMS INC.
A Tennessee Business Corporation

By: 
Mark C. Faulkner, President

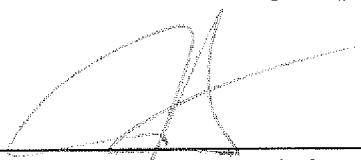
BENCO SALES, INC.
A Tennessee Business Corporation

By: 
Mark C. Faulkner, President

VIREO RESOURCES, LLC
A Nebraska Limited Liability Company

By: 
Mark C. Faulkner, Manager

FIRST BANK
A Tennessee State Banking Corporation

By: 
Andy Arbuckle, Relationship Manager –
Commercial Banking