

06-24-2002

Form PTO-1594 (Rev. 03/01) 6.20.02



U.S. DEPARTMENT OF COMMERCE U.S. Patent and Trademark Office

Tab settings

102127519

To the Honorable Commissioner of Patents and Trademarks: Please record the attached original documents or copy thereof.

1. Name of conveying party(ies):

Holman Boiler Works, Inc. 1956 Singleton Boulevard Dallas, Texas 75212 USA

- Individual(s) Association General Partnership Limited Partnership Corporation-State(DeLaware) Other

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

2. Name and address of receiving party(ies)

Name: The Frost National Bank

Internal Address: d/b/a Frost Capital Group

Street Address: 1010 Lamar, Suite 700

City: Houston State: Texas Zip: 77002

- Individual(s) citizenship Association (National Banking Association) General Partnership Limited Partnership Corporation-State Other

If assignee is not domiciled in the United States, a domestic representative designation is attached: Yes No (Designations must be a separate document from assignment) Additional name(s) & address(es) attached? Yes No

3. Nature of conveyance:

- Assignment Merger Security Agreement Change of Name Other

Execution Date: November 16, 2000

4. Application number(s) or registration number(s):

A. Trademark Application No.(s)

B. Trademark Registration No.(s) 1,443,562; 1,441,988; 1,497,069; 1,496,676; 1,448,885 and 1,460,767

Additional number(s) attached Yes No

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

Name: Nelson R. Block, Esq.

Internal Address: Winstead Sechrest & Minick P.C.

2400 Bank One Center

Street Address: 910 Travis Street

City: Houston State: Texas Zip: 77002

6. Total number of applications and registrations involved: 6

7. Total fee (37 CFR 3.41) \$ 165.00

- Enclosed Authorized to be charged to deposit account

8. Deposit account number:

(Attach duplicate copy of this page if paying by deposit account)

DO NOT USE THIS SPACE

9. Statement and signature.

To the best of my knowledge and belief, the foregoing information is true and correct and any attached copy is a true copy of the original document.

Rob Reaser, Vice President

Name of Person Signing

Signature

Signature

6/20/02

Date

Total number of pages including cover sheet, attachments, and document: 35

Mail documents to be recorded with required cover sheet information to: Commissioner of Patent & Trademarks, Box Assignments Washington, D.C. 20231

06/24/2002 TDIAZ1 00000143 1443562

01 FC:481 40.00 OP 02 FC:482 125.00 OP 03 FC:484 120.00 OP

TRADEMARK REEL: 002495 FRAME: 0174

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SECURITY AGREEMENT

by

HOLMAN BOILER WORKS, INC.

in favor of

FROST CAPITAL GROUP

\$9,600,000.00 Revolving Line of Credit  
\$2,400,000.00 Term Loan

Dated as of November 16, 2000

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## SECURITY AGREEMENT

THIS SECURITY AGREEMENT is dated as of November 16, 2000, by HOLMAN BOILER WORKS, INC., a Delaware corporation, d/b/a Boiler Tubes of Texas, d/b/a HBW Acquisition Corporation, d/b/a Houston Package Boiler, whose chief executive office, chief place of business and mailing address is 1956 Singleton Boulevard, Dallas, Texas 75212 (herein whether singular or plural referred to as "Debtor"), in favor of THE FROST NATIONAL BANK, a national banking association, doing business as FROST CAPITAL GROUP, formerly known as Creekwood Capital Group, whose office address is 1010 Lamar, Suite 700, Houston, Texas 77002 (herein called "Secured Party").

### WITNESSETH:

A. Debtor has requested Secured Party to make a loan or loans to or for the account of Debtor;

B. Secured Party has conditioned its agreement to make such loan or loans upon Debtor's execution and delivery of this Security Agreement;

NOW, THEREFORE, to induce Secured Party to make a loan or loans to or for the account of Debtor, at the special instance of Secured Party, and for Ten and No/100 Dollars (\$10.00) in hand paid by Secured Party to Debtor and other good and valuable considerations, the receipt and sufficiency of which are hereby acknowledged, Debtor hereby agrees with Secured Party, as follows:

### ARTICLE I

#### GENERAL

Section 1.01 Terms Defined Above. As used in this Security Agreement, the terms "Debtor" and "Secured Party" shall have the respective meanings indicated above.

Section 1.02 Certain Definitions. As used in this Security Agreement, the following terms shall have the respective meanings as indicated, unless the context otherwise requires:

"Accounts" shall have the meaning indicated in Subsection 2.01(a) of this Security Agreement.

"Books and Records" shall mean all books, records, reports, memoranda, and/or data compilations, in any form (including, without limitation, corporate and other business records, customer lists, credit files, computer programs, printouts and

any other computer materials and records), of Debtor pertaining to any of the Accounts, Equipment, Intangibles, Inventory and any other Property included in the Collateral.

“Code” shall mean the Uniform Commercial Code as presently in effect in the State of Texas, Texas Business & Commerce Code Annotated Sections 1.101-11.108.

“Collateral” shall mean all Property, including without limitation cash or other proceeds, in which Secured Party shall have a security interest pursuant to Section 2.01 of this Security Agreement.

“Default” shall have the same meaning as provided in the Loan Agreement.

“Equipment” shall have the meaning indicated in Subsection 2.01(e) of this Security Agreement.

“Event of Default” shall have the same meaning as provided for in the Loan Agreement.

“Indebtedness” shall have the meaning indicated in Section 2.02 of this Security Agreement.

“Instruments” shall have the meaning indicated in Subsection 2.01(d) of this Security Agreement.

“Intangibles” shall have the meaning indicated in Subsection 2.01(b) of this Security Agreement.

“Intellectual Property Collateral” shall have the meaning indicated in Subsection 2.01(b) of this Security Agreement.

“Inventory” shall have the meaning indicated in Subsection 2.01(c) of this Security Agreement.

“Loan Agreement” shall mean that certain Loan Agreement of even date herewith executed by and between Secured Party and Debtor.

“Other Liable Party” shall mean any Person other than Debtor, primarily or secondarily liable for any of the Indebtedness or who grants Secured Party a lien upon and/or a security interest on any Property as security for any of the Indebtedness.

“Person” shall mean any individual, corporation, partnership, joint venture, association, joint stock company, trust, trustee, unincorporated organization, government or agency or court or political subdivision thereof, or any other form of entity.

“Property” shall mean any interest in any kind of property or asset, whether real, personal or mixed, or tangible or intangible.

“Related Rights” shall mean all chattel papers, documents and instruments relating to the Accounts or Intangibles and all rights now or hereafter existing in and to all security agreements, leases and other contracts securing or otherwise relating to any Accounts or Intangibles or any such chattel papers, documents and instruments.

“Revolving Credit Note” shall mean that certain Revolving Promissory Note of even date herewith executed by the Debtor payable to the order of the Secured Party in the original principal amount of Nine Million Six Hundred Thousand and No/100 Dollars (\$9,600,000.00).

“Security Agreement” shall mean this Security Agreement, as the same may from time to time be amended or supplemented.

Section 1.03 Terms Defined in Code. All terms used herein which are defined in the Code shall have the same meaning herein unless otherwise defined herein or the context otherwise requires.

