

SECURITY AGREEMENT

-- Seed Grants --

The undersigned grant recipient (the "Recipient"), whose principal residence (if an individual) or chief executive office (if an organization) is located at the address set forth underneath Recipient's signature at the end of this Security Agreement (this "Agreement"), for valuable consideration, the receipt and sufficiency of which are hereby acknowledged, hereby grants to Maine Technology Institute, a non-profit corporation organized under the laws of the State of Maine ("MTI"), a present and continuing security interest in the all of the following, whether now owned or hereafter acquired, and the proceeds, including insurance proceeds, thereof:

(a) all equipment, machinery, fixtures and other tangible personal property purchased with grant money awarded to Recipient pursuant to the terms of that certain Grant Agreement by and between Recipient and MTI dated _____, 2006 (the "Grant Agreement"), including, without limitation, the property described in Exhibit A attached to and made a part of this Agreement;

(b) all software programs embedded in any of the foregoing;

(c) all manufacturer and vendor warranties and operating manuals relating to the foregoing;

(d) all additions and accessions to the foregoing and replacements of the foregoing; and

(e) all products into which any of the foregoing have been manufactured, processed or assembled,

(collectively, the "Collateral") to secure Recipient's reimbursement obligations to MTI under Section 7.3 of the Grant Agreement (in an amount up to but not in excess of the amount advanced by MTI to Recipient to purchase the Collateral) and its other obligations to MTI under this Agreement, including, without limitation, Recipient's obligations under Section 3 of this Agreement (collectively, the "Obligations"). MTI's security interest in the Collateral is a purchase money security interest under the Maine Uniform Commercial Code. Recipient hereby acknowledges that a portion of the proceeds of the Grant Agreement will be used by, and enable, Recipient to purchase the Collateral described herein. The lien on the Collateral granted to MTI by Recipient pursuant to this Agreement shall continue and remain in full force and effect until such time as Recipient has fully and finally satisfied all of its obligations to MTI under the Grant Agreement.

2. **DEFINITIONS:** Capitalized terms used in this Agreement, but not defined in this Agreement, shall have the meaning given to them in the Grant Agreement and, if not defined in the Grant Agreement, then the meaning given to them in the Maine Uniform Commercial Code (as it now exists and as it may be amended in the future). All references in this Agreement to the Grant Agreement include all amendments, modifications, substitutions and replacements of the Grant Agreement.

3. **REPRESENTATIONS, WARRANTIES AND COVENANTS:** Recipient represents, covenants and warrants to and with MTI, on a continuing basis, as follows:

(a) This Agreement secures a grant awarded for business or commercial purposes, and no part of the proceeds of MTI's grant award shall be used for personal, family or household purposes, or any other purpose not expressly authorized in the Grant Agreement.

(b) The location where the Collateral will be used, kept or stored is _____.
The record owner of the real estate where the Collateral will be used, kept or stored is _____.

(c) The exact legal name of Recipient is set forth on the signature page of this Agreement. If Recipient is an organization (i.e., a corporation, limited liability company or other registered organization), then the jurisdiction of organization of Recipient is _____. The location and address of Recipient's chief executive office is correctly set forth under Recipient's signature at the end of this Agreement. If Recipient is an individual, then the principal residence of Recipient is correctly set forth under Recipient's signature. Recipient shall not change its name, jurisdiction of organization, principal residence, or location of its chief executive office without giving 30 days advance written notice to MTI.

(d) No portion of the Collateral shall be attached or affixed to real estate unless MTI expressly consents in writing prior to such attachment. Upon request by MTI, Recipient will furnish appropriate waivers or disclaimers, signed by all persons having any interest in the real estate on which Collateral may be located, or any interest in the Collateral which is or may be prior to the MTI's interest.

(e) Recipient will keep the Collateral insured at all times against such risks and in such form and amounts as MTI may require, with loss thereon payable to MTI as secured party. If Recipient fails to maintain such insurance, then MTI may procure such insurance on its own. If MTI procures insurance on its own, then the costs of such insurance shall, at the option of MTI, (i) be repaid to MTI by Recipient immediately upon demand, or (ii) at the option of MTI, setoff by MTI against any undisbursed grant award under the Grant Agreement. Interest shall accrue on all insurance payments made by MTI on behalf of Recipient at the annual rate of 18% (eighteen percent) or, if greater, the prime rate as published in the money rates section of the *Wall Street Journal* from the date of disbursement until repayment. Recipient hereby irrevocably appoints MTI its exclusive agent and attorney-in-fact to make, adjust and settle claims in connection with any such insurance, to receive and endorse any checks thereunder and to disburse the proceeds thereof to Recipient for use in connection with the Project in a manner consistent with the Grant Agreement; provided, however, that if a Default shall then exist, MTI may apply the proceeds thereof to the Obligations.

