

06-25-2003

Form PTO-1594 (Rev. 10/02) OMB No. 0651-0027 (exp. 6/30/2005) Tab settings



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

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

1. Name of conveying party(ies): Professional Education Properties, Inc.
Individual(s) Association
General Partnership Limited Partnership
Corporation-State
Other
Additional name(s) of conveying party(ies) attached? Yes No

2. Name and address of receiving party(ies)
Name: Bank One, NA
Internal Address:
Street Address: 10 S. Dearborn Bank One Plaza
City: Chicago State: IL Zip: 60670
Individual(s) citizenship Association
General Partnership Limited Partnership
Corporation-State
Other National Banking Association
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: 5/29/2003

4. Application number(s) or registration number(s):
A. Trademark Application No.(s)
B. Trademark Registration No.(s) 2,525,060
Additional number(s) attached Yes No

5. Name and address of party to whom correspondence concerning document should be mailed:
Name: Angela Washelesky
Internal Address: Sachnoff & Weaver, Ltd.,
Street Address: 30 South Wacker Drive, 29th Floor
City: Chicago State: IL Zip: 60606

6. Total number of applications and registrations involved: 1
7. Total fee (37 CFR 3.41) \$ 40.00
Enclosed
Authorized to be charged to deposit account
8. Deposit account number:

DO NOT USE THIS SPACE

9. Signature:
William Doran
Name of Person Signing

Signature

6-18-03
Date

Total number of pages including cover sheet, attachments, and document: 15

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

TRADEMARK REEL: 002764 FRAME: 0294

06/24/2003 DBYRNE 00000066 2525060

01 FC:8521 William Doran 40.00 OP

## COPYRIGHT AND TRADEMARK SECURITY AGREEMENT

This COPYRIGHT AND TRADEMARK SECURITY AGREEMENT (the "**Security Agreement**") dated as of May 29, 2003 (the "**Effective Date**"), is executed by Professional Education Properties, Inc., f/k/a "Professional Education Institute, Inc.", an Illinois corporation ("**Pledgor**") in favor of Bank One, NA (f/k/a American National Bank and Trust Company of Chicago) ("**Lender**").

### RECITALS

A. Pledgor and its affiliates, The Hume Group, Inc., an Illinois corporation ("**Hume**"), AMS Direct, Inc., a Delaware corporation ("**AMS Direct**"), Host Financial, Inc. ("**Host**"), American Marketing Systems, Inc., an Illinois corporation ("**AMS**") and Franklin Covey Coaching LLC, a Delaware limited liability company ("**FCC**" and collectively with Pledgor, Hume, AMS Direct, Host and AMS, the "**Borrowers**") and the Lender have entered into that certain Loan and Security Agreement dated as of September 30, 1998, as amended by that certain First Amendment to Loan Documents dated as of August 24, 2000, by that certain Second Amendment to Loan Documents dated as of August 31, 2001, by that certain Third Amendment to Loan Documents dated as of August 1, 2002 and by that certain Fourth Amendment to Loan Documents dated as of April 1, 2003 (the "**Fourth Amendment**") (as amended hereby and as further amended, modified, restated or extended from time to time, the "**Loan Agreement**"). All capitalized terms not otherwise defined herein will have the meanings ascribed to them in the Loan Agreement, the applicable provisions of which are incorporated herein by this reference.

B. The Fourth Amendment requires Pledgor to pledge to the Lender, and grant to the Lender a security interest in, the Pledged Collateral (as defined herein) in order to secure the payment and performance by the Borrowers of the Obligations.

### CLAUSES

In consideration of the premises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. **Grant of Security Interests.** To secure the complete and timely payment, performance and observance of the Obligations, Pledgor, hereby grants to the Lender a continuing first priority and perfected security interest in all of the following property of Pledgor (collectively, the "**Pledged Collateral**"), whether now owned or existing or hereafter acquired:

(a) Trademarks, service marks, assumed or fictitious trade names, trade styles, logos, other business identifiers, prints and labels on which any of the foregoing have appeared or appear, all registrations and recordings thereof and all applications in connection therewith, including, without limitation, those registered marks and applications listed on **Exhibit A** attached hereto; and (i) all renewals thereof, (ii) all income, royalties, damages and payments now or hereafter due or payable under or with respect to any of the foregoing, including, without limitation, damages and payments for past, present and future infringements of any of the foregoing, (iii) all goodwill of Pledgor's business symbolized by the foregoing and connected therewith and (iv) the right to sue for past, present and future infringements of any of the foregoing (all of the foregoing in this subsection (a) are collectively referred to as the "**Trademarks**");

(b) Copyrights, whether or not the underlying works of authorship have been published, all registrations and recordings thereof and all applications in connection therewith, including, without limitation, the registered copyrights and applications listed on **Exhibit B** attached hereto; and (i) all renewals thereof, (ii) all income, royalties, damages and payments now or hereafter due or payable under or with respect to any of the foregoing, including, without limitation, damages and payments for past, present and future infringements of any of the foregoing, (iii) all goodwill of Pledgor's business symbolized by the foregoing and connected therewith and (iv) the right to sue for past, present and future infringements of any of the foregoing (all of the foregoing in this subsection (b) are collectively referred to as the "**Copyrights**");

(c) Rights under and interests in all trademark license agreements, service mark license agreements and patent license agreements with any other party, whether Pledgor is a licensee or licensor under any such license agreement, but excluding any license agreement if (and solely to the extent and for so long as) such license agreement expressly prohibits the Pledgor from granting any Lien thereon (all of the foregoing in this subsection (c) are collectively referred to as the "**Licenses**").

**2. Warranties and Representations.** Pledgor represents and warrants to the Lender that:

(a) None of the Pledged Collateral has been adjudged invalid or unenforceable by a court of competent jurisdiction nor has any such Pledged Collateral been cancelled in whole or in part and each such Trademark, Copyright and License is presently subsisting, and none of the Licenses are material to Pledgor's business;

(b) does not own any patents or patent applications ("**Patents**");

(b) Pledgor is the sole and exclusive owners of the entire and unencumbered right, title and interest in and to the Pledged Collateral, free and clear of any Liens, charges and encumbrances, including without limitation, shop rights and covenants by a Pledgor not to sue third persons;

(c) Pledgor has no notice of any suits or actions commenced or, to the Pledgor's knowledge, threatened with reference to the Pledged Collateral; and

(d) Pledgor has the unqualified right to execute and deliver this Security Agreement and perform in accordance with its terms.

**3. Restrictions on Future Agreements.** Until the Obligations are paid in full and the Loan Documents have been terminated, the Pledgor will not, without the prior written consent of the Lender, sell, assign or license their interest in the Pledged Collateral or enter into any other agreement with respect to the Pledged Collateral which would affect the validity or enforcement of the rights transferred to the Lender under this Security Agreement.

**4. New Trademarks, Copyrights, Patents and Licenses.** Pledgor hereby represents and warrants to the Lender that, based on a diligent investigation by the Pledgor, the Trademarks listed on **Exhibit A** and the Copyrights listed on **Exhibit B** constitute all of the registered Trademarks and registered Copyrights, and applications therefore, now owned by any Pledgor. If, before the Obligations are paid in full or before the Loan Documents have been terminated, Pledgor (a) becomes aware of any existing Trademark, Copyright, Patent or License

of which Pledgor has not previously informed the Lender or (b) becomes entitled to the benefit of any Trademark, Copyright, Patent or License which benefit is not in existence on the date hereof, then the provisions of this Security Agreement will automatically apply thereto and Pledgor will give to Lender prompt written notice thereof. Pledgor hereby authorizes the Lender to modify this Security Agreement by amending the Exhibits hereto to include any such Trademark, Copyright, Patent or License and to file a duplicate original of this Security Agreement containing the amended Exhibits.

5. **Term.** The term of this Security Agreement will extend until the Obligations are indefeasibly paid in full and the Loan Documents have been terminated. Upon the occurrence and during the continuation of a Default Event, the use by the Lender of the Pledged Collateral will be worldwide and without any liability for royalties or other related charges from the Lender to Pledgor.

6. **Product Quality.** Pledgor will maintain the quality of any and all products in connection with which the Pledged Collateral is used, consistent with commercially reasonable business practices. Upon the occurrence and during the continuation of a Default Event, the Lender, or a conservator or receiver appointed by the Lender, will have the right to establish such additional product quality controls as the Lender, conservator or receiver, in its reasonable judgment, may deem necessary to assure maintenance of the quality of products in connection with which the Pledged Collateral is used.

7. **Release of Security Agreement.** This Security Agreement is made for collateral purposes only. Upon payment in full of the Obligations and termination of the Loan Documents, the Lender will, at Pledgor's expense, promptly take such actions as may be reasonably necessary to terminate the security interests created hereby and pursuant to the Loan Documents.

8. **Expenses.** All expenses incurred in connection with the performance of any of the agreements set forth herein will be borne by the Pledgor. All fees, costs and expenses, of whatever kind or nature, including reasonable attorneys' fees and legal expenses, incurred by the Lender in connection with the filing or recording of any documents (including all taxes in connection therewith) in public offices, the payment or discharge of any taxes, reasonable counsel fees and expenses, maintenance fees, encumbrances or otherwise in protecting, maintaining or preserving the Pledged Collateral or in defending or prosecuting any actions or proceedings arising out of or related to the Pledged Collateral will be borne by and paid by the Pledgor and until paid will constitute Obligations.

9. **Duties of Pledgor.** The Pledgor will (a) diligently file and prosecute all pending applications relating to the Pledged Collateral, (b) preserve and maintain all of their rights in the Pledged Collateral and (c) ensure that the Pledged Collateral is and remains enforceable. Notwithstanding the foregoing, the Pledgor will not be obligated to perform the duties set forth in the foregoing subsections (a) through (c) of this Section 9 if the Pledgor determines in its reasonable discretion, in consultation with the Lender, that such duties are not practical and that the applicable Pledged Collateral is not of material benefit or does not have material value to the Pledgor. Any expenses incurred under this Section 9 will be borne by the Pledgor.

10. **Lender's Right to Sue.** After the occurrence of a Default Event and during the continuance thereof, the Lender will have the right, but will in no way be obligated, to bring suit in its own name to enforce the Pledged Collateral and, if the Lender commences any such suit, the Pledgor will, at the request of the Lender, do any and all lawful acts and execute any and all

proper documents required by the Lender in aid of such enforcement and the Pledgor will promptly, upon demand, reimburse and indemnify the Lender for all costs and expenses incurred in the exercise of its rights under this Section 10, including, without limitation, reasonable attorney's fees and expenses, accounting fees and expenses and court costs.

**11. Waivers.** No course of dealing between the Pledgor and the Lender, nor any failure to exercise, nor any delay in exercising, on the part of the Lender, any right, power or privilege hereunder or under the Loan Documents will operate as a waiver thereof; nor will any single or partial exercise of any right, power or privilege hereunder or thereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

**12. Modification.** No amendment, modification, termination, discharge or waiver of any provision of this Security Agreement or consent to any departure by the Pledgor therefrom, shall in any event be effective unless the same shall be in writing and signed by the Lender, and then such waiver or consent shall be effective only for the specific purpose for which given.

**13. Cumulative Remedies; Power of Attorney; Effect on Loan Documents.** All of the Lender's rights and remedies with respect to the Pledged Collateral whether established hereby, by the Loan Documents, by any other agreements or by law, will be cumulative and may be exercised singularly or concurrently. Pledgor hereby irrevocably designates, constitutes and appoints the Lender (and authorizes the Lender to make, constitute and appoint any officer or agent of the Lender as the Lender may select in its sole discretion) as the Pledgor's true and lawful attorney-in-fact with power, upon the occurrence and during the continuance of a Default Event: (a) endorse the Pledgor's names on all applications, documents, papers and instruments necessary or desirable for the Lender in the use of the Pledged Collateral; (b) take any other actions or execute any document or agreement with respect to the Pledged Collateral as the Lender deems to be in its best interests; (c) grant or issue any exclusive or non-exclusive license under the Pledged Collateral to anyone; or (d) assign, pledge, convey or otherwise transfer title in or dispose of any Pledged Collateral. The Pledgor hereby ratifies all that such attorney will lawfully do or cause to be done by virtue hereof. This power of attorney is coupled with an interest and will be irrevocable until the Obligations have been indefeasibly paid in full and the Loan Documents have been terminated. The Pledgor acknowledges and agrees that this Security Agreement is not intended to limit or restrict in any way the rights and remedies of the Lender under the Loan Documents but rather is intended to facilitate the exercise of such rights and remedies. The Lender will have, in addition to all other rights and remedies given it by the terms of this Security Agreement and the Loan Documents, all rights and remedies allowed by law and the rights and remedies of a secured party under the Uniform Commercial Code as enacted in Illinois, from time to time.

**14. Binding Effect; Benefits.** This Security Agreement will become effective upon execution by the Pledgor and the Lender. If this Security Agreement is not dated or contains any blanks when executed by the Pledgor, the Lender is hereby authorized, without notice to the Pledgor, to date this Security Agreement as of the date when it was executed by the Pledgor, and to complete any such blanks according to the terms upon which this Security Agreement is executed. This Security Agreement will be binding upon the Pledgor and its respective successors and assigns, and will inure to the benefit of the Lender, their successors, nominees and assigns.

**15. Enforceability.** Wherever possible, each provision of this Security Agreement will be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Security Agreement shall be prohibited by, unenforceable or invalid under any

jurisdiction, such provision will, as to such jurisdiction, be severable and be ineffective to the extent of such prohibition or invalidity, without invalidating the remaining provisions of this Security Agreement or affecting the validity or enforceability of such provision in any other jurisdiction.

**16. Survival.** All covenants, agreements, representations and warranties made by the Pledgor herein will, notwithstanding any investigation by the Lender, be deemed material and relied upon by the Lender and shall survive the making and execution of this Security Agreement and the Loan Documents and the issuance of the Notes, and shall be deemed to be continuing representations and warranties until such time as the Pledgor has fulfilled all of its Obligations to the Lender, and the Lender has been paid in full. The Lender, in extending financial accommodations to the Pledgor, are expressly acting and relying on the aforesaid representations and warranties.

**17. Governing Law.** This Security Agreement will be delivered and accepted in and will be deemed to be a contract made under and governed by the internal laws of the State of Illinois (but giving effect to federal laws applicable to national banks), and for all purposes will be construed in accordance with the laws of such State, without giving effect to the choice of law provisions of such State.

**18. WAIVER OF JURY TRIAL.** THE LENDER AND THE PLEDGOR, AFTER CONSULTING OR HAVING HAD THE OPPORTUNITY TO CONSULT WITH COUNSEL, EACH KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVES IRREVOCABLY, THE RIGHT TO TRIAL BY JURY WITH RESPECT TO ANY LEGAL PROCEEDING BASED HEREON, OR ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS SECURITY AGREEMENT, THE PLEDGED COLLATERAL, OR ANY OTHER AGREEMENT EXECUTED OR CONTEMPLATED TO BE EXECUTED IN CONJUNCTION WITH THIS SECURITY AGREEMENT, OR ANY COURSE OF CONDUCT OR COURSE OF DEALING IN WHICH THE LENDER AND THE PLEDGOR ARE ADVERSE PARTIES. THIS PROVISION IS A MATERIAL INDUCEMENT FOR THE LENDER GRANTING ANY FINANCIAL ACCOMMODATION TO THE PLEDGOR.

**19. LITIGATION.** TO INDUCE THE LENDER TO ENTER INTO THE FOURTH AMENDMENT AND GRANT THE FINANCIAL ACCOMMODATIONS CONTEMPLATED THEREBY, THE PLEDGOR IRREVOCABLY AGREES THAT ALL ACTIONS ARISING, DIRECTLY OR INDIRECTLY, AS A RESULT OR CONSEQUENCE OF THIS SECURITY AGREEMENT, ANY OTHER AGREEMENT WITH THE LENDER OR THE PLEDGED COLLATERAL, SHALL BE INSTITUTED AND LITIGATED ONLY IN COURTS HAVING THEIR SITUS IN THE CITY OF CHICAGO, ILLINOIS. PLEDGOR HEREBY CONSENTS TO THE EXCLUSIVE JURISDICTION AND VENUE OF ANY STATE OR FEDERAL COURT HAVING ITS SITUS IN SAID CITY, AND WAIVES ANY OBJECTION BASED ON FORUM NON CONVENIENS. PLEDGOR HEREBY WAIVES PERSONAL SERVICE OF ANY AND ALL PROCESS AND CONSENTS THAT ALL SUCH SERVICE OF PROCESS MAY BE MADE BY CERTIFIED MAIL, RETURN RECEIPT REQUESTED, DIRECTED TO THE PLEDGOR TO THE ADDRESS SET FORTH IN THE LOAN AGREEMENT, IN THE MANNER PROVIDED BY APPLICABLE STATUTE, LAW, RULE OF COURT OR OTHERWISE.

**20. Headings.** Section headings used herein are for convenience only and will not modify the provisions which they precede.


21. **Further Assurances.** Pledgor agrees to execute and deliver such further agreements, instruments and documents, and to perform such further acts, as the Lender may reasonably request from time to time in order to carry out the purpose of this Security Agreement and agreements set forth herein.

22. **Counterparts.** This Security Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which taken together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties have executed this Security Agreement as of the date first above written.

**LENDER:**

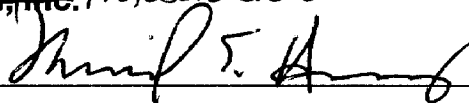
**Bank One, NA**

By: 

Its: Commercial Banking Officer

**PLEDGOR:**

~~PEI, Inc.~~ Professional Education Properties, Inc. <sub>js.</sub>

By: 

Title: PRESIDENT

**EXHIBIT A**  
**TRADEMARKS**



**EXHIBIT A TRADEMARKS**

<b>TRADEMARK</b>	<b>SERIAL NO.</b>	<b>REGISTRATION NO.</b>	<b>STATUS</b>
REAL PROFITS	76/248,014	2,525,060	REGISTERED

**EXHIBIT B**  
**COPYRIGHTS**

**EXHIBIT B COPYRIGHTS**

<b>Title</b>	<b>Registration No.</b>	<b>Registration Date</b>	<b>Publication Date</b>	<b>Supplemental Registration No.</b>
How to sell (or rent) your property yourself for maximum profits.	PA-859-455	3/1/1996	9/15/1997	
Woman to woman : the female advantage to real estate investing.	PA-859-456	3/1/1996	9/15/1997	
Getting your share : using government programs for guaranteed profit.	PA-859-457	3/1/1996	9/15/1997	
The world's greatest telephone techniques : making profits from your kitchen table.	PA-859-458	1/1/1996	9/15/1997	
What to do next after your offer is accepted.	PA-859-459	1/1/1996	9/15/1997	
For the new investor : real estate terms and techniques made easy.	PA-859-460	9/1/1996	9/15/1997	
Skyrocket your profits doing quick and easy fix-ups.	PA-859-461	10/1/1995	9/15/1997	
How to send your child (or grandchild) to college for free using no down payment real estate.	PA-859-462	9/1/1995	9/15/1997	
How to triple your profits in one-third the time buying multi-family properties.	PA-859-463	9/1/1995	9/15/1997	
Attention renters : 50 days to your first home.	PA-859-464	9/1/1994	9/15/1997	
How to get cash at closing when you buy real estate.	PA-859-465	9/1/1994	9/15/1997	
Overcoming fear and uncertainty : let's get started	PA-859-466	9/1/1994	9/15/1997	
How to buy your first home or investment property with no down payment : ch. 16-24.	PA-884-731	1/1/1997	10/24/1997	
How to buy your first home or investment property with no down payment : ch. 11-15.	PA-884-732	1/1/1997	10/24/1997	
How to buy your first home or investment property with no down payment : ch. 1-10.	PA-884-733	1/1/1997	10/24/1997	
Real estate mastery course / by Carleton H. Sheets.	PA-889-422	5/13/1997	10/24/1997	
The complete anatomy of a no down payment transaction.	PA-957-717	1/1/1997	7/1/1999	
Wealth and empowerment training : an in-the-field real estate investing experience / by aCarleton H. Sheets.	PA-959-734	1/1/1998	8/27/1999	
Real estate toolkit : version 7.	TX-5-672-244	1/22/2002	4/17/2002	
Carleton H. Sheets' Real Profit\$	TX 5-063-270	7/1/1998	3/6/2000	
Nothing down deals over the phone.	SR-145-141	9/24/1992	2/1/1988	
Cashing in on foreclosures and distressed properties : a step by step formula / by Carleton H. Sheets	SR-223-893	10/27/1997	1/3/1997	
Real estate mastery course / by Carleton H. Sheets.	SR-246-323	10/24/1997	5/13/1997	
Real estate mastery course / by Carleton H. Sheets.	SR-246-324	10/24/1997	5/13/1997	
Confidential conversations / with Carleton Sheets.	SR-254-960	6/8/1998	4/1/1996	
Confidential conversations / with Carleton Sheets.	SR-254-962	10/27/1997	4/1/1996	
Answers to the 50 most commonly asked questions about no down payment investing / Carleton Sheets.	SR-254-965	10/27/1997	2/1/1997	
Creating quick wealth with partners.	SR-258-714	8/27/1999	1/1/1998	
The painless guide to profitable property management.	SR-258-716	8/27/1999	1/1/1998	
Writing buyers' offers.	TX-3-412-236	9/24/1992	6/1/1985	
Creative tax strategies : a real estate investor's guide to tax reform.	TX-3-412-237	9/24/1992	3/1/1987	
How to get cash at closing when you buy real estate.	TX-4-594-547	9/15/1997	9/1/1994	
The world's greatest wealth builder.	TX-4-658-546	10/27/1997	1/15/1996	
Legal forms portfolio : comprehensive collection for real estate investors.	TX-4-662-884	10/24/1997	11/1/1996	
Real estate computer toolkit : DOS, Windows 3.1 : version 1.2 / Carleton H. Sheets.	TX-4-662-944	6/25/1999	1/30/1996	
Real estate mastery course / by Carleton H. Sheets.	TX-4-678-820	10/24/1997	5/13/1997	
Carleton Sheets Real Estate computer toolkit : version 4.0.	TX-5-032-862	7/1/1999	4/1/1999	
Carleton Sheets Real Estate Computer Toolkit : version 1.0.	TX-5-032-863	7/1/1999	1/1/1995	
Carleton Sheets Real Estate Computer Toolkit : version 2.3.	TX-5-032-864	7/1/1999	10/1/1996	



STATE OF ILLINOIS)  
 ) SS  
COUNTY OF COOK)

The foregoing COPYRIGHT AND TRADEMARK SECURITY AGREEMENT was acknowledged before me on May 6/19, 2003 by Tim Kramer, the Commercial Banking Officer of BANK ONE, NA, a national banking association, on behalf of such national banking association.

Mark Niedzwiedz  
Notary Public

Cook County, Illinois

My commission expires: 3-19, 2005

