

PATENT ASSIGNMENT COVER SHEET

Electronic Version v1.1
Stylesheet Version v1.2

EPAS ID: PAT4529474

SUBMISSION TYPE:	NEW ASSIGNMENT
NATURE OF CONVEYANCE:	SECURITY INTEREST
CONVEYING PARTY DATA	
Name	Execution Date
FLUX DRIVE, INC.	01/05/2012
RECEIVING PARTY DATA	
Name:	WILLIAM A. OSERAN
Street Address:	2030 DEXTER AVE N #400
City:	SEATTLE
State/Country:	WASHINGTON
Postal Code:	98109
Name:	JEAN BERG OSERAN
Street Address:	2030 DEXTER AVE N #400
City:	SEATTLE
State/Country:	WASHINGTON
Postal Code:	98109
PROPERTY NUMBERS Total: 6	
Property Type	Number
Patent Number:	8471422
Patent Number:	7990007
Patent Number:	7294947
Application Number:	14407461
Application Number:	61658676
PCT Number:	US2011037441
CORRESPONDENCE DATA	
Fax Number:	(206)583-2344
<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:	206-583-2609
Email:	dwcdocket@dwcattorney.com
Correspondent Name:	DWC LAW FIRM, P.S.
Address Line 1:	PO BOX 3041
Address Line 4:	SEATTLE, WASHINGTON 98114

ATTORNEY DOCKET NUMBER:	501-300
NAME OF SUBMITTER:	TYLER HUBLEY
SIGNATURE:	/tyler hubley/
DATE SIGNED:	08/01/2017

Total Attachments: 23

source=501SecAgreementUCC#page1.tif
source=501SecAgreementUCC#page2.tif
source=501SecAgreementUCC#page3.tif
source=501SecAgreementUCC#page4.tif
source=501SecAgreementUCC#page5.tif
source=501SecAgreementUCC#page6.tif
source=501SecAgreementUCC#page7.tif
source=501SecAgreementUCC#page8.tif
source=501SecAgreementUCC#page9.tif
source=501SecAgreementUCC#page10.tif
source=501SecAgreementUCC#page11.tif
source=501SecAgreementUCC#page12.tif
source=501SecAgreementUCC#page13.tif
source=501SecAgreementUCC#page14.tif
source=501SecAgreementUCC#page15.tif
source=501SecAgreementUCC#page16.tif
source=501SecAgreementUCC#page17.tif
source=501SecAgreementUCC#page18.tif
source=501SecAgreementUCC#page19.tif
source=501SecAgreementUCC#page20.tif
source=501SecAgreementUCC#page21.tif
source=501SecAgreementUCC#page22.tif
source=501SecAgreementUCC#page23.tif

CREDIT AND SECURITY AGREEMENT

THIS CREDIT AND SECURITY AGREEMENT (this "Agreement") is dated January 5, 2012, and is entered into by and between Flux Drive, Inc., a Washington corporation (the "Company"), and William A. Oseran and Jean Berg Oseran (together, the "Lender").

RECITALS

The Company has asked the Lender to provide it with a \$700,000 revolving line of credit (the "Line of Credit") for working capital requirements, capital expenditures and/or other general corporate purposes, and the Lender is agreeable to meeting Company's request, provided that the Company agrees to the terms and conditions of this Agreement.

For purposes of this Agreement, capitalized terms not otherwise defined in this Agreement shall have the meaning given them in Exhibit A hereto.

1. AMOUNT AND TERMS OF THE LINE OF CREDIT**1.1 Line of Credit; Limitations on Borrowings; Use of Proceeds.**

- (a) Line of Credit and Limitations on Borrowing. The Lender shall make Advances to Company that shall not at any time exceed in the aggregate the lesser of (i) \$700,000 (the "Maximum Amount"), and (ii) the Borrowing Base limitations described in Section 1.2. Within these limits, the Company may periodically borrow, prepay in whole or in part without penalty, and reborrow. The Lender has no obligation to make an Advance during a Default Period or at any time that an Advance would result in an Event of Default.
- (b) Maturity Date. The Company may request Advances from the date that the conditions set forth in Section 3 are satisfied until October 15, 2013 or such later date as agreed to in writing by the Company and the Lender (the "Maturity Date").
- (c) Use of Line of Credit Proceeds. The Company shall use the proceeds of each Advance for ordinary working capital requirements, capital expenditures and/or other general corporate purposes.
- (d) Revolving Note. The Company's obligation to repay Advances shall be evidenced by a revolving promissory note (as renewed, amended, substituted or replaced from time to time, the "Revolving Note").

1.2 Borrowing Base. The borrowing base (the "Borrowing Base") is an amount equal to:

- (i) 50% of Qualifying Inventory;
- (ii) 75% of Qualifying Orders; plus
- (iii) 50% of Accepted Non-Qualifying Orders.

1.3 Procedures for Advances.

- (a) Procedure for Borrowing Request. The Company may request one or more Advances on any Business Day by furnishing the Lender with a borrowing request certificate, substantially in the form attached hereto as Exhibit B, that indicates: (i) the amount requested to be borrowed, which shall be \$50,000 or an integral multiple thereof and shall not exceed the Borrowing Base or the Maximum Amount; (ii) subject to Section 1.3(b), the requested date of funding; (iii) the amount of the Borrowing Base calculated as of the date of the borrowing request certificate; and (iv) a description of the Qualifying Order(s) to which such borrowing request certificate relates. Additionally, the Company shall provide the Lender with a copy of the actual purchase order or other contract for purchase relating to each Qualifying Order and the credit information used by the Company to determine that such customer is not a Disqualifying Customer.
- (b) Funding of Advance. The Lender shall wire, or cause to be wired, all Advances, within five (5) Business Days following the request therefor, to the Company pursuant to the wire transfer instructions provided by the Company to the Lender from time to time.