(f) Recipient shall at all times maintain the Collateral in good repair, working order and condition.

(g) Except for the lien granted to MTI by Recipient pursuant to this Agreement and liens expressly consented to by MTI in writing (and with specific reference), Recipient is (or to the extent the Collateral is to be acquired hereafter, it will be) the owner of the Collateral free and clear of all security interests, liens and encumbrances. Recipient further warrants that it will defend the Collateral against all claims and demands of any person claiming an interest therein by virtue of any such security interest, lien or encumbrance.

(h) Recipient shall not sell, lease, transfer or otherwise dispose of any Collateral or any interest without the prior written consent of the MTI.

(i) Recipient shall pay all governmental taxes and assessments against the Collateral when and as due.

(j) The Collateral was, or to the extent it will be acquired after the date hereof, will be, purchased with proceeds of the Grant Agreement.

(k) The proceeds of the Grant Agreement have enabled, and will enable, Recipient to purchase the Collateral.

(l) Recipient will not use proceeds of the Grant Agreement designated for purchase of the Collateral other than for the purpose of purchasing Collateral and will not commingle such proceeds with any other funds of Recipient, including placing such funds in a general demand deposit account of Recipient, prior to paying for the Collateral.

(m) Recipient shall do such things and execute such documents and instruments as MTI may reasonably request to further assure or protect MTI's rights hereunder. To the maximum extent allowed by law, including 11 M.R.S.A. § 9-1509, Recipient hereby authorizes MTI, its employees, attorneys and agents, to file records, including financing statements, amendments and continuations related to the security interests granted herein.

4. EVENTS OF DEFAULT:

(a) The occurrence of any of the following events shall constitute a default under this Agreement (each referred to herein as a "Default"):

(i) Failure by Recipient to make full and prompt payment when due of any amount required to be paid to MTI under this Agreement or Section 7.3 of the Grant Agreement;

(ii) Any sale, lease, transfer or other disposition of any Collateral or any interest therein without the prior written consent of MTI;

(iii) Any sale of all, or substantially all, of the stock or other ownership interests of Recipient without the prior written consent of MTI;

(iv) Any material use of the Collateral other than in connection with the Project;

(v) If not otherwise addressed as a Default hereunder, any failure by Recipient to perform, keep or observe any term, provision, condition, covenant, agreement, warranty or representation contained in this Agreement, which failure continues for fifteen (15) days after notice thereof by MTI to Recipient;

(vi) If any representation, statement, report or certificate made or delivered by Recipient is false or incorrect in any material respect when made or delivered; and

(vii) The bankruptcy or insolvency of Recipient.

(b) Recipient shall notify MTI promptly in writing of the specifics of any Default. Any failure by the Recipient to properly provide such notice to MTI shall be considered a separate Default by Recipient.

5. POWERS UPON DEFAULT:

(a) Upon the occurrence of any Default or at any time thereafter, MTI may, at its option, do any one or more of the following, in addition to any other right or remedy MTI may have at law or in equity or given to MTI under the Grant Agreement, all of which are hereby authorized by Recipient:

(i) Declare the Obligations immediately due and payable;

(ii) Cease advancing grant monies to or for the benefit of Recipient under the Grant Agreement;

(iii) Setoff against any and all grant amounts remaining to be disbursed under the Grant Agreement;

(iv) Exercise all of the remedies of a secured party under the Uniform Commercial Code as now or hereafter in effect in the State of Maine, and such further remedies as may from time to time hereafter be provided in Maine for a secured party;