## ARTICLE II

### SECURITY INTEREST

Section 2.01 Grant of Security Interest. Debtor hereby grants and confirms that it has granted to Secured Party a security interest in, a general lien upon, and a right of set-off against the following described Property:

(a) all of Debtor’s accounts of any kind whether now existing or hereafter arising (herein called the “Accounts”); all chattel papers, documents and instruments whether now existing or hereafter arising relating to the Accounts; all rights now or hereafter existing in and to all security agreements, leases and other contracts securing or otherwise relating to any Accounts or any such chattel papers, documents and instruments; and all returned or repossessed goods arising therefrom or relating to any Accounts, or other proceeds of any sale or other disposition of inventory;



(b) all of Debtor's investment property and general intangibles of any kind whether now existing or hereafter arising including, without limitation the following (herein called the "Intangibles"):

(i) all leases of real or personal property;

(ii) all copyrights, trademarks, trademark registrations and applications for registration, trade names, corporate names, trade styles, service marks, logos, other source and business identifying marks, together with any goodwill associated therewith, and all patents, patent applications, and all renewals, extensions and continuations in part of the above, any written agreement granting any right to use any copyright, trademark, trademark application or registration, patent, patent application or registration, and the right to sue for past, present and future infringements of the foregoing, including the Intellectual Property Collateral set forth in Exhibit "A" attached hereto (herein called the "Intellectual Property Collateral"); and

all chattel papers, documents and instruments whether now existing or hereafter arising relating to the Intangibles; and all rights now or hereafter existing in and to all security agreements, leases, licenses and other contracts securing or otherwise relating to any Intangibles or any such chattel papers, documents and instruments;

(c) all of Debtor's inventory in all of its forms, whether now owned or hereafter acquired and wherever located, and all accessions or additions thereto and products thereof, whether now owned or hereafter acquired (any and all such inventory, accessions, additions and products herein called the "Inventory"); and including, without limiting the foregoing, the Inventory located at Debtor's following place(s) of business:

1956 Singleton Blvd.  
Dallas, Texas 75212

1401 W. Commerce  
Dallas, Texas 75212

3921 Agnes Street  
Corpus Christi, Texas 78405

2000 Federal Road  
Houston, Texas 77015

all chattel papers, documents and instruments whether now existing or hereafter arising relating to the Inventory; and all rights now or hereafter existing in and to all security agreements, leases and other contracts securing or otherwise relating to any Inventory or any such chattel papers, documents and instruments;

(d) all of Debtor's chattel papers, documents and instruments (herein called the "Instruments") whether now existing or hereafter arising; and all rights now or hereafter existing in and to all security agreements, leases and other contracts securing or otherwise relating to any such chattel papers, documents and instruments;

(e) all of Debtor's equipment, in all of its forms, whether now owned or hereafter acquired and wherever located; all parts thereof and all accessions or additions thereto, whether now owned or hereafter acquired (any and all such equipment, parts, accessions and additions herein called the "Equipment"); and including, without limiting the foregoing, the Equipment at the following locations:

1956 Singleton Blvd.  
Dallas, Texas 75212

1401 W. Commerce  
Dallas, Texas 75212

3921 Agnes Street  
Corpus Christi, Texas 78405

2000 Federal Road  
Houston, Texas 77015

all chattel papers, documents and instruments whether now existing or hereafter arising relating to the Equipment; and all rights now or hereafter existing in and to all security agreements, leases and other contracts securing or otherwise relating to any Equipment or any such chattel papers, documents and instruments;

(f) in the event that any of the Equipment is or will become so related to any particular real estate that an interest in such Equipment arises under the real estate law of the state where the real estate is located or is or will be installed in or affixed to other goods of such type, a description of such real estate or other goods is contained in Exhibit "B" hereto and the name of the record owner of such real estate is contained in Exhibit "B" hereto;

(g) any additional Properties from time to time delivered to or deposited with Secured Party or any agent bank of Secured Party, whether as security for the Indebtedness or otherwise;

(h) the proceeds, products, additions, substitutions and accessions of and to any and all of the foregoing Property;

(i) all of Debtor's books, records, reports, memoranda and data compilations, in any form (including, without limitation, corporate and other business records, customer lists, credit files, computer software, computer programs, printouts and any other computer materials and records), of Debtor pertaining to any and all of the foregoing Property; and

(j) the Collateral includes, without limitation, the following types of property as defined in S.B. 1058, 76th Texas Legislature, Regular Session, 1999: commercial tort claims, deposit accounts, letter of credit rights, payment intangibles and software.

Section 2.02 Indebtedness Secured. The security interest in, general lien upon, and right of set-off against the Collateral is granted to Secured Party to secure the following (all of which is herein called the "Indebtedness"):

(a) the prompt and unconditional payment and performance when due of any and all indebtedness, obligations and liabilities of Debtor to Secured Party (including all claims of every nature and description of Secured Party against Debtor), now or hereafter existing or arising, absolute or contingent, direct or indirect, joint and/or several, secured or unsecured, due or to become due, whether originally contracted with Secured Party or acquired in any manner (including by way of participation) by Secured Party including indebtedness, obligations and liabilities of Debtor to Secured Party as a member of any partnership, syndicate, association or other group, and whether incurred by Debtor as principal, surety, endorser, guarantor, accommodation party or otherwise;

(b) the reimbursement when due of all amounts which might be advanced by Secured Party to satisfy amounts required to be paid by Debtor under this Security Agreement or under any other instrument at any time executed in connection with or as security for the payment of any part of the Indebtedness or any amount secured hereby or to pay any taxes, insurance premiums, liens, claims and charges against any or all of the Collateral, or any Properties covered by any instrument executed or to be executed by Debtor to secure any part of the Indebtedness or any amount secured hereby, together with interest thereon to the extent provided;

(c) the reimbursement and payment by Debtor of all advances, charges, costs and expenses (including reasonable attorneys' fees and legal expenses) incurred by Secured Party in connection with the transaction which gives rise to this Security Agreement, in connection with any of the Indebtedness or any amount secured hereby and in exercising any right, power or remedy conferred by this Security Agreement

or by law (including, but not limited to attorneys fees and legal expenses incurred by Secured Party in connection with the operation, maintenance or foreclosure of any or all of the Collateral); and

(d) the performance and payment by Debtor of all its obligations in this Security Agreement or any other document or agreement now or hereafter executed in connection with or as security for any part of the Indebtedness or any amount secured hereby.

Section 2.03 Limited License. Debtor irrevocably grants Secured Party a non-exclusive license to use all present and future Intellectual Property Collateral of Debtor, together with any goodwill associated therewith, in connection with the maintenance, preservation, preparation, sale, disposition, collection, foreclosure, or other realization of, upon, or with respect to the Collateral. Secured Party's rights with respect to such license are fully prepaid, and no royalties or other compensation shall be payable by Secured Party to Debtor with respect to such license. Without limiting the foregoing, upon Secured Party's request, Debtor shall execute a License Agreement in the form attached hereto as Exhibit "C", granting Secured Party a limited license in the Intellectual Property Collateral as may be described therein.

### ARTICLE III

#### REPRESENTATIONS AND WARRANTIES

In order to induce Secured Party to accept this Security Agreement, Debtor represents and warrants to Secured Party (which representations and warranties will survive the creation of the Indebtedness and any extension of credit thereunder) that:

Section 3.01 Information. All information supplied and statements (including financial statements), certificates or data furnished or made by Debtor (or any officer, attorney or accountant of Debtor) to Secured Party (including, without limitation, any extracts from or copies of the Books and Records) in connection with the Indebtedness and/or this Security Agreement, whether contemporaneously with or subsequent to the execution of this Security Agreement are and shall be true, correct, complete, valid and genuine. No information, statements, certificate, exhibit or report furnished by Debtor to Secured Party in connection with the Indebtedness and/or this Security Agreement contained any material misstatement of fact or omitted to state a material fact or any fact necessary to make the statement contained therein not misleading.

Section 3.02 Ownership and Liens. Except for the security interest in favor of Secured Party and as permitted by the terms of Section 5.02 of the Loan Agreement or otherwise agreed by Lender in writing, Debtor owns good and indefeasible title to the Collateral free and clear of any other security interest, lien, encumbrance, adverse claim or option. Debtor has authority to grant a security interest in the Collateral to Secured Party in the manner provided herein and except as permitted by

Section 5.02 of the Loan Agreement, such security interest shall be free and clear of any other security interest, lien, encumbrance, adverse claim or option; and except as permitted by Section 5.02 of the Loan Agreement, no security interest, lien, encumbrance, adverse claim or option has been created by Debtor or is known by Debtor to exist with respect to any Collateral; to the best of Debtor's information and belief, no financing statement or other security instrument is on file in any jurisdiction covering such Collateral; at the time the security interest in favor of Secured Party attaches, good and indefeasible title to all after acquired Property included within the Collateral, free and clear of any security interest, lien, encumbrance, adverse claim or option (other than those permitted by the first sentence of this Section 3.02) will be vested in Debtor; and Debtor's grant of a security interest in the Collateral to Secured Party in the manner provided herein does not result in the creation or imposition of any other security interest, lien, encumbrance, adverse claim or option in favor of any other Person upon any Collateral or any other Property.

Section 3.03 Status of Accounts. Each Account now existing represents, and each Account hereafter arising will represent, the valid and legally enforceable indebtedness of a bona fide account debtor arising from the sale or lease or rendition by Debtor of goods and/or services and is not and will not be subject to contra accounts, set-offs, defenses or counterclaims by or available to account debtors obligated on the Accounts except as disclosed to Secured Party in writing; such goods will have been delivered to, or be in the process of being delivered to, and such services will have been rendered by Debtor to the account debtor and accepted by the account debtor; and the amount shown as to each Account on Debtor's books will be the true and undisputed amount owing and unpaid thereon, subject to any discounts, allowances, rebates, credits and adjustments to which the account debtor has a right and which have been disclosed to Secured Party in writing.

Section 3.04 Status of Related Rights. All Related Rights are, and those hereafter arising will be, valid and genuine. Any chattel paper included in the Related Rights has, and those hereafter arising will have, only one duplicate original counterpart which constitutes chattel paper or collateral within the meaning of the Code or the law of any applicable jurisdiction.

Section 3.05 Status of Books and Records. All Books and Records have been, and those entries hereafter made therein will be, made in the regular course of Debtor's business; made on the basis of information recorded or transmitted (or to be recorded or transmitted) by a Person, either an employee or representative of Debtor, with personal knowledge of the acts, events, conditions, opinions or diagnoses recorded therein and in the regular course of Debtor's business; made at or near the time of the act, event, condition, opinion or diagnosis recorded therein and in the regular course of Debtor's business; and contain full, true and correct entries of all dealings or transactions relating to the Accounts, Equipment, Intangibles, Inventory, Related Rights and other Collateral, in accordance with generally accepted accounting principles, consistently applied.

Section 3.06 Location. The address of Debtor's chief executive office and chief place of business is recited in the opening paragraph of this Security Agreement, and the Books and Records are kept at such location. Debtor's Collateral (other than Equipment, if any, comprising mobile goods) is located only at the location(s) set forth in Subsections 2.01(c) and 2.01(e) of this Security

Agreement. Collateral (other than Equipment, if any, comprising mobile goods) is not in more than one jurisdiction. In the event any of the Equipment is mobile, such Equipment is of a type normally used in more than one jurisdiction, such as motor vehicles, trailers, rolling stock, airplanes, shipping containers, road building and construction machinery and commercial harvesting machinery and the like.

Section 3.07 Certificate of Title. No item of Collateral is covered by a certificate of title, other than as set forth on Schedule 3.07 hereto.

Section 3.08 Collateral Not Covered by Documents. None of the goods included in the Collateral are, and at the time the security interest in favor of Secured Party attaches none of the after acquired goods included in the Collateral will be, covered by any document as defined in the Code or in the Uniform Commercial Code of any state other than Texas where the goods are (or will be) located.

Section 3.09 Corporate Existence, Power and Authorization. If Debtor is a corporation, Debtor's state of incorporation is recited in the opening paragraph of this Security Agreement; Debtor is duly organized, legally existing and in good standing under the laws of such state; Debtor is duly qualified as a foreign corporation in all jurisdictions wherein the Collateral is located and where Debtor's obligations which give rise to any of the Accounts, Intangibles or Related Rights are to be performed; Debtor is duly authorized and empowered to execute, deliver and perform the instruments evidencing any of the Indebtedness and this Security Agreement; and all corporate action on Debtor's part requisite for the due execution, delivery and performance of such instruments and this Security Agreement has been duly and effectively taken.

Section 3.10 Status of Instruments. Each Instrument now existing is, and each Instrument hereafter will be, the valid and legally enforceable indebtedness of a bona fide maker thereof for good and valuable consideration, of which Debtor is the owner and holder, and is not and will not be subject to set-offs, counterclaims or defenses by any maker except as disclosed to Secured Party in writing; and the amount shown on Debtor's books in respect thereof will be the true and undisputed amount owing and unpaid thereon. Each Instrument is endorsed to Secured Party and is in the possession of Secured Party.

#### ARTICLE IV

#### COVENANTS

A deviation from the provisions of this Article IV shall not constitute an Event of Default under this Security Agreement if, prior to the occurrence thereof, such deviation is consented to in writing by Secured Party. Unless otherwise consented to in writing by Secured Party, Debtor will at all times comply with the covenants contained in this Article IV, from the date hereof and for so long as any part of the Indebtedness is outstanding.

Section 4.01 Financing Statement Filings. Debtor recognizes that financing statements pertaining to the Collateral are being filed with the office of the Secretary of State of Texas and the central filing office (or local filing offices as may be required by law) of any other state where the Collateral is located (financing statements may be filed with the county clerk for each county where the real estate is located with respect to which any of the Equipment is or will be so related as to become a fixture thereto and financing statements filed with the county clerk shall be filed in the real estate records of such counties). Debtor will immediately notify Secured Party of any condition or event that may change the proper location for the filing of any financing statements or other public notice or recordings for the purpose of perfecting security interests in the Collateral. Without limiting the generality of the foregoing, Debtor will (a) immediately notify Secured Party of any change to a state other than as represented in Section 3.06 of this Security Agreement (i) in the location of the Collateral (ii) in the location of Debtor's chief executive office or chief place of business, (iii) in the location of the Books and Records, and (iv) in the "location" of Debtor within the meaning of Section 9.103(c) of the Code; and (b) prior to any Equipment becoming so related to any particular real estate (other than real estate identified in Subsection 2.01(f) of this Security Agreement) so as to become a fixture on such real estate, notify Secured Party of the description of such real estate and the name of the record owner thereof; and (c) immediately notify Secured Party of any change in Debtor's name, identity or corporate structure. In any notice furnished pursuant to this Section, Debtor will expressly state that the notice is required by this Security Agreement and contains facts that will or may require additional filings of financing statements or other notices for the purpose of continuing perfection of Secured Party's security interest in the Collateral.

Section 4.02 Taxes, etc. Debtor agrees to pay all taxes, charges, liens and assessments against the Collateral in accordance with and subject to the terms of the Loan Agreement, and upon the failure of Debtor to do so, Secured Party, at its option, may pay any of them and shall be the sole judge of the legality or validity thereof and the amount necessary to discharge same.

Section 4.03 Satisfactory Collateral. Debtor will at all times maintain with Secured Party Collateral of a character and value satisfactory to Secured Party. If at any time any of the Collateral shall depreciate in character or value or otherwise be unsatisfactory to Secured Party, Secured Party in its discretion may demand, and Debtor will upon said demand provide, such further collateral or such payment on account of the Indebtedness as will be satisfactory to Secured Party.

Section 4.04 Possession of Collateral. Secured Party shall be deemed to have possession of any of the Collateral in transit to it or set apart for it. Otherwise the Collateral shall remain in Debtor's possession or control at all times at Debtor's risk of loss and shall (except for temporary removal consistent with its normal use) be kept at the locations represented pursuant to Section 3.06 and any other location specified in writing to Secured Party, where Secured Party may inspect it at any time.

Section 4.05 Maintenance of Collateral. Debtor will maintain the Collateral in good condition and will not misuse, abuse, waste, destroy, endanger or allow the Collateral to deteriorate. Debtor will forthwith, or in the case of any loss or damage to any goods included in the Collateral

as soon as practicable, make or cause to be made all repairs, replacements or other improvements to the Collateral as are necessary or desirable to accomplish the foregoing. Debtor will not use the Collateral in violation of any law, statute, ordinance or regulation or suffer it to be so used.

Section 4.06 Further Assurances. Debtor will from time to time sign, execute, deliver and file, alone or with Secured Party, any financing statement, security agreements or other documents, any document as may be requested by Secured Party, and take all further action that may be necessary or desirable, or that Secured Party may request to confirm, perfect and preserve the security interest created hereby, and in addition, Debtor hereby authorizes and appoints Secured Party as Debtor's true and lawful attorney-in-fact and agent to execute and deliver on behalf of Debtor and to file such financing statements, security agreements and other documents as Secured Party shall determine to be useful. Debtor shall do all such additional and further acts, things, deeds, give such assurances and execute such instruments as Secured Party requests to vest more completely in and assure to Secured Party its rights under this Security Agreement. Without limiting the foregoing, (i) Debtor will not remove any goods (other than mobile goods) included in the Collateral from the jurisdiction in which such goods are located (as represented in Section 3.06 of this Security Agreement) unless prior thereto all actions referenced in Section 4.01 have been taken with respect thereto; (ii) Debtor will mark conspicuously any and all chattel paper included in the Collateral and its Books and Records pertaining to the Collateral with a legend, in form and substance satisfactory to Secured Party indicating that such chattel paper or Collateral is subject to the security interest granted by this Security Agreement; and (iii) in the event any Account, Intangibles or Related Right is evidenced by a note or other instrument, Debtor will transfer, deliver and assign to Secured Party such note or other instrument duly endorsed and accompanied by duly executed instruments of transfer and assignment, all in form and substance satisfactory to Secured Party, to be held by Secured Party as Collateral under this Security Agreement.

Section 4.07 Filing Reproductions. At the option of Secured Party, a carbon, photographic or other reproduction of this Security Agreement or of a financing statement covering the Collateral shall be sufficient as a financing statement and may be filed as a financing statement.

Section 4.08 Delivery of Information. Debtor will transmit to Secured Party promptly all information that Debtor may have or receive with respect to the Collateral or account debtors or obligors in respect of the Accounts, the Intangibles and the Related Rights which might in any way affect the value of the Collateral or Secured Party's rights or remedies with respect thereto.

Section 4.09 Compromise of Collateral. Debtor will not adjust, settle or compromise any of the Collateral without the prior written consent of Secured Party.

Section 4.10 Title; Prohibited Liens and Filings. Debtor agrees to protect the title to the Collateral. Debtor will not pledge, mortgage, lease or otherwise encumber, or create or suffer a security interest to exist in any of the Collateral (other than in favor of Secured Party) or sell, assign or otherwise transfer any of the Collateral (other than Inventory as permitted by Section 4.13 of this Security Agreement) to or in favor of anyone other than Secured Party. Debtor will not file or permit



to be filed or recorded any financing statement or other security instrument with respect to the Collateral other than in favor of Secured Party.

Section 4.11 Inspection. Debtor will permit Secured Party to inspect Debtor's Properties and Books and Records as provided by the Loan Agreement.

Section 4.12 Account Obligations. Debtor will duly perform or cause to be performed all obligations of Debtor with respect to the goods or services, the sale or lease or rendition of which gave rise or will give rise to each Account or Instrument.

Section 4.13 Use of Inventory. Until the occurrence of any Event of Default, Debtor may use its Inventory in any lawful manner not inconsistent with this Security Agreement and with the terms of insurance thereon and may sell, lease or otherwise dispose of its Inventory in the ordinary course of business. Debtor will not and shall not be permitted to use any item of Inventory in a manner inconsistent with the holding thereof for sale, lease or disposition in the ordinary course of business or in contravention of the terms of any agreement. A sale, lease or disposition in the ordinary course of business does not include the exchange of items of Inventory for goods in kind or otherwise or transfers of items of Inventory made in satisfaction of present or future indebtedness.

Section 4.14 Collection and Enforcement of Accounts, Intangibles and Related Rights.

(a) Except as otherwise provided in subsection (b) hereof, Debtor shall continue to collect, at its own expense, all amounts due or to become due Debtor with respect to the Accounts, Intangibles, Instruments and Related Rights. In connection with such collections, Debtor may take (and, at Secured Party's direction, shall take) such action as Debtor or Secured Party may deem necessary or advisable to enforce collection of the Accounts, Intangibles and Related Rights.

(b) Notwithstanding the provisions of subsection (a) hereof, Secured Party shall have the right at any time and from time to time, whether with or without written notice to Debtor of its intention to do so, to contact account debtors or obligors under any or all of the Accounts, Intangibles, Instruments or Related Rights in order to verify information about Debtor's accounts, to notify such account debtors or obligors of the assignment and security interest of Secured Party in such Accounts, Intangibles, Instruments or Related Rights and to direct such account debtors or obligors to make payment of all amounts due or to become due Debtor thereunder directly to Secured Party. Upon exercising such right, Secured Party may additionally, at the expense of Debtor, enforce collection of any or all of the Accounts, Intangibles, Instruments and Related Rights and may adjust, settle or compromise the amount or payment thereof, in the same manner and to the same extent as Debtor might have done.

(c) All amounts and proceeds (including chattel paper, notes and instruments) received by Debtor in respect of the Accounts, Intangibles, Instruments and Related Rights (i) shall be received in trust for the benefit of Secured Party hereunder, (ii) shall be segregated from other funds of Debtor and shall not be commingled with other money nor deposited in a deposit account of Debtor, and (iii) shall forthwith be paid over to Secured Party in the same form as so received (together with any necessary endorsement) to be held by Secured Party as cash collateral and applied as set forth in Section 5.02 hereof. After Secured Party gives Debtor notice of its intention to exercise the rights and remedies granted in subsection (b) hereof, (i) Debtor shall not adjust, settle or compromise any of the Accounts, the Intangibles, the Instruments or the Related Rights nor release wholly or partly any account debtor or obligor thereof, nor allow any credit (other than proceeds subject to this subsection [c]) or discount thereon; and (ii) Debtor shall forthwith deliver to Secured Party, to be maintained under the exclusive control of Secured Party, the Books and Records relating to the Accounts, the Intangibles, the Instruments and the Related Rights for the purpose of enabling Secured Party to exercise its rights and remedies under this Security Agreement.

Section 4.15 Reports. Debtor will timely furnish to Secured Party such reports and other information pertaining to or affecting the Collateral as required by the Loan Agreement.

Section 4.16 Proceeds. Debtor will deliver to Secured Party promptly upon receipt, all proceeds received by Debtor from the sale or other disposition of the Collateral in the exact form in which they are received, or in such other form as Secured Party may from time to time direct. To evidence Secured Party's rights in this regard, Debtor will assign or endorse proceeds to Secured Party as Secured Party requests. Upon request of Secured Party, Debtor will notify obligors on all of the Collateral to make payments directly to Secured Party, and Secured Party may endorse as Debtor's agent any checks, instruments, chattel paper or other documents connected with the Collateral, take control of proceeds of the Collateral and may hold the proceeds as part of the Collateral and may use cash proceeds to reduce any part of the Indebtedness, or otherwise, and take any action necessary to obtain, preserve and enforce the security interests and liens granted hereunder and maintain and preserve the Collateral.

Section 4.17 Insurance. Debtor shall have and maintain, with financially sound and reputable insurers, insurance satisfactory in all respects to Secured Party covering the goods included in the Collateral against risk of fire, theft and such other risks as Secured Party may require, including standard extended coverage, in an amount at least equal to the value thereof. Policies evidencing any such property insurance (i) shall contain a standard mortgagee's endorsement, (ii) shall provide for payment of any loss to Secured Party, (iii) shall contain the agreement by the insurer that any loss thereunder shall be payable to Secured Party notwithstanding any action, inaction or breach of representation or warranty by Debtor, (iv) shall provide that there shall be no recourse against Secured Party for payment of premiums or other amounts with respect thereto and (v) shall provide for a minimum of ten (10) days prior written notice to Secured Party of any cancellation,

modification or alteration of such insurance coverage. Debtor shall furnish Secured Party with certificates or other evidence of compliance with the foregoing insurance provisions. Secured Party may act as attorney for Debtor and Debtor hereby irrevocably appoints Secured Party as Debtor's true and lawful attorney-in-fact and agent, with full power of substitution, in Secured Party's name or Debtor's name or otherwise, but at Debtor's cost and expense and without notice to Debtor, to obtain, adjust, sell and cancel such insurance and endorse any draft drawn by insurers of such Collateral. Secured Party may apply any proceeds of such insurance which may be received by it in payment on account of the Indebtedness, whether due or not. If any insurance policy covering the goods included in the Collateral expires or is canceled before the Indebtedness is paid in full or Secured Party's obligation, if any, to advance additional monies has terminated, at Secured Party's option, Secured Party may obtain replacement insurance which may, but need not, be single interest insurance in favor of Secured Party and Secured Party may pay the premiums thereunder.

Section 4.18 Expenses. Debtor agrees to pay to Secured Party, at Secured Party's offices, all advances, charges, costs and expenses (including reasonable attorneys' fees and legal expenses) incurred by Secured Party in connection with the transaction which gives rise to this Security Agreement, in connection with confirming, perfecting and preserving the security interest created under this Security Agreement, in connection with protecting Secured Party against the claims or interests of any third Person against the Collateral, and in exercising any right, power or remedy conferred by this Security Agreement or by law. The amount of all such advances, charges, costs and expenses shall be due and payable by Debtor to Secured Party upon demand together with interest thereon from the date of demand at the rate of interest then in effect under the Revolving Credit Note; for purposes of determining whether such interest rate is usurious under this Section, the amount of all such advances, charges, costs and expenses shall be added to the amount of all other Indebtedness then outstanding, and the aggregate amount shall be used.

Section 4.19 Financial Statements and Reports. Debtor will timely furnish to Secured Party the financial statements and other information regarding the business, affairs and financial condition of Debtor and the Collateral as required by the Loan Agreement.

Section 4.20 Fixtures or Accessions. Unless Exhibit "B" includes a description of real estate or other goods pursuant to subparagraph 2.01(f), Debtor will not permit any Collateral to become so related to any particular real estate so as to become a fixture on such real estate or to be installed in or affixed to other goods so as to become an accession to such other goods; in the event that any Collateral is to become so related to any particular real estate or so installed or affixed to other goods, prior thereto Debtor will notify Secured Party of such fact and upon demand of Secured Party furnish written consent(s) to Secured Party's security interest and/or disclaimer(s) signed by any person having an interest in the real estate or other goods.

## ARTICLE V

### RIGHTS AND REMEDIES

Section 5.01 With Respect to Collateral.

A. Secured Party is hereby fully authorized and empowered (without necessity of any further consent or authorization from Debtor) and the right is expressly granted to Secured Party, and Debtor hereby constitutes, irrevocably appoints and makes Secured Party Debtor's true and lawful attorney-in-fact and agent for Debtor and in Debtor's name, place and stead, which appointment is coupled with an interest in the Collateral, with full power of substitution, in Secured Party's name or Debtor's name or otherwise, for Secured Party's sole use and benefit, but at Debtor's cost and expense, to exercise without notice, all or any of the following powers at any time with respect to all or any of the Collateral (regardless of whether any of the Indebtedness is due or not):

(1) to demand, sue for, collect, receive and give acquittance for any and all monies due or to become due by virtue thereof and otherwise deal with proceeds;

(2) to receive, take, endorse, assign and deliver any and all checks, notes, drafts, documents and other negotiable and non-negotiable instruments and chattel paper taken or received by Secured Party in connection therewith;

(3) to settle, compromise, compound, prosecute or defend any action or proceeding with respect thereto;

(4) to sell, transfer, assign or otherwise deal in or with the same or the proceeds or avails thereof or the relative goods, as fully and effectually as if Secured Party were the absolute owner thereof;

(5) to extend the time of payment of any or all thereof and to grant waivers and make any allowance or other adjustment with reference thereto; and

(6) to enter any post office box and take all items therefrom, to open the same and, after taking all remittances, to return any remaining items to such Debtor and to change any post office box to any address or post office box Secured Party chooses;

provided, however, Secured Party shall be under no obligation or duty to exercise any of the powers hereby conferred upon it and shall be without liability for any act or failure to act in connection with the collection of, or the preservation of any rights under, any Collateral.

B. Without waiving any of the foregoing, as to the Intellectual Property Collateral, the Secured Party shall have the following additional rights and remedies:

(1) to exercise any and all rights as beneficial and legal owner of the Intellectual Property Collateral, including, without limitation, any and all consensual rights and powers with respect to the Intellectual Property Collateral;

(2) to sell or assign or grant a license or franchise to use, or cause to be sold or assigned or granted a license or franchise to use, any or all of the Intellectual Property Collateral, in each case, free of all rights and claims of the Debtor therein and thereto (but subject, in each case, to the rights of others heretofore granted or created by the Debtor in the ordinary course of business);

(3) to sell or assign the Intellectual Property Collateral, or any part thereof, for cash or upon credit as the Secured Party may deem appropriate;

(4) to grant licenses or franchises or both to use the Intellectual Property Collateral on such terms and conditions as the Secured Party shall determine;

(5) the Debtor will promptly (and in any event within three [3] Business Days) deliver, upon the request of the Secured Party, to the Secured Party or its designee an assignment of the Intellectual Property Collateral, duly executed by the Debtor.

In connection with the above, the Secured Party shall have the right to impose such limitations and restrictions on the sale or assignment of the Intellectual Property Collateral as the Secured Party may deem to be necessary or appropriate to comply with any law, rule or regulation (federal, state, local or that of a foreign country) having applicability to any such sale and requirements for any necessary governmental approvals. The Debtor agrees that the Secured Party may duly execute all applications, documents, licenses, releases, assignments and other instruments called for under the terms of this Security Agreement, or necessary in Secured Party's judgment to effectuate the same, as Debtor's true and lawful attorney-in-fact pursuant to Sections 4.06 and 5.01 hereof.

Section 5.02 Application of Cash Sums. Prior to the happening of any Events of Default, all cash sums paid to and received by Secured Party on account of the Collateral (i) shall be promptly applied by Secured Party on the Indebtedness whether or not such Indebtedness shall have by its terms matured, such application to be made to principal or interest or expenses as Secured Party may elect; provided, further, however, Secured Party's failure to so apply any such sums shall not be a waiver of Secured Party's right to so apply such sums or any other sums at any time, or (ii) at the option of Secured Party, shall be released to Debtor for use in Debtor's business.

Section 5.03 Default, Events. At the option of Secured Party and without necessity of demand or notice, all or any part of the Indebtedness shall immediately become due and payable irrespective of any agreed maturity or period of grace and any obligation of Secured Party for further financial accommodation shall terminate upon the happening of any Default or Event of Default.

Section 5.04 Default, Remedies. If all or any part of the Indebtedness shall become due and payable as specified in Section 5.03 Secured Party may then, or at any time thereafter take possession of the Collateral with or without judicial process and apply, set-off, sell in one or more sales, lease or otherwise dispose of, any or all of the Collateral, in its then-condition or following any commercially reasonable preparation or processing, in such order as Secured Party may elect, and any such sale may be made either at public or private sale at its place of business or elsewhere, either for cash or upon credit or for future delivery, at such price as Secured Party may deem fair, and Secured Party may be the purchaser of any or all Collateral so sold and hold the same thereafter in its own right free from any claim of Debtor or right of redemption. No such purchase or holding by Secured Party shall be deemed a retention by Secured Party in satisfaction of the Indebtedness. All demands, notices and advertisements, and the presentment of property at sale, are hereby waived. If, notwithstanding the foregoing provisions, any applicable provision of the Code or other law requires Secured Party to give reasonable notice of any such sale or disposition or other action, Debtor agrees five (5) days prior written notice shall constitute reasonable notice. Secured Party may require Debtor to assemble the Collateral and make it available to Secured Party at a place designated by Secured Party which is reasonably convenient to Secured Party and Debtor. Any sale hereunder may be conducted by an auctioneer or any officer or agent of Secured Party. The Collateral need not be present at any such sale.

Section 5.05 Proceeds. The proceeds of any sale or other disposition of the Collateral and all sums received or collected by Secured Party from or on account of the Collateral shall be applied by Secured Party in the manner set forth in Section 9.504 of the Code as presently in effect.

Section 5.06 Deficiency. Debtor shall remain liable to Secured Party for any Indebtedness, advances, costs, charges and expenses, together with interest thereon remaining unpaid and shall pay the same immediately to Secured Party at Secured Party's offices.

Section 5.07 Secured Party's Duties. The powers and remedies conferred upon Secured Party by this Security Agreement are solely to protect its interest in the Collateral and shall not impose any duty upon Secured Party to exercise any such power or remedy. Secured Party shall be under no duty whatsoever to make or give any presentment, demand for performance, notice of nonperformance, protest, notice of protest, notice of dishonor, notice of default, notice of intent to accelerate, notice of acceleration or other notice or demand in connection with the Collateral or the Indebtedness, or to take any steps necessary to preserve any rights against prior parties, all of which are hereby waived by Debtor. Secured Party shall not be liable for failure to collect or realize upon any or all of the Indebtedness or Collateral, or for any delay in so doing, nor shall Secured Party be under any duty to take any action whatsoever with regard thereto. Secured Party shall use reasonable care in the custody and preservation of any Collateral in its possession but need not take any steps to keep the Collateral identifiable. Secured Party shall have no duty to comply with any recording, filing or other legal requirements necessary to establish or maintain the validity, priority or enforceability of, or Secured Party's rights in or to, any of the Collateral.

**Section 5.08 Secured Party's Actions.** Debtor waives any right to require Secured Party to proceed against any Person, exhaust any Collateral, or have any Other Liable Party joined with Debtor in any suit arising out of the Indebtedness or this Security Agreement or pursue any other remedy in Secured Party's power; waives any and all notice of acceptance of this Security Agreement or of creation, modification, renewal or extension for any period of any of the Indebtedness from time to time; and waives any defense arising by reason of any disability or other defense of any Debtor or of any Other Liable Party, or by reason of the cessation from any cause whatsoever of the liability of any Debtor or of any Other Liable Party. All dealings between Debtor and Secured Party, whether or not resulting in the creation of Indebtedness, shall conclusively be presumed to have been had or consummated in reliance upon this Agreement. Until all Indebtedness shall have been paid in full, Debtor shall have no right to subrogation, and Debtor waives any right to enforce any remedy which Secured Party now has or may hereafter have against Debtor or Other Liable Party and waives any benefit of and any right to participate in any Collateral or security whatsoever now or hereafter held by Secured Party. Debtor authorizes Secured Party, without notice or demand and without any reservation of rights against Debtor and without affecting Debtor's liability hereunder or on the Indebtedness, from time to time to (a) take and hold any other Property as collateral, other than the Collateral, for the payment of any or all of the Indebtedness, and exchange, enforce, waive and release any or all of the Collateral or such other Property; (b) apply the Collateral or such other Property and direct the order or manner of sale thereof as Secured Party in its discretion may determine; (c) renew and/or extend for any period, accelerate, modify, compromise, settle or release the obligation of Debtor or any Other Liable Party with respect to any or all of the Indebtedness or Collateral; and (d) release or substitute any Debtor or any Other Liable Party.

**Section 5.09 Transfer of Indebtedness and Collateral.** Secured Party may transfer any or all of the Indebtedness, and upon any such transfer Secured Party may transfer any or all of the Collateral and shall be fully discharged thereafter from all liability with respect to the Collateral so transferred, and the transferee shall be vested with all rights, powers and remedies of Secured Party hereunder with respect to Collateral so transferred; but with respect to any Collateral not so transferred Secured Party shall retain all rights, powers and remedies hereby given. Secured Party may at any time deliver any or all of the Collateral to Debtor, whose receipt shall be a complete and full acquittance for the Collateral so delivered, and Secured Party shall thereafter be discharged from any liability therefor.

**Section 5.10 Cumulative Security.** The execution and delivery of this Security Agreement in no manner shall impair or affect any other security (by endorsement or otherwise) for the payment of the Indebtedness. No security taken hereafter as security for payment of the Indebtedness shall impair in any manner or affect this Security Agreement. All such present and future additional security is to be considered as cumulative security.

**Section 5.11 Continuing Agreement.** This is a continuing agreement and all the rights, powers and remedies of Secured Party hereunder shall continue to exist until the Indebtedness is paid in full as the same becomes due and payable; until Secured Party has no further obligation to advance monies to Debtor or Other Liable Party; and until Secured Party, upon request of Debtor, has

executed a written termination statement. Furthermore, it is contemplated by the parties hereto that there may be times when no Indebtedness is owing; but notwithstanding such occurrence, this Security Agreement shall remain valid and shall be in full force and effect as to subsequent Indebtedness provided that Secured Party has not executed a written termination statement. Otherwise this Security Agreement shall continue irrespective of the fact that the personal liability of any Other Liable Party may have ceased, and notwithstanding the death or incapacity of Debtor or the death, incapacity or bankruptcy of any Other Liable Party or any other event or proceeding affecting Debtor or Other Liable Party.

Section 5.12 Cumulative Rights. The rights, powers and remedies of Secured Party hereunder shall be in addition to all rights, powers and remedies given by statute or rule of law and are cumulative. The exercise of any one or more of the rights, powers and remedies provided herein shall not be construed as a waiver of any of the other rights, powers and remedies of Secured Party. Furthermore, regardless of whether or not the Uniform Commercial Code is in effect in the jurisdiction where such rights, powers and remedies are asserted, Secured Party shall have the rights, powers and remedies of a secured party under the Code, as amended from time to time.

Section 5.13 Exercise of Rights. Time shall be of the essence for the performance of any act under this Security Agreement or the Indebtedness by Debtor or Other Liable Party, but neither Secured Party's acceptance of partial or delinquent payment nor any forbearance, failure or delay by Secured Party in exercising any right, power or remedy shall be deemed a waiver of any obligation of Debtor or Other Liable Party or of any right, power or remedy of Secured Party or preclude any other or further exercise thereof; and no single or partial exercise of any right, power or remedy shall preclude any other or further exercise thereof, or of the exercise of any other right, power or remedy.

Section 5.14 Remedy and Waiver. Secured Party may remedy any Default and may waive any Default without waiving the Default remedied or waiving any prior or subsequent Default.

Section 5.15 Non-Judicial Remedies. Secured Party may enforce its rights hereunder without resort to prior judicial process or judicial hearing, and Debtor expressly waives, renounces and knowingly relinquishes any and all legal rights which might otherwise require Secured Party to enforce its rights by judicial process. In so providing for non-judicial remedies, Debtor recognizes and concedes that such remedies are consistent with the usage of the trade, are responsive to commercial necessity and are the result of bargaining at arm's length. Nothing herein is intended to prevent Secured Party or Debtor from resorting to judicial process at either party's option.

## ARTICLE VI

### MISCELLANEOUS

Section 6.01 Debtor. The term "Debtor" as used throughout this Security Agreement shall (regardless of use of the singular form) mean Debtor individually and/or collectively, and shall



include the respective successors, legal representatives, heirs and assigns of Debtor. The obligations and agreements of Debtor hereunder are joint and several.

Section 6.02 Preservation of Liability. Neither this Security Agreement nor the exercise by Secured Party (or any failure to so exercise) of any right, power or remedy conferred herein or by law shall be construed as relieving any Person liable on the Indebtedness from full liability on the Indebtedness and for any deficiency thereon.

Section 6.03 Notices. Any notice or demand to Debtor under this Security Agreement or in connection with this Security Agreement may be given and shall conclusively be deemed and considered to have been given and received upon the deposit thereof, in writing, duly stamped and addressed to Debtor at the address of Debtor appearing on the records of Secured Party, in the U.S. Mail, but actual notice, however given or received, shall always be effective.

Section 6.04 Construction. This Security Agreement has been made in and the security interest granted hereby is granted in and both shall be governed by the laws of the State of Texas (except to the extent that the laws of any other jurisdiction govern the perfection and priority of the security interest granted hereby) and of the United States of America, as applicable, in all respects, including matters of construction, validity, enforcement and performance.

Section 6.05 Amendment and Waiver. This Security Agreement may not be amended, altered, or modified (nor may any of its terms be waived) except in writing duly signed by an authorized officer of Secured Party and by Debtor.

Section 6.06 Invalidity. If any provision of this Security Agreement is rendered or declared invalid, illegal or unenforceable by reason of any existing or subsequently enacted legislation or by a judicial decision which shall have become final, Debtor and Secured Party shall promptly meet and negotiate substitute provisions for those rendered invalid, illegal or unenforceable, but all of the remaining provisions shall remain in full force and effect.

Section 6.07 Successors and Assigns. The covenants, representations, warranties and agreements herein set forth shall be binding upon Debtor and shall inure to the benefit of Secured Party, its successors and assigns.

Section 6.08 Survival of Agreements. All representations and warranties of Debtor herein, and all covenants and agreements herein not fully performed before the effective date of this Security Agreement, shall survive such date.

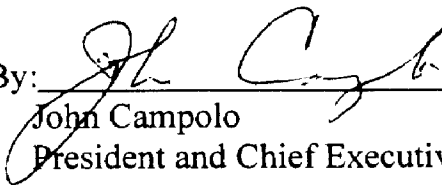
Section 6.09 Titles of Articles and Sections. All titles or headings to articles, sections or other divisions of this Security Agreement are only for the convenience of the parties and shall not be construed to have any effect or meaning with respect to the other content of such articles, sections or other divisions, such other content being controlling as to the agreement between the parties hereto.

Section 6.10 Exhibits. Any exhibits to this Security Agreement are incorporated herein by reference for all purposes.

EXECUTED as of the date first set forth above.

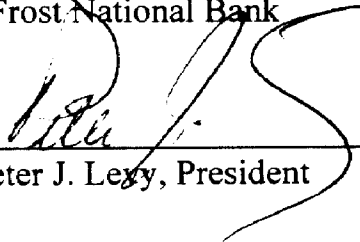
LICENSOR:

HOLMAN BOILER WORKS, INC.

By:   
\_\_\_\_\_  
John Campolo  
President and Chief Executive Officer

LICENSEE:

FROST CAPITAL GROUP, a division of  
The Frost National Bank

By:   
\_\_\_\_\_  
Peter J. Levy, President

Signature Page for Security Agreement by and between  
Holman Boiler Works, Inc. and Frost Capital Group

**Security Agreement**  
**Exhibit "A"**  
**Intellectual Property Collateral**

**Patents:**

Invention Properties owned by Holman Boiler Works, Inc.

<u>U.S. Pat. No., Issue Date or App. No., App. No., Filing Date</u>	<u>Foreign Pat. No., Issue Date or Filing Date</u>	<u>Title</u>	<u>Assignee</u>	<u>Status</u>
5,603,906 2/1897	not found	Low NO Burner	Holman Boiler Works, Inc.	1 <sup>st</sup> maintenance fee due 8/18/00; expires 11/20/15
5,257,0927 11/2/93	CA 2,099,112	Low NO Burner	Holman Boiler Works, Inc.	2 <sup>nd</sup> Maintenance fee due 5/21/01; expires 11/1/11
	JP 2,617,680 6/4/97			The 3 foreign patents expire 10/29/12
	RU 2,091,669 9/27/97			
07/034,327 3/22/93	PCT/US94/03072 3/22/94	Low NO Burner	Holman Boiler Works, Inc.	RU patent expires 3/22/14
	RU 2,089,785 9/10/97 (pat.)			
	CA 2,135,772 3/22/94 (app.)			
	JP 94-521,316 3/22/94 (app.)			

**Trademarks:**

United States Trademark Registrations

<u>Trademark</u>	<u>Reg. No.</u>	<u>Reg. Date</u>
THE BOILER SUPERMARKET	1,443,562	June 16, 1987
THE BOILER SUPERMARKET	1,441,988	June 9, 1987
HOLMAN BOILER WORK INC. and Design	1,497,069	July 19, 1988
HOLMAN BOILER WORKS INC. and Design	1,496,676	July 19, 1988
Design	1,448,885	July 21, 1987
Design	1,460,767	October 13, 1987

Exhibit "B"

Description of the Real Property

A tract of land containing 17.813 acres out of the Harris and Wilson Survey, A-31 and E. Thomas Survey, A-73, Harris County, Texas, said tract being described by metes and bounds as follows:

BEGINNING at a point in the West line of Federal Road (125' R.O.W.), for the N.E. corner, said point being S. 0° 12' E., along the West line of Federal Road, 445.05 feet from the S.W. corner of City of Houston Fresh Water West Canal and Federal Road;

THENCE S. 0° 12' E., along the West line of Federal Road, 905.43 feet to a point for the S.E. corner;

THENCE, S. 89° 48' W., 560 feet to a point;

THENCE, N. 89° 48' W., 821.81 feet to a point in the East line of City of Houston Fresh Water West Canal for the S.W. corner;

THENCE in a northeasterly direction along a 205.44 feet radius curve to the right (1-15° 07' 06"), 34.81 feet to the P.C. of a curve;

THENCE N. 46° 49' E., along the East line of City of Houston Fresh Water West Canal, 1110.99 feet to a point for the N.W. corner;

THENCE N. 89° 48' E., 524.37 feet to the Place of Beginning and containing 17.812 acres of land, more or less.

The name of the record owner of the property is All States Partners R.E., L.P., a Texas limited partnership. The street address of the property is 2000 Federal Road, Houston, Texas 77015.

Exhibit "C"  
LICENSE AGREEMENT

THIS LICENSE AGREEMENT (this "Agreement") is entered into as of \_\_\_\_\_, between HOLMAN BOILER WORKS, INC., a Delaware corporation, d/b/a Boiler Tubes of Texas, d/b/a HBW Acquisition Corporation, d/b/a Houston Package Boiler ("Licensor") with principal offices and a mailing address at 1956 Singleton Boulevard, Dallas, Texas 75212 and THE FROST NATIONAL BANK, a national banking association, doing business as FROST CAPITAL GROUP, formerly known as Creekwood Capital Group, with offices at 1010 Lamar, Suite 700, Houston, Texas 77002 ("Licensee"), with reference to the following:

(a) Licensor, as borrower, and Licensee, as lender, are parties to that certain Loan Agreement and that certain Security Agreement (as from time to time amended, modified, supplemented, renewed, extended, or restated, herein collectively called the "Loan Documents"), each of even date herewith. Terms used herein that are defined in the Loan Documents and not otherwise defined herein shall have the meaning ascribed thereto in the Loan Documents.

(b) Licensor has granted to Licensee a security interest in the Intellectual Property Collateral (as hereinafter defined).

(c) Licensor may have rights with respect to intellectual property, including, without limitation, all copyrights, trademarks, trademark registrations and applications for registration, trade names, corporate names, trade styles, service marks, logos, other source and business identifying marks, together with any goodwill associated therewith, and all patents, patent applications, and all renewals, extensions and continuations in part of the above, any written agreement granting any right to use any copyright, trademark, trademark application or registration, patent, patent application or registration, and the right to sue for past, present and future infringements of the foregoing (which rights, excluding any intellectual property rights of Licensor that cannot be assigned lawfully are herein collectively called the "Intellectual Property Collateral").

(d) Licensee may need to use the Intellectual Property Collateral in connection with the maintenance, preservation, preparation, sale, disposition, collection, foreclosure, or other realization of, upon, or with respect to the Collateral in accordance with the Loan Documents (collectively, the "Permitted Uses").

(e) This Agreement is entered into for the purpose of providing Licensee a non-exclusive license to use the Intellectual Property Collateral for the Permitted Uses.

NOW, THEREFORE, for good and valuable consideration, including, without limitation, the extensions of credit by Licensee to Licensor provided for in the Loan Documents, the receipt and adequacy of which is hereby acknowledged by each party hereto, the parties agree as follows:

(1) Licensor irrevocably grants Licensee a non-exclusive license (the "License") to use all present and future Intellectual Property Collateral of Licensor, together with any goodwill associated therewith, from time to time, for the Permitted Uses or any of them.

(2) Licensee's rights under this Agreement and with respect to the License are fully prepaid. No royalties or other compensation shall be payable by Licensee to Licensor with respect to the License or this Agreement.

(3) The License granted hereunder shall remain in full force and effect until all Indebtedness of Licensor to Licensee is indefeasibly paid in full, and Licensee has no further obligation or commitment to extend credit or financial accommodations to Licensor.

(4) The rights of Licensee hereunder are assignable in connection with any (a) sale or other disposition of Collateral in accordance with the Loan Documents, to the extent necessary or appropriate to permit the purchaser of such Collateral to have unfettered rights with respect to such Collateral, or (b) assignment by Licensee of all or part of its rights under and in accordance with the Loan Documents.

5. This Agreement shall be governed by the law of the State of Texas.

Collateral Covered by Certificate of Title

Description	License No.
1986 Hobb Trailer	TX Y89512
1995 Pari Trailer	TX 69TXGD
1994 Grat Trailer	TX 10405Y
1979 Hobbs (Token) Trailer	TX 29534M
1983 Hobbs (Token) Trailer	TX 00152197
1983 Hobbs (Token) Trailer	TX 00152337
1985 Vulcan (Token) Trailer	TX 09485301
1985 Vulcan (Token) Trailer	TX 09485301
1980 Great Dane (Token) Trailer	TX 13386989
1986 Great Dane (Token) Trailer	TX 3163Y
1990 Fruehauf (Van) S/T Trailer	TX 25218182
1986 Vulcan Trailer	TX 14176084
1987 Vulcan Trailer	TX 17394086
1988 Omni Trailer	TX 50888Y
1988 TrailMobil Trailer	TX 54940Y
1988 TrailMobil Trailer	TX 18979294
1988 TrailMobil Trailer	TX 18979293
1988 TrailMobil Trailer	TX 18994198
1972 Hobbs Trailer	TX 18967623
1972 Hobbs Trailer	TX 18967622
1985 Strick Trailer	TX 53118Z



1972 Hobbs Trailer	TX 19005968
1987 TrailMobil Trailer	TX 32956285
1989 Dorsey Trailer	TX 92093Z
1993 Great Dane Trailer	TX 91710Z
1993 Great Dane Trailer	TX 90930Z
1995 Well Trailer	TX Y89520
1995 Well Trailer	TX 15TXGF

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