1.4 Interest and Interest Related Matters.

- (a) Interest Rate Applicable to Advances. The unpaid principal amount of each Advance evidenced by the Revolving Note shall accrue simple interest at a rate of 8.00% per annum (the "Interest Rate").
- (b) Interest Accrual on Payments Applied to Revolving Note. Payments received by the Lender shall be applied to the Revolving Note as provided in Section 1.5, and the principal amount paid down shall continue to accrue interest only through the end of the Business Day that the payment was applied to the Revolving Note.

1.5 Revolving Note Payments; Computation.

- (a) Revolving Note Payments.
 - (i) Subject to Section 1.5(b), the Company shall repay the principal amount of each Advance, plus accrued and unpaid interest thereon, if any, within five (5) Business Days following its receipt of payment in full for each Qualifying Order or Accepted Non-Qualifying Order for which an Advance was requested or within 90 days after the date of the invoice for such Qualifying Order or Accepted Non-Qualifying Order, as the case may be, whichever date is earlier (the "Payment Event Date"). Notwithstanding the immediately prior sentence, if, at any time following the Company's delivery of a final invoice with respect to a Qualifying Order or Accepted Non-Qualifying Order, the Company receives any partial payment (including release of any deposit) with respect thereto for which an Advance was requested (a "Partial Payment"), the Company shall, within five (5) Business Days following its receipt of such Partial Payment, pay an amount equal to such Partial Payment to the Lender with respect to the outstanding principal amount of such Advance.
 - (ii) Notwithstanding Section 1.5(a)(i), in the event the Company receives any key-man insurance proceeds due to the death of Philip Corbin III, then all outstanding Indebtedness, including any accrued and unpaid interest thereon, shall be paid within

five (5) Business Days following the Company's receipt in full of such insurance proceeds, which shall not be applied for any other purpose unless all outstanding Indebtedness (including any accrued and unpaid interest thereon) has been paid in full. Any Advances and accrued and unpaid interest thereon remaining outstanding as of the Maturity Date shall be fully due and payable on such Maturity Date.

- (b) Payments Due on Non-Business Days. If a Payment Event Date or the Maturity Date falls on a day that is not a Business Day, payment shall be made on the next Business Day, and interest shall continue to accrue during such time period.
- (c) Computation of Interest. Interest accruing on the unpaid principal amount of the Revolving Note shall be computed on the basis of the actual number of days elapsed in a year of 365 days and shall accrue from the date of the relevant Advance to the date such amount is paid in full.
- (d) Accounting Records. The Lender shall maintain accurate and complete accounting and bookkeeping records of all Advances and payments under the Line of Credit. Upon the Lender's written request, the Company will certify in an Authenticated Record the principal balance of all amounts outstanding under the Line of Credit.

1.6 Termination of Line of Credit by the Company. The Company may terminate the Line of Credit at any time prior to the Maturity Date if it: (i) delivers an Authenticated Record notifying the Lender of its intentions at least 30 days prior to the proposed termination date and (ii) pays all amounts outstanding under the Line of Credit in full.

2. SECURITY INTEREST

2.1 Grant of Security Interest. The Company hereby pledges, assigns and grants to the Lender a security interest (the "Security Interest") in the Collateral, as security for the payment and performance of all amounts now or hereafter outstanding pursuant to the Line of Credit, subject in priority only to the Permitted Liens.

2.2 Financing Statements.

- (a) Authorization to File. The Company authorizes the Lender to file financing statements describing the Collateral to perfect the Lender's Security Interest therein, and the Lender may describe the Collateral as "all personal property" or "all assets" or describe specific items of Collateral. Following the termination of the Line of Credit and payment of all Indebtedness, the Lender shall, within the time periods required under applicable law, release or terminate any filings or other agreements that perfect the Security Interest.
- (b) Termination. The Lender shall release or terminate any filings or other agreements that perfect the Security Interest, upon the Lender's receipt of the following, in form and content reasonably satisfactory to the Lender: (i) cash payment in full of all Indebtedness and completed performance by Company with respect to its other obligations under this Agreement and (ii) evidence that the commitment of the Lender to make Advances under the Line of Credit has been terminated.

- 2.3 Collateral-Related Matters.** This Agreement does not contemplate a sale of Accounts or chattel paper, and, as provided by applicable law, the Company is entitled to any surplus and shall remain liable for any deficiency relating thereto.
- 2.4 Notices Regarding Disposition of Collateral.** If notice to the Company of any intended disposition of Collateral or any other intended action is required by applicable law in a particular situation, such notice will be deemed commercially reasonable if given in the manner specified in Section 7.4 at least twenty calendar days before the date of such intended disposition or other action.

3. CONDITIONS PRECEDENT

- 3.1 Conditions Precedent to Initial Advance.** The Lender's obligation to make the initial Advance hereunder shall be subject to the condition that the Lender shall have received: (a) this executed Agreement and each of the other Loan Documents, and any document, agreement, or other item deliverable pursuant to this Agreement; (b) a copy of an employment agreement between the Company and Philip Corbin III; and (c) a description of a key-man insurance policy relating to Philip Corbin III that is owned and payable to the Company, in each case in form and content reasonably satisfactory to the Lender.
- 3.2 Additional Conditions Precedent to All Advances.** The Lender's obligation to make any Advances (including the initial Advance) shall be subject to the further additional conditions that: (a) the representations and warranties listed in Section 4 are correct on the date of such Advance, except to the extent that such representations and warranties relate solely to an earlier date; and (b) no event has occurred and is continuing, or would result from the requested Advance, that would result in an Event of Default.

4. REPRESENTATIONS AND WARRANTIES

To induce the Lender to enter into this Agreement, the Company makes to the Lender the following representations and warranties. Any request for an Advance will be deemed a representation by the Company that all such representations and warranties are true, correct and complete as of the time of the request, unless they relate solely to an earlier date. The Company shall promptly deliver a Record notifying the Lender of any change in circumstance that would affect the accuracy of any such representation or warranty, unless the representation and warranty relates to an earlier date.

- 4.1 Existence and Power.** The Company is validly existing and in good standing under the laws of the State of Washington. The Company has corporate power to conduct its business, to own its properties and to execute and deliver, and to perform all of its obligations under, the Loan Documents.
- 4.2 Authorization of Borrowing; No Violation as to Law or Agreements.** The execution and delivery by Company of the Loan Documents, and the performance of its obligations thereunder, do not (i) require the authorization, consent or approval by, or registration, declaration or filing with, or notice to, any governmental agency or instrumentality, whether domestic or foreign, or any other Person, except to the extent obtained, accomplished or given prior to the date of this Agreement; (ii) violate any provision of (x) any law, rule or regulation or of any court order, writ, injunction or decree presently in effect having general applicability to the Company or (y) the Company's Constituent

Documents; or (iii) result in a breach of, or constitute a default under, any material indenture or loan or credit agreement or any other material agreement or instrument to which the Company is a party.

- 4.3 Legal Agreements.** This Agreement, the other Loan Documents, and any other document or agreement delivered pursuant to this Agreement, will constitute the valid and binding obligations of the Company, enforceable against the Company in accordance with their respective terms, subject to applicable bankruptcy, insolvency and similar laws affecting creditors' rights generally and to general principles of equity.
- 4.4 Financial Condition; No Adverse Change.** The Company has furnished to the Lender its reviewed financial statements for its fiscal year ended 2010, and compiled financial statements for the 11-month period ended November 30, 2011, and those statements fairly present the Company's financial condition as of those dates and the results of the Company's operations and cash flows for the periods then ended and were prepared in accordance with GAAP. Since the date of the most recent financial statements, there has been no Material Adverse Effect on the Company.
- 4.5 Litigation.** Except as disclosed below or on any borrowing request certificate, there are no actions, suits or proceedings pending or, to the Company's knowledge, threatened against the Company or its properties before any court, tribunal or governmental agency or instrumentality, which, if determined adversely to the Company, would have a Material Adverse Effect on the Company.

Material Litigation Matters
None

- 4.6 Titles and Liens.** The Company has good and absolute title to all Collateral free and clear of all Liens other than Permitted Liens. No financing statement naming the Company as debtor is on file in any office except to perfect only Permitted Liens.
- 4.7 No Defaults.** The Company is in compliance with all provisions of all agreements, instruments, decrees and orders to which it is a party or by which it or its property is bound or affected, the breach or default of which could have a Material Adverse Effect on the Company.
- 4.8 Financing Statements.** The Company has previously authorized the filing of financing statements sufficient when filed to perfect the Security Interest. When such financing statements are filed, the Lender will have a valid and perfected security interest in all Collateral capable of being perfected by the filing of financing statements, subject in priority only to the Permitted Liens.

5. COVENANTS

So long as any Indebtedness remains unpaid, or the Line of Credit has not been terminated, the Company shall comply with each of the following covenants, unless the Lender shall consent otherwise in an Record delivered to the Company.

5.1 Reporting Requirements. The Company shall deliver to the Lender the following information, compiled, where applicable, using GAAP:

- (a) Annual Financial Statements. As soon as available and in any event within 120 days after the Company's fiscal year end, the Company's reviewed financial statements prepared or reviewed by an independent certified public accountant, which shall include the Company's balance sheet, income statement, and statement of retained earnings and cash flows. The financial statements shall be accompanied by a Compliance Certificate substantially in the form of Exhibit C hereto that is signed by Company's chief executive officer or chief financial officer.
- (b) Quarterly Financial Statements. As soon as available and in any event within 45 days after the end of each fiscal quarter, a Company-prepared balance sheet, income statement, and statement of retained earnings prepared for such quarter and for the year-to-date period then ended, and stating in comparative form the figures for the corresponding date and periods in the prior fiscal year, subject to year-end adjustments. The financial statements shall be accompanied by a Compliance Certificate substantially in the form of Exhibit C hereto that is signed by Company's chief financial officer.
- (c) Defaults. No later than three Business Days after learning of the probable occurrence of any Event of Default, a Record notifying the Lender of such Event of Default and the steps taken or being taken by the Company to cure such Event of Default.

5.2 Other Liens and Permitted Liens.

- (a) Other Liens; Permitted Liens. The Company shall not create, incur or suffer to exist any Lien upon any of its assets, now owned or later acquired, as security for any indebtedness, with the exception of the following (each, a "Permitted Lien" and collectively, "Permitted Liens"): (i) in the case of real property, covenants, restrictions, rights, easements and minor irregularities in title that do not materially interfere with the Company's business or operations as presently conducted; (ii) Liens in existence on the date of this Agreement; (iii) the Security Interest and Liens created by the Loan Documents; (iv) purchase money Liens relating to the acquisition of Equipment not exceeding the lesser of cost and fair market value, so long as no Default Period is then in existence and none would exist immediately after such acquisition; (v) warehouseman's Liens, carrier's Liens or possessory Liens that arise in the ordinary course of business; (vi) liens for taxes, assessments or governmental charges or claims that are not yet due and payable, provided that any reserve or other appropriate provision as is required in conformity with GAAP has been made therefor; and (vii) bankers liens and rights of setoff or similar rights and remedies with respect to deposit accounts, securities accounts or other funds maintained in the ordinary course of business and cash and cash equivalents in such accounts.
- (b) Financing Statements. The Company shall not authorize the filing of any financing statement by any Person as "Secured Party" with respect to any of the Company's assets, other than by the Lender or with respect to Permitted Liens. The Company shall not amend any financing statement filed by the Lender as "Secured Party" except as required or permitted by applicable law or with the Lender's prior written consent.

5.3 Books and Records; Collateral Examination; Inspection and Appraisals.

- (a) Books and Records; Inspection. The Company shall keep complete and accurate books and records with respect to the Collateral and the Company's business and financial condition, in accordance with GAAP. The Company shall permit the Lender, or an agent thereof, upon reasonable prior notice, to review the Company's books and records at the Company's principal executive offices, during ordinary business hours, and to discuss the Company's affairs with management, provided that all Confidential Information is kept in confidence by the Lender or its agent.
- (b) Collateral Exams and Inspections. The Company shall permit the Lender, or an agent thereof, upon reasonable prior notice, to examine and inspect any Collateral of the Company at any time during ordinary business hours.

5.4 Compliance with Laws. The Company shall: (a) comply with the requirements of applicable laws and regulations, the non-compliance with which would have a Material Adverse Effect on its business or its financial condition and (b) use and keep the Collateral, and require that others use and keep the Collateral, only for lawful purposes, without violation of any federal, state or local law, statute or ordinance.

5.5 Payment of Taxes and Other Claims. The Company shall pay or discharge, when due: (a) all taxes, assessments and governmental charges levied or imposed upon it or upon its income or profits, upon any properties belonging to it (including without limitation the Collateral) or upon or against the creation, perfection or continuance of the Security Interest, prior to the date on which penalties attach, (b) all federal, state and local taxes required to be withheld by it, and (c) all lawful claims for labor, materials and supplies which, if unpaid, might by law become a Lien upon any properties of the Company, provided that the Company shall not be required to pay any such tax, assessment, charge or claim whose amount, applicability or validity is being contested in good faith by appropriate proceedings and for which proper reserves have been made.

5.6 Preservation of Existence. The Company shall preserve and maintain its existence and all of its rights, privileges and franchises necessary or desirable in the normal conduct of its business and shall conduct its business in an orderly, efficient and regular manner.

6. EVENTS OF DEFAULT AND REMEDIES

6.1 Events of Default. An "Event of Default" means any of the following:

- (a) the Company defaults for five (5) days in the payment when due of principal of, or interest on, any Indebtedness;
- (b) the Company fails to observe or perform any covenant or agreement of the Company set forth in this Agreement, or in any of the other Loan Documents, or in any other document or agreement delivered pursuant to this Agreement for twenty days after written notice to the Company by the Lender specifying the default;
- (c) (i) the Company becomes insolvent or admits in a Record an inability to pay debts as they become due, (ii) the Company makes an assignment for the benefit of creditors, (iii) the Company applies for, or consents to, the appointment of any receiver, trustee, or similar

officer for the benefit of Company or for any of its properties, (iv) any receiver, trustee or similar officer is appointed without the application by, or the consent of, the Company or (v) any judgment, writ, warrant of attachment or execution or similar process is issued or levied against all or a substantial part of the property of Company;

- (d) (i) the Company files a petition under any chapter of the United States Bankruptcy Code or under the laws of any other jurisdiction naming the Company as debtor or any such petition is instituted against Company and continues undismitted for 60 days or (ii) the Company institutes (by petition, application, answer, consent or otherwise) any bankruptcy, insolvency, reorganization, debt arrangement, dissolution, liquidation or similar proceeding under the laws of any other jurisdiction or any such proceeding is instituted (by petition, application or otherwise) against Company and such proceeding continues undismitted for 60 days; and
- (e) any representation or warranty made by Company in this Agreement or in any agreement or certificate delivered to the Lender pursuant to this Agreement is untrue or misleading in any material respect when so made (unless such representation or warranty relates solely to an earlier date).

6.2 Rights and Remedies. During any Default Period, the Lender may, in its discretion, exercise any or all of the following rights and remedies:

- (a) the Lender may, upon written notice to the Company specifying the applicable Event of Default, terminate the Line of Credit and decline to make further Advances;
- (b) the Lender may, upon written notice to the Company specifying the applicable Event of Default and that such notice constitutes a "Notice of Acceleration," declare the Indebtedness to be immediately due and payable and accelerate payment of the Revolving Note, and all Indebtedness shall immediately become due and payable, without presentment, notice of dishonor, protest or further notice of any kind, all of which the Company hereby expressly waives;
- (c) the Lender may apply any money owing by the Lender to the Company to payment of the Indebtedness;
- (d) the Lender may exercise and enforce any rights and remedies available upon default to a secured party under the UCC, including the right to take possession of Collateral (without posting a bond or other form of security, which the Company hereby waives), to proceed with or without judicial process (without a prior hearing or notice of hearing, which the Company hereby waives) and to sell, lease or otherwise dispose of Collateral for cash or on credit (with or without giving warranties as to condition, fitness, merchantability or title to Collateral, and in the event of a credit sale, Indebtedness shall be reduced only to the extent that payments are actually received), and the Company will upon the Lender's demand assemble the Collateral and make it available to the Lender at any place designated by the Lender that is reasonably convenient to both parties;
- (e) the Lender may exercise and enforce its rights and remedies under any of the Loan Documents and any other document or agreement delivered pursuant to this Agreement;

- (f) the Lender may for any reason apply for the appointment of a receiver of the Collateral (to which appointment the Company hereby consents) without the necessity of posting a bond or other form of security (which the Company hereby waives); and
- (g) the Lender may exercise any other rights and remedies available to it by applicable law or the Loan Documents.

6.3 Immediate Default and Acceleration. Notwithstanding anything herein to the contrary, following the occurrence of an Event of Default described in Section 6.1(c) or (d), the Line of Credit shall immediately terminate and all of the Indebtedness shall immediately become due and payable without presentment, demand, protest or notice of any kind.

7. MISCELLANEOUS

7.1 No Waiver; Cumulative Remedies. No delay or any single or partial exercise by the Lender of any right, power or remedy under the Loan Documents, or under any other document or agreement delivered pursuant to this Agreement, shall constitute a waiver of any other right, power or remedy under the Loan Documents or granted by the Company to the Lender under such other documents or agreements. No notice to, or demand on, the Company in any circumstance shall entitle the Company to any additional notice or demand in any other circumstances. The remedies provided in the Loan Documents or in any other such document or agreement are cumulative and not exclusive of any remedies provided by applicable law.

7.2 Amendment; Consents and Waivers; Authentication. No amendment or modification of any Loan Documents, or any other document or agreement delivered pursuant to this Agreement, or consent to, or waiver of, any Event of Default, or consent to, or waiver of, the application of any covenant or representation set forth in any of the Loan Documents, or any such other document or agreement, or any release of the Lender's Security Interest in any Collateral, shall be effective unless it has been agreed to by the Lender and memorialized in a Record that: (a) specifically states that it is intended to amend or modify one or more specific Loan Documents or any other document or agreement delivered pursuant to this Agreement, or waive any Event of Default or the application of any covenant or representation of any terms of specific Loan Documents, or any such other document or agreement, or is intended to release the Lender's Security Interest in specific Collateral and (b) is Authenticated by the signature of both parties, or by the Lender with respect to a consent or waiver. The terms of an amendment, consent or waiver memorialized in any Record shall be effective only to the extent, and in the specific instance, and for the limited purpose to which, the Lender has agreed.

7.3 Execution in Counterparts; Delivery of Counterparts. This Agreement and all other Loan Documents, or any other document or agreement delivered pursuant to this Agreement, and any amendment or modification to them may be Authenticated by the parties in any number of counterparts, each of which, once authenticated and delivered in accordance with the terms of this Section 7.3, will be deemed an original, and all such counterparts, taken together, shall constitute one and the same instrument. Delivery by facsimile or by email or email file attachment of any counterpart to any Loan Document Authenticated by an authorized signature will be deemed the equivalent of the delivery of the original Authenticated instrument.

- 7.4 Notices, Requests and Communications; Confidentiality.** Except as otherwise expressly provided in this Agreement:
- (a) Delivery of Notices, Requests and Communications. Any notice, request, demand or other communication or Record by either party that is required or permitted under the Loan Documents, or any other document or agreement described delivered pursuant to this Agreement shall be delivered: (i) in person, (ii) by first-class U.S. mail, (iii) by overnight courier of national reputation or (iv) by facsimile.
 - (b) Addresses for Delivery. Delivery of any such notice, request, demand or other communication or Record under this Section 7.4 shall be made: (i) if to the Company, to 14202 29th Street East, Suite 105, Sumner, Washington 98390, Attention: Chief Executive Officer, facsimile: (253) 826-9004, with a copy (which shall not constitute notice) to Dorsey & Whitney LLP, 701 Fifth Avenue, Suite 6100, Seattle, Washington 98104, Attention: Michael W. Moyer and (ii) if to the Lender, to 2030 Dexter Avenue North, Seattle, Washington 98109, facsimile: (206) 223-2286, with a copy (which shall not constitute notice) to Oseran Hahn Spring Straight & Watts, P.S., 10900 NE 4th Street, Suite 1430, Bellevue, Washington 98004, Attention: William C. Hsu.
 - (c) Date of Receipt. Each notice, request, demand or other communication or Record sent pursuant to the terms of this Section 7.4 will be deemed to have been received on (i) the date of delivery if delivered in person, (ii) the date deposited in the mail if sent by first-class U.S. mail, (iii) the date delivered to the courier if sent by overnight courier of national reputation, (iv) the date of transmission if sent by facsimile, or (v) the date of transmission, if sent by email.
- 7.5 Further Assurances.** The Company will from time to time execute, deliver, endorse and authorize the filing of any instruments, documents, conveyances, assignments, security agreements, financing statements, control agreements and other agreements that the Lender may reasonably request in order to secure, protect, perfect or enforce the Security Interest or the Lender's rights under the Loan Documents, or any other document or agreement delivered pursuant to this Agreement (but any failure to request or assure that the Company executes, delivers, endorses or authorizes the filing of any such item shall not affect or impair the validity, sufficiency or enforceability of the Loan Documents, or any other document or agreement delivered pursuant to this Agreement, and the Security Interest, regardless of whether any such item was or was not executed, delivered or endorsed in a similar context or on a prior occasion).
- 7.6 Costs and Expenses.** The Company shall pay within 45 days of written demand therefor all reasonable and documented out-of-pocket costs and expenses, including without limitation reasonable attorneys' fees for one primary counsel and any reasonably necessary local counsel, incurred by the Lender in connection with (i) the negotiation and preparation of this Agreement and the other Loan Documents and (ii) the enforcement or protection, after the occurrence and during the continuance of an Event of Default, of its rights in connection with this Agreement and the other Loan Documents.
- 7.7 Binding Effect; Assignment; Complete Agreement.** This Agreement and each of the other Loan Documents, and any other document or agreement delivered pursuant to this Agreement, shall be binding upon and inure to the benefit of the Company and the Lender and their respective successors and assigns. This Agreement, together with the

other Loan Documents, and any other document or agreement delivered pursuant to this Agreement, comprises the complete and integrated agreement of the parties on the subject matter of this agreement and supersedes all prior agreements, whether oral or evidenced in a Record. To the extent that any provision of this Agreement contradicts any provision of the other Loan Documents or any other document or agreement delivered pursuant to this Agreement or any other Loan Document, the provision of this Agreement shall control.

- 7.8 Severability of Provisions.** Any provision of this Agreement that is prohibited by applicable law or unenforceable shall be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining terms of this Agreement.
- 7.9 Headings.** Section and subsection headings in this Agreement are included for convenience of reference only and shall not constitute a part of this Agreement for any other purpose.
- 7.10 Definitional Terms and Rules of Interpretation.** Reference to any agreement (including without limitation each of the Loan Documents), document or instrument means such agreement, document or instrument as amended or supplemented, subject to any restrictions on amendment contained therein (and, if applicable, in accordance with the terms of this Agreement and the other Loan Documents). Unless otherwise specified, any reference to a statute or regulation means such statute or regulation as amended or supplemented from time to time, and any corresponding provisions of successor statutes or regulations.
- 7.11 Governing Law; Jurisdiction; Venue.** This Agreement and the other Loan Documents shall be governed by, and construed in accordance with, the substantive laws of the State of Washington, without regard to the conflict-of-law provisions thereof. The parties to this Agreement: (a) consent to the personal jurisdiction of the state and federal courts located in King County in the State of Washington in connection with any controversy relating to this Agreement, the other Loan Documents or any agreement or documented delivered pursuant hereto or thereto and (b) waive any argument that the laying of venue in any such court is not appropriate or any such court constitutes an inconvenient forum. Each party hereto agrees that a final judgment in any such suit, action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by applicable law.
- 7.12 WAIVER OF JURY TRIAL.** EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT, ANY OTHER LOAN DOCUMENT OR ANY AGREEMENT, DOCUMENT OR INSTRUMENT DELIVERED PURSUANT TO OR IN CONNECTION WITH THE FOREGOING. EACH PARTY HERETO ACKNOWLEDGES THAT IT AND THE OTHER PARTY HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS OR TO MAKE ADVANCES, AS APPLICABLE, BY, AMONG OTHER THINGS, THE MUTUAL WAIVER IN THIS SECTION 7.12.

(signature pages follow)

IN WITNESS WHEREOF, each of the Company and the Lender have executed this Agreement as of the date set forth above.

FLUX DRIVE, INC.

By: 

Name: Philip Corbin III

Title: Chief Executive Officer

LENDER

William A. Oseran

Jean Berg Oseran

(Signature Page to Credit and Security Agreement)

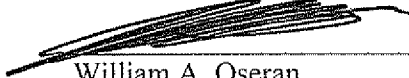
PATENT
REEL: 043393 FRAME: 0096

IN WITNESS WHEREOF, each of the Company and the Lender have executed this Agreement as of the date set forth above.

FLUX DRIVE, INC.

By: _____
Name: Philip Corbin III
Title: Chief Executive Officer

LENDER



William A. Oseran



Jean Berg Oseran

(Signature Page to Credit and Security Agreement)

PATENT
REEL: 043393 FRAME: 0097

REVOLVING NOTE

\$700,000

January 5, 2012

FOR VALUE RECEIVED, Flux Drive, Inc., a Washington corporation (the "Company"), hereby promises to pay to the order of WILLIAM A. OSERAN and JEAN BERG OSERAN (together, the "Lender"), on the Maturity Date (as described in the Credit and Security Agreement, dated January 5, 2012 (as amended from time to time, the "Agreement") and entered into between the Company and the Lender), in lawful money of the United States of America and in immediately available funds, the principal sum of **SEVEN HUNDRED THOUSAND DOLLARS** (\$700,000) or the aggregate unpaid principal amount of all Advances made by the Lender under the Line of Credit to the Company pursuant to the Agreement, together with accrued interest on the unpaid principal balance amount computed on the basis of actual days elapsed in a 365-day year, from the date of this Revolving Note until this Revolving Note is fully paid, at the Interest Rate. Principal and interest accruing on the unpaid principal balance amount of this Revolving Note shall be due and payable as provided in the Agreement. This Revolving Note may be prepaid only in accordance with the Agreement.

This Revolving Note is the Revolving Note referred to in the Agreement, and is subject to the terms of the Agreement, which provides, among other things, for the acceleration of this Revolving Note. This Revolving Note is secured by the Collateral pursuant to Section 2 of the Agreement.

Presentment or other demand for payment, notice of dishonor and protest are expressly waived.

Capitalized terms used but not defined in this Revolving Note have the meanings given them in the Agreement.

(signature page follows)

FLUX DRIVE, INC.

By: 

Name: Philip Corbin III

Title: Chief Executive Officer

(Signature Page to Revolving Note)

PATENT
REEL: 043393 FRAME: 0099

Exhibit A

DEFINITIONS

“Accepted Non-Qualifying Orders” means those purchase orders for or contracts to purchase finished goods of the Company that are not Qualifying Orders but have been approved in writing by the Lender.

“Accounts” shall have the meaning given it under the UCC.

“Advance” and “Advances” means an advance or advances under the Line of Credit.

“Agreement” is defined in the Preamble.

“Authenticated” means (a) to have signed or (b) to have executed or to have otherwise adopted a symbol, or have encrypted or similarly processed a Record in whole or in part, with the present intent of the authenticating Person to identify the Person and adopt or accept a Record.

“Borrowing Base” is defined in Section 1.2.

“Business Day” means any day that is not a Saturday, Sunday or other day on which the commercial banking institutions in Seattle, Washington are authorized or obligated by law or executive order to be closed.

“Collateral” means all of the Company’s Accounts, chattel paper and electronic chattel paper, deposit accounts, documents, Equipment, General Intangibles, goods, instruments, Inventory, Investment Property, letter-of-credit rights and letters of credit, together with (a) all substitutions and replacements for and products of such property, (b) in the case of all goods, all accessions, (c) all accessories, attachments, parts, Equipment and repairs now or subsequently attached or affixed to or used in connection with any goods, (d) all warehouse receipts, bills of lading and other documents of title that cover such goods now or in the future, (e) all collateral subject to the Lien of any of the Loan Documents, (f) any money, or other assets of Company that come into the possession, custody, or control of the Lender now or in the future, (g) Proceeds of any of the above Collateral, (h) books and records of Company, including without limitation all mail or email addressed to Company, and (i) all of the above Collateral, whether now owned or existing or acquired now or in the future or in which Company has rights now or in the future.

“Company” is defined in the Preamble.

“Confidential Information” means all non-public, confidential or proprietary information of the Company that is disclosed to the Lender or its agents or representatives prior to or during the term of this Agreement by the Company or any of its officers, employees, agents or representatives, and includes, without limitation, any trade secrets, research and development test results, marketing or business plans, strategies, forecasts, budgets, projections, customer and supplier information, and any other analyses, computations or studies prepared by or for the Company.

“Constituent Documents” means with respect to any Person, as applicable, that Person’s certificate of incorporation, articles of incorporation, by-laws, certificate of formation, articles of organization, limited liability company agreement, management agreement, operating agreement, shareholder agreement, partnership agreement or similar document or agreement governing such Person’s existence, organization or management or concerning disposition of ownership interests of such Person or voting rights among such Person’s owners.

“Default Period” means the period commencing on the day an Event of Default occurs (after giving effect to any applicable grace period), through and including the date identified by the Lender in a Record as the date that the Event of Default has been cured or waived.

“Disqualifying Customer” shall have the meaning given to it in the definition of “Qualifying Orders” in this Exhibit A.

“Equipment” shall have the meaning given it under the UCC.

“Event of Default” is defined in Section 6.1.

“GAAP” means U.S. generally accepted accounting principles, applied on a consistent basis.

“General Intangibles” shall have the meaning given it under the UCC.

“Indebtedness” means any debts, obligations and liabilities of the Company to the Lender incurred under this Agreement.

“Interest Rate” is defined in Section 1.4(a).

“Inventory” shall have the meaning given it under the UCC.

“Investment Property” shall have the meaning given it under the UCC.

“Lender” is defined in the Preamble.

“Lien” means any security interest, mortgage, deed of trust, pledge, lien, charge, encumbrance, title retention agreement or analogous instrument or device, including without limitation the interest of each lessor under any capitalized lease and the interest of any bondsman under any payment or performance bond, in, of or on any assets or properties of a Person, whether now owned or subsequently acquired and whether arising by contract or operation of law.

“Line of Credit” is defined in the Recitals.

“Loan Documents” means this Agreement, the Revolving Note and the Warrant, together with every other agreement, note, document, contract or instrument to which the Company now or in the future may be a party and which may be required by the Lender in connection with, or as a condition to, the execution of this Agreement.

“Material Adverse Effect” means any of the following:

- (a) a material adverse effect on the business, operations, results of operations, prospects, assets, liabilities or financial condition of the Company;
- (b) a material adverse effect on the ability of the Company to perform its obligations under the Loan Documents, or any other document or agreement delivered pursuant to this Agreement; or
- (c) a material adverse effect on the ability of the Lender to enforce the Indebtedness or to realize the intended benefits of the Loan Documents, or on the status, existence, perfection, priority (subject to Permitted Liens) or enforceability of any Lien securing payment or performance of the Indebtedness.

“Maturity Date” is defined in Section 1.1(b).

“Maximum Amount” is defined in Section 1.1(a).

“Partial Payment” is defined in Section 1.5(a)(i).

“Payment Event Date” is defined in Section 1.5(a)(i).

“Permitted Lien” and “Permitted Liens” are defined in Section 5.2(a).

“Person” means any individual, corporation, partnership, joint venture, limited liability company, association, joint-stock company, trust, unincorporated organization or government or any agency or political subdivision of a governmental entity.

“Proceeds” shall have the meaning given it under the UCC.

“Qualifying Inventory” means all Inventory of the Company that is not otherwise the subject of a Qualifying Order, valued at the greater of cost or market in accordance with GAAP.

“Qualifying Orders” means all purchase orders for or contracts to purchase finished goods of the Company submitted to the Company by one or more of its customers, but excluding any such purchase orders or contracts to purchase having any of the following characteristics:

- (a) any such purchase orders for or contracts to purchase finished goods that will not be, or would not reasonably be expected to be, delivered to such customer(s) within six months of the funding date for an Advance relating thereto;
- (b) any such purchase orders for or contracts to purchase finished goods of the type that the Company first brings to market subsequent to the date hereof; and
- (c) any such purchase orders for or contracts to purchase finished goods ordered or purchased by a customer of the Company with a Dunn & Bradstreet rating of 3 or less (a “Disqualifying Customer”).

“Record” means information that is inscribed on a tangible medium or that is stored in an electronic or other medium and is retrievable in perceivable form, and includes all information that is required to be reported by the Company to the Lender pursuant to Section 5.1.

“Revolving Note” is defined in Section 1.1(d).

“Security Interest” is defined in Section 2.1.

“UCC” means the Uniform Commercial Code in effect in the State of Washington, or in any other state whose laws are held to govern this Agreement or any portion of this Agreement.

“Warrant” means the warrant attached as Exhibit D to this Agreement.

**Confirmation of Line of Credit (as of Year-End 2015) and
Obligations under the Credit and Security Agreement**

In order to clarify and confirm the total indebtedness owed by FLUX DRIVE, INC., a Washington corporation ("Corporation"), to William A. Oseran and Jean Berg Oseran (together, the "Lender"), as of December 31, 2015, and confirm the Corporation's obligation under that certain Credit and Security Agreement dated January 1, 2014, the undersigned, being Chief Executive Officer of the Corporation, hereby confirms the following:

WHEREAS the Corporation is the maker of that certain Amended and Restated Promissory Note, dated July 11, 2014 ("Note 1"). As revolving note, there is a discrepancy of the principal amount of Note 1; namely, the Corporation's calculation is Nine Hundred Thousand Fifty Five Thousand Five Hundred Thirty Four and no/100 Dollars (\$955,534.00) and the Lender's calculation is Nine Hundred Seventy Four Thousand Seven Hundred Forty Two and no/100 Dollars (\$974,742.00).

WHEREAS the Corporation is the maker of that certain Promissory Note, dated July 11, 2014 ("Note 2"), in the principal amount of Fifty Thousand and no/100 Dollars (\$50,000.00), payable to Lender.

WHEREAS the Corporation closed its machine shop in Auburn, Washington, and sold certain equipment in late 2015; through which, Lender obtained certain equipment totaling Five Thousand Three Hundred Ninety Five and 04/100 Dollars (\$5,395.04) on or before December 31, 2015.

NOW, THEREFORE,

IT IS CONFIRMED THAT a credit applicable against the Corporation's indebtedness payable to the Lender, effective as of December 31, 2015, in the amount of Five Thousand Three Hundred Ninety Five and 04/100 Dollars (\$5,395.04), attributable to certain equipment of the Corporation obtained by the Lender is hereby confirmed.

IT IS FURTHER CONFIRMED THAT after application of the credit set forth above and unpaid interests, the Corporation's total indebtedness payable under Note 1 and Note 2, as of December 31, 2015 and delineated in the attached documents produced by the Corporation is One Million One Hundred Sixteen Thousand Nine Hundred Eighty Nine and 96/100 Dollars (\$1,116,989.96) and the total indebtedness payable under Note 1 and Note 2 calculated by the Lender is One Million One Hundred Twenty One Thousand Nine Hundred Seventy Eight and 31/100 Dollars (\$1,121,978.31) (the "LOC Balance").

IT IS FURTHER CONFIRMED THAT the Corporation and Lender deem the LOC Balance calculation discrepancy to be minor and jointly agree to examine each party's calculation and resolve the difference at a later date.

IT IS FURTHER CONFIRMED the Corporation pledged, assigned and granted to the Lender a first-position security interest in all assets of the Corporation, including all tangible assets and intellectual property, as security for the payment and performance of Corporation's obligations under Note 1 and Note 2 pursuant to that certain Credit and Security Agreement dated January 1, 2014 (subject only to Permitted Liens thereunder) (the "Credit Agreement"). As such, the Corporation's payment obligation under Note 1 and Note 2 to Lender, regardless the final reconciled amount of LOC Balance, is secured by the first-priority security interest in the Collateral (as defined under the Credit Agreement) set forth under the Security Agreement, subject only to Permitted Liens thereunder.

Effective Date: March 1, 2016

CORPORATION:

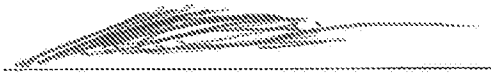
FLUX DRIVE, INC.

By: 

Name: Philip Corbin III

Title: Chief Executive Officer

LENDER:


William A. Oseran, individually and
on behalf of Jean Berg Oseran

UCC FINANCING STATEMENT

FOLLOW INSTRUCTIONS

A. NAME & PHONE OF CONTACT AT FILER (optional)
Amy Meharry 425-455-3900

B. E-MAIL CONTACT AT FILER (optional)
ameharry@ohswlaw.com

C. SEND ACKNOWLEDGMENT TO: (Name and Address)

Amy Meharry 425-455-3900
Oseran Hahn, P.S.
10900 NE 4th Street, Suite 1430
Bellevue WA USA 98004

Date of Filing : 03/03/2017
Time of Filing : 03:34:00 PM
File Number : 2017-062-0937-1
Lapse Date : 03/03/2022

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1. DEBTOR'S NAME: Provide only one Debtor name (1a or 1b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name); if any part of the Individual Debtor's name will not fit in line 1b, leave all of item 1 blank, check here and provide the Individual Debtor information in item 10 of the Financing Statement Addendum (Form UCC1Ad)

1a. ORGANIZATION'S NAME
Flux Drive, Inc

OR

1b. INDIVIDUAL'S SURNAME
 FIRST PERSONAL NAME
 ADDITIONAL NAME(S)/INITIAL(S)
 SUFFIX

1c. MAILING ADDRESS
23412 68th Ave South

CITY
Kent

STATE
WA

POSTAL CODE
98032

COUNTRY
USA

2. DEBTOR'S NAME: Provide only one Debtor name (2a or 2b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name); if any part of the Individual Debtor's name will not fit in line 2b, leave all of item 2 blank, check here and provide the Individual Debtor information in item 10 of the Financing Statement Addendum (Form UCC1Ad)

2a. ORGANIZATION'S NAME

OR

2b. INDIVIDUAL'S SURNAME
 FIRST PERSONAL NAME
 ADDITIONAL NAME(S)/INITIAL(S)
 SUFFIX

2c. MAILING ADDRESS
 CITY
 STATE
 POSTAL CODE
 COUNTRY

3. SECURED PARTY'S NAME (or NAME of ASSIGNEE of ASSIGNOR SECURED PARTY): Provide only one Secured Party name (3a or 3b)

3a. ORGANIZATION'S NAME

OR

3b. INDIVIDUAL'S SURNAME
Oseran

FIRST PERSONAL NAME
William

ADDITIONAL NAME(S)/INITIAL(S)
A

SUFFIX

3c. MAILING ADDRESS
2030 Dexter Ave N #400

CITY
Seattle

STATE
WA

POSTAL CODE
98109

COUNTRY
USA

4. COLLATERAL: This financing statement covers the following collateral:

Accounts, choses in action, chattel paper and electronic chattel paper, deposit accounts, documents, equipment, machinery, furniture, fixtures, general intangibles, goods, instruments, inventory, investment property, letter-of-credit rights and letters of credit, together with (a) all substitutions and replacements for and products of such property, (b) in the case of all goods, all accessions, (c) all accessories, attachments, parts, equipment and repairs now or subsequently attached or affixed to or used in connection with any goods, (d) all general intangibles now owned or hereinafter acquired by or granted to by the Debtor,

5. Check only if applicable and check only one box: Collateral is held in a Trust (see UCC1Ad, item 17 and Instructions) being administered by a Decedent's Personal Representative

6a. Check only if applicable and check only one box:
 Public-Finance Transaction Manufactured-Home Transaction A Debtor is a Transmitting Utility

6b. Check only if applicable and check only one box:
 Agricultural Lien Non-UCC Filing

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

8. OPTIONAL FILER REFERENCE DATA:

4. This FINANCING STATEMENT covers the following collateral:

(e) all proceeds from the disposition thereof.