(v) Take possession of the Collateral or any part thereof, and perform any acts MTI deems necessary or proper to conserve the Collateral, and collect and receive all proceeds and profits thereof, and use, manage, operate and control the Collateral, and have a receiver appointed to enter and take possession of the Collateral and proceeds and profits thereof and apply the same as the court may direct. The expense (including receiver's fees, counsel fees, costs and agent's compensation) incurred pursuant to the powers herein contained shall be added to the Obligations secured hereby. MTI shall (after payment of all costs and expenses incurred) apply such proceeds and profits received by it on the Obligations in such order as MTI determines. MTI shall be liable to account only for such proceeds and profits as are actually received by MTI;

(vi) Cure any default for the account of Recipient, and, to the fullest extent permissible under law, apply any funds credited by or due from Recipient to MTI against the same (without any obligation first to enforce any other rights of MTI, including, without limitation, any rights under the Grant Agreement or this Agreement, and without prejudice to any such rights). Without limiting the generality of the foregoing, Recipient hereby authorizes MTI to pay all taxes, with interest, costs and charges accrued thereon, which may at any time be a lien upon the Collateral, or any part thereof; to pay the premiums for any insurance required hereunder; to incur and pay reasonable expenses in protecting its rights hereunder and the security hereby granted; and the payment of all amounts so incurred shall be secured hereby as fully and effectually as any other obligation of Recipient secured hereby and shall bear interest until paid at rate set forth in Section 3(e) hereof; and

(vii) Sell or otherwise dispose of the Collateral (in its then condition or after repair, further construction and/or preparation thereof, utilizing in connection therewith any of Recipient's assets, without charge or liability to Recipient therefor) at a secured creditor's sale which sale MTI may postpone from time to time to the extent permitted by law, all as MTI deems advisable, for cash or credit; provided, however that Recipient shall be credited with the net proceeds of such sale only when such proceeds are finally collected by MTI and Recipient shall pay any deficiency on demand. MTI may waive prior to or at any such sale any and all warranties relating to title, possession, quiet enjoyment or the like that by operation of law would accompany a voluntary disposition of the Collateral, may become the purchaser at any such sale, and may, in lieu of actual payment of the purchase price, offset the amount thereof against the Obligations.

(b) Recipient recognizes that in the event Recipient defaults, no remedy at law will provide adequate relief to MTI, and therefore Recipient agrees that MTI shall be entitled to temporary and permanent injunctive relief to cure any such Default without the necessity of proving actual damages.

(c) All of MTI's aforesaid rights and remedies are cumulative and non-exclusive. All expenses (including receiver's fees, counsel fees, costs and agent's compensation) incurred pursuant to the powers contained in this section shall be secured by the Collateral under the terms of this Agreement.

(d) At any secured creditor's sale, any combination, or all, of the Collateral may be offered for sale for a single price, and the proceeds of such sale may be accounted for in one account without distinction between the items of security and without assigning to them any proportion of such proceeds, Recipient hereby waiving the application of any doctrine of marshaling.

(e) Recipient agrees that whenever notification with respect to the sale or other disposition of any Collateral is required by law, such notification of the time and place of public sale or the date after which a private sale or other intended disposition is to be made, shall be deemed reasonable if given in writing at least five (5) days before the time of such public sale, or on or before the date after which any such private sale or other intended disposition is to be made, as the case may be and expenses of retaking, holding, preparing for sale, selling or the like, shall include MTI's reasonable attorneys' fees and legal expenses.

6. COLLECTION EXPENSES: Recipient agrees to pay all actual costs of collection and attempted collection, including, without limitation: (a) those expenses incurred or paid to protect, preserve, collect, lease, sell, repair, improve, advertise, locate, take possession of, liquidate or otherwise deal with any Collateral, (b) expenses of dealing with any person or entity in any bankruptcy proceeding, (c) all out-of-pocket expenses incurred by MTI for MTI's attorney and paralegal fees, disbursements, and costs, all at such rates and with respect to such services as the MTI in its sole discretion may elect to pay (as such rates may vary from time to time during the course of the performance of such services) including the costs of attorneys who are employees of MTI, and (d) the costs of appraisers, engineers, environmental consultants and other experts that may be retained by MTI in connection with such collection efforts. Such costs will be added to the unpaid balance of the Obligations.

7. SECURED PARTY'S RIGHTS: MTI shall not be deemed to have waived any of its rights under this Agreement or otherwise unless such waiver is in writing and signed by the MTI. MTI's failure to require strict performance of the terms, covenants and agreements of this Agreement or the Grant Agreement, or any delay or omission on the part of MTI in exercising any right, or any acceptance of partial or adequate payment or performance shall not waive, affect or diminish such right or Recipient's duty of compliance and performance therewith. A waiver on any one occasion shall not be construed as a bar to or waiver of the same or any other right on the same or any future occasion. All rights and remedies of MTI under this Agreement or the Grant Agreement, shall be cumulative and may be exercised singularly or concurrently.

8. SURVIVAL OF REPRESENTATIONS: All representations and warranties of Recipient, and all terms, provisions, conditions and agreements to be performed by Recipient contained herein shall be true and satisfied at the time of the execution of this Agreement, and shall survive the closing hereof and the execution and delivery of this Agreement.

9. GOVERNING LAW; SEVERABILITY: This Agreement shall be construed in all respects in accordance with, and governed by, the internal laws of the State of Maine, without reference to conflict of law principles. Wherever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provisions of this Agreement shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement.

10. MODIFICATION: This Agreement may not be altered or amended except by an agreement in writing signed by both MTI and Recipient.

11. APPLICATION OF PAYMENT: Recipient irrevocably waives the right to direct the application of any and all payments at any time or times hereafter received by MTI from Recipient, or from any other source, and Recipient does hereby irrevocably agree that MTI shall have the continuing exclusive right to apply and reapply any and all payments received at any time or times hereafter against the Obligations in such manner as MTI may deem advisable.

12. SECTION TITLES: The section titles contained in this Agreement are for convenience only and shall not affect the construction or meaning of this Agreement.

13. NOTICES: All notices and other communications required or permitted under this Agreement shall given in accordance with the notice provisions set forth in the Grant Agreement

14. ASSIGNMENT; SUCCESSORS AND ASSIGNS: Recipient shall not be entitled to assign any of its rights or obligations under this Agreement without MTI's prior written consent. MTI shall be entitled to assign some or all of its rights under this Agreement without notice to or consent of Recipient. This Agreement shall be binding upon and inure to the benefit of MTI, Recipient and their respective successors, assigns, trustees, receivers, administrators, personal representatives, legatees and devisees.

15. WAIVER OF JURY TRIAL: RECIPIENT EXPRESSLY AND VOLUNTARILY WAIVES ANY AND ALL RIGHTS, WHETHER ARISING UNDER THE UNITED STATES OR ANY STATE CONSTITUTION, ANY RULES OF CIVIL PROCEDURE, COMMON LAW OR OTHERWISE, TO DEMAND A TRIAL BY JURY IN ANY ACTION, LAWSUIT, PROCEEDING, COUNTERCLAIM OR ANY OTHER LITIGATION PROCEDURE BASED UPON, OR ARISING OUT OF, THIS SECURITY AGREEMENT, ANY AGREEMENTS ARISING UNDER OR RELATING TO THIS AGREEMENT, AND ANY COLLATERAL SECURING THE OBLIGATIONS. NEITHER RECIPIENT, NOR ANY ASSIGNEE OR SUCCESSOR OF RECIPIENT SHALL SEEK A JURY TRIAL IN ANY SUCH ACTION. RECIPIENT SHALL NOT SEEK TO CONSOLIDATE ANY SUCH ACTION WITH ANY OTHER ACTION WHEN A JURY TRIAL CANNOT BE OR HAS NOT BEEN WAIVED. THESE PROVISIONS SHALL BE SUBJECT TO NO EXCEPTIONS. MTI HAS NOT IN ANY WAY AGREED WITH OR REPRESENTED TO RECIPIENT THAT THE PROVISIONS OF THIS PARAGRAPH WILL NOT BE FULLY ENFORCED IN ALL INSTANCES.

Dated and made effective as of this _____ day of _____, 2006.

If Recipient is a natural person:

Witness

Recipient

Type or Print Exact Legal Name of Recipient:

***Type or Print Full Address of Recipient's
Principal Residence:***

If Recipient is a registered organization:

Type or Print Exact Legal Name of Recipient:

Witness

By: _____

Print Name: _____

Print Title: _____

Type or Print Full Address of Recipient's Chief Executive Office:

MAINE TECHNOLOGY INSTITUTE

Witness

By: _____

Betsy Biemann, its President

EXHIBIT A

Debtor: _____

Secured Party: Maine Technology Institute

Date: _____, 2006

All of the following property of Debtor: