

**SECURITY AGREEMENT
(ACCOUNTS, GENERAL INTANGIBLES, INVENTORY & OTHER COLLATERAL)**

This Security Agreement (as modified from time to time, this "Agreement") is dated as of [____], 2016, and has been executed by **CITY OF SAN FRANCISCO PORTSMOUTH PLAZA PARKING CORPORATION**, a California nonprofit [public benefit] corporation, as debtor ("Debtor"), with a principal place of business at 733 Kearny Street, San Francisco, California 94108, in favor of **FIRST REPUBLIC BANK**, a California state chartered bank (the "Lender"), with an office at 111 Pine Street, San Francisco, California 94111. Various capitalized terms used in this Agreement have the meanings set forth in Section 1 of this Agreement.

RECITALS

Debtor desires to obtain a loan from the Lender (the "Loan") to be secured by the Collateral (as defined below) for the purpose of financing working capital and other authorized purposes of the Debtor; the terms of the Loan are set forth in that certain Loan Agreement of even date herewith (the "Loan Agreement"), by and between the Lender and Debtor.

In consideration of the Loan, and other valuable consideration, the receipt and adequacy of which are hereby acknowledged, Lender and Debtor agrees as follows:

1. DEFINITIONS.

(a) As used in this Agreement the following terms shall have the indicated meanings:

"Account(s)" has the meaning set forth in Section 2 of this Agreement.

"Account Debtor(s)" means any person or entity now or hereafter obligated to Debtor on or with respect to any Accounts, General Intangibles, or other Collateral.

"Collateral" has the meaning set forth in Section 2 of this Agreement.

"Constituent Documents" means the articles or certificate of incorporation, by-laws, partnership agreement, certificate of limited partnership, limited liability company operating agreement, limited liability company articles of organization, trust agreement and all other documents and instruments pertaining to the formation and ongoing existence of any person or entity which is not an individual.

"Default Rate" has the meaning set forth in the Loan Agreement.

"Event of Default" has the meaning set forth in Section 8 of this Agreement.

"Facility" has the meaning set forth in the Loan Agreement.

"Guarantor" means any person, or any persons severally, who now or hereafter guarantees payment or collection of all or any part of the Liabilities or provides any collateral for the Liabilities.

“Liabilities” has the meaning set forth in Section 3 of this Agreement.

“Loan Documents” means collectively, the Loan Agreement, this Agreement and any and all other documents now or hereafter evidencing, securing or guaranteeing the Loan or the Liabilities, as the same may be amended from time to time.

“Permitted Encumbrances” has the meaning set forth in the Loan Agreement.

“Person” means and includes natural persons, corporations, limited liability companies, limited partnerships, general partnerships, joint stock companies, joint ventures, associations, companies, trusts, banks, trust companies, land trusts, business trusts or other organizations, whether or not legal entities, and governments and agencies and political subdivisions thereof and their respective permitted successors and assigns (or in the case of a governmental Person, the successor functional equivalent of such Person).

“Property” means the real property leased by the Borrower located at [733 Kearny Street, San Francisco, California 94108], as described in the City Lease, together with any greater estate therein as hereafter may be acquired by Borrower.

“Related Party(ies)” means any Guarantor, any Subsidiary, and, in addition to the extent applicable, any general or limited partner, controlling shareholder, joint venturer, member or manager, of Debtor.

“Secured Party” means the owner of the Loan, which shall initially be Lender and Lender’s successors and assigns.

“Subsidiary” means any corporation, partnership, limited liability company, joint venture, trust, or other legal entity of which Debtor owns directly or indirectly 50% or more of the outstanding voting stock or interest, or of which Debtor has effective control, by contract or otherwise.

“Unmatured Event of Default” means any event or condition that would become an Event of Default with notice or the passage of time or both.

(b) As used in this Agreement, unless otherwise specified: the term “including” means “including without limitation” the term “days” means “calendar days”; and terms such as “herein,” “hereof” and words of similar import refer to this Agreement as a whole. References herein to partners of a partnership, joint venturers of a joint venture, or members of a limited liability company, mean, respectively, Persons owning or holding partnership interests, joint venture interests, or membership interests in such partnership, joint venture or limited liability company. Unless otherwise defined herein, all terms (including those not capitalized) that are defined in the Uniform Commercial Code of California, as such Code may be amended or restated from time to time (the “Code”), shall have the same meanings herein as in the Code. Unless the context requires otherwise, wherever used herein the singular shall include the plural and vice versa, and the use of one gender shall also denote the others. Captions herein are for convenience of reference only and shall not define or limit any of the terms or provisions hereof; references herein to sections or provisions without reference to the document in which they are contained are references to this Agreement.

2. **SECURITY INTEREST.** Debtor hereby grants to Secured Party, for the benefit of Secured Party, to secure payment and performance of the Liabilities (as defined in Section 3 below) a continuing security interest in all of Debtor's right, title and interest in the following property or types of property now owned by Debtor or hereafter created or acquired by Debtor, wherever located (any or all of such property, the "Collateral"), including but not limited to Operating Revenues and Assets (as defined below):

(a) "Operating Revenues" defined as all Accounts of the Debtor and all revenues, income and receipts held or received by or on behalf of the Debtor, including (1) revenues derived from the operation and possession of and pertaining to the Debtor, the Property and the Assets; (2) unrestricted gifts, grants, bequests, donations and contributions to the Debtor, but excluding any gifts, grants, bequests, donations and contributions to the extent specifically restricted by the donor to a particular purpose inconsistent with their use either for the payment of loan repayments or the payment of operating expenses of the Debtor; and (3) proceeds with respect to, arising from or relating to the Property, including but not limited to, amounts derived from (i) condemnation proceeds and (ii) insurance proceeds;

(b) "Assets" defined as the personal property, equipment and other assets earned or associated with the day-to-day operations of the Debtor located on the Property and which are not real property;

(c) All reserve, fund, deposit, checking, escrow or investment accounts, including accounts receivables now or hereafter existing, and any interest thereon or amounts realized with respect thereto; electronic and other chattel paper; contract rights; letters of credit and letter-of credit rights; instruments; rights to payment under policies of insurance, and documents (collectively, the "Account(s)");

(d) All general intangibles, including: all payment intangibles, patents, patent applications, trademarks, trademark applications, trade names, copyrights, copyright applications, software, plans, schematics, engineering drawings, writings and goodwill, all licenses, permits, approvals and agreements of any kind or nature pursuant to which Debtor possesses, uses or has the right to possess or use tangible or intangible property of others or pursuant to which others possess, use or have the right to possess or use the tangible or intangible property of Debtor; leasehold interests; tax refund claims; and guaranty claims (collectively, the "General Intangibles(s)");

(e) All goods ("Goods"), including inventory ("Inventory"), equipment and any accessions thereto (as each such term is defined in the Uniform Commercial Code in effect in California);

(f) All revenue, Accounts and other property now or at any time hereafter in the possession or under the control of Secured Party or its bailee, and any funds deposited therein, and any interest thereon;

(g) All books and records, including customer lists, credit files, computer programs, print outs, and other materials and records, pertaining to any of the foregoing or pertaining to Debtor's use, occupation or management of the Facility;

(h) All documents of title evidencing or issued with respect to, and supporting obligations pertaining to, any of the foregoing;

(i) All proceeds, products, replacements and increases or additions and accessions to, and substitutions for, the property described in the foregoing part of this Section, and rights in and claims to or benefits under contracts of insurance covering any of the property described in the foregoing part of this Section and any interest thereon or amounts realized with respect thereto; and

(j) All other accounts, general intangibles, instruments, investment property, documents, chattel paper, goods, moneys, letters of credit, letter of credit rights, certificates of deposit, deposit accounts, commercial tort claims, oil, gas and minerals, and all other property and interests in property of Debtor, whether tangible or intangible.

The foregoing paragraph is intended to grant in favor of the Secured Party a first priority continuing lien and security interest in all of the Debtor's personal property, subject to Permitted Encumbrances. The Debtor authorizes the Secured Party and its counsel to file UCC financing statements in form and substance satisfactory to the Secured Party, describing the collateral as all assets of the Debtor, or all personal property of the Debtor, in each case, whether now owned or hereafter acquired or arising and wheresoever located, including all accessories thereto and products and proceeds thereof or using words with similar effect.

3. LIABILITIES. The Collateral shall secure the payment and performance of all obligations and liabilities of Debtor under the Loan, the Loan Agreement and the other Loan Documents (collectively, the "Liabilities"). This Agreement shall continue and remain in effect until such time that Debtor has paid in full and performed the Liabilities.

4. PARITY OBLIGATIONS. The security interest in the Collateral hereunder shall be on parity with any future loans from Secured Party to Debtor that are identified in the loan agreements as parity obligations.

5. REPRESENTATIONS AND WARRANTIES.

Debtor hereby represents and warrants to Secured Party that:

(a) Debtor's exact legal name is as set forth in the heading to this Agreement. If Debtor is an organization (i) Debtor's type of organization and jurisdiction of organization or formation are as set forth in the preamble to this Agreement, (ii) Debtor's place of business or, if Debtor has more than one place of business, Debtor's chief executive office is located at the address set forth above and (iii) Debtor has never been organized or formed in any jurisdiction other than the jurisdiction set forth in the preamble to this Agreement. All Collateral is located in one of the fifty states of the United States of America. Further, except as and if specifically disclosed by Debtor to Secured Party IN WRITING prior to the execution of this Agreement, during the five (5) years and six months prior to the date of this Agreement:

(i) Debtor has not been known by any legal name different from the one set forth in the heading of this Agreement, nor has Debtor been the subject of any merger, consolidation, or other corporate or organizational reorganization.

(ii) Debtor's place of business or, if Debtor has more than one place of business, Debtor's chief executive office has been at Debtor's address set forth above.

(iii) Collateral (excluding revenues and Accounts) has been located only at Debtor's Facility.

(b) Debtor and any Subsidiary are validly existing and in good standing under the laws of their state of organization or formation, and are duly qualified, in good standing and authorized to do business in each jurisdiction where failure to do so might have a material adverse impact on the assets, condition or prospects of Debtor. The execution, delivery and performance of this Agreement and all Loan Documents are within Debtor's powers and have been authorized by all necessary action required by law and Debtor's Constituent Documents.

(c) The execution, delivery and performance of this Agreement and all Loan Documents have received any and all necessary governmental approval, and do not and will not contravene or conflict with any provision of law, any Constituent Document or any agreement affecting Debtor or its property.

(d) There has been no material adverse change in the business, condition, properties, assets, operations or prospects of Debtor or any Related Party since the date of the latest financial statements provided by or on behalf of Debtor or any Related Party to Secured Party.

(e) No financing statement, mortgage, notice of judgment or any similar instrument (unless filed on behalf of Secured Party) covering any of the Collateral is on file in any public office, except with respect to any Permitted Encumbrances.

(f) Debtor is the lawful owner of and has rights in or power to transfer all Collateral, free and clear of all liens, pledges, charges, mortgages, and claims other than any in favor of Secured Party, other than Collateral subject to Permitted Encumbrances.

(g) Debtor has filed or caused to be filed all federal, state, and local tax returns that are required to be filed, and has paid or has caused to be paid all of its taxes, including any taxes shown on such returns or on any assessment received by it, to the extent that such taxes have become due.

(h) All Goods are of good and merchantable quality and free from any defects that would affect their market value, except for ordinary wear and tear.

(i) All Accounts and General Intangibles are genuine, are, in all respects, what they purport to be, are not evidenced by a judgment, and (as applicable) represent undisputed, bona fide transactions completed or to be completed in accordance with the terms and conditions of any document related thereto. Debtor has no knowledge of any fact or circumstance which would impair the validity or collectability of any Accounts or General Intangibles.

(j) Except for Permitted Encumbrances, none of the Collateral has been sold or pledged to any other person or entity.

(k) None of the Goods have been or will be bought or used primarily for personal, family or household use. All Collateral has been or will be acquired, and will be used and held, by Debtor for the purpose of conducting Debtor's business. In no event will Collateral be obtained by incurring any liability or obligation that would render the transactions contemplated by this Agreement or any other Loan Document a consumer-goods transaction or consumer transaction.

(l) The execution, delivery and performance of this Agreement and all Loan Documents are in Debtor's best interest in its current and future business operations and will materially benefit Debtor. Debtor has received adequate, fair and valuable consideration, and at least reasonably equivalent value, to enter into and perform this Agreement and all Loan Documents.

(m) None of the Collateral constitutes, or is the proceeds of "farm products" as defined in Section 9102(a)(34) of the Code.

(n) None of the Account Debtors or other persons obligated on any of the Collateral is a governmental authority subject to the Federal Assignment of Claims Act or like federal, state, or local statute or rule in respect of such Collateral.

(o) The Debtor holds no commercial tort claim.

(p) There exists no account that is Debtor's primary checking or general deposit account maintained with any depository institution other than Secured Party either (i) held in Debtor's name, or (ii) over which Debtor has control (whether exclusive or otherwise), or (iii) which otherwise is or contains any part of the Collateral (including any proceeds thereof).

6. COVENANTS OF DEBTOR. Debtor agrees that so long as this Agreement remains in effect, it will:

(a) NOTIFY SECURED PARTY IN WRITING AT LEAST SIXTY (60) DAYS IN ADVANCE OF:

(i) ANY CHANGE WHATSOEVER IN THE NAME OF DEBTOR;

(ii) ANY CHANGE WHATSOEVER IN THE STATE OR JURISDICTION IN WHICH DEBTOR IS ORGANIZED OR FORMED OR, IF DEBTOR IS AN INDIVIDUAL, IN WHICH DEBTOR'S PRINCIPAL RESIDENCE IS LOCATED;

(iii) ANY NEW NAMES UNDER WHICH DEBTOR INTENDS TO DO BUSINESS;

(iv) ANY NEW ADDRESSES AT OR FROM WHICH DEBTOR INTENDS TO DO BUSINESS OR TO KEEP COLLATERAL OF ANY KIND; OR

(v) ANY CHANGE WHATSOEVER IN DEBTOR'S EMPLOYER IDENTIFICATION NUMBER.

Debtor shall in any event keep all Collateral within one or more states of the United States of America.

(b) Provide and maintain insurance with respect to the Collateral, the operation of Debtor's business, and certain members, managers, partners, joint venturers, employees, or officers of Debtor, as required by the Loan Agreement.

(c) Defend the Collateral against the claims and demands of all persons other than Secured Party and promptly pay all taxes, assessments, and charges upon the Collateral. Debtor agrees not to sign, file, or authenticate, or authorize or permit the signing, filing or authentication of, any financing statements or other documents creating or perfecting a lien upon or security interest in any of the Collateral except in favor of Secured Party, or otherwise create, suffer, or permit to exist any liens or security interests upon any Collateral other than in favor of Secured Party, except for Permitted Encumbrances.

(d) Sign, file, authenticate, and authorize the signing, filing and authenticating of, such financing statements, including, but not limited to, continuations, renewals and amendments thereto, and other documents (and pay the cost of filing and recording the same in all public offices deemed necessary by Secured Party), and do such other acts, as Secured Party may request to establish and maintain a valid and perfected security interest in the Collateral free and clear of all other liens and claims, except for Permitted Encumbrances. If and to the extent the Collateral is in the possession of a third party, Debtor agrees to notify Secured Party and upon Secured Party's request to join with Secured Party in notifying the third party of Secured Party's security interest and obtaining either (i) an acknowledgment in form satisfactory to Secured Party from the third party that such third party is holding the Collateral for the benefit of Secured Party and will act upon the instruction of Secured Party, without the further consent of Debtor, or (ii) a control agreement with respect to such Collateral. Notwithstanding anything to the contrary contained herein, Debtor hereby irrevocably authorizes Secured Party, at any time and from time to time, to file, in any Uniform Commercial Code jurisdiction, any initial financing statements, and any and all amendments, continuations, renewals and terminations thereto as Secured Party may deem reasonably necessary to perfect and/or maintain its security interest in the Collateral.

(e) Deliver to Secured Party any certificates or other documents of title representing or issued with respect to any of the Collateral, with Secured Party's security interest and lien endorsed thereon, and record such certificates or documents with all appropriate regulatory agencies.

(f) Furnish to Secured Party, immediately upon the request of Secured Party, any evidence of ownership of the Collateral, including bills of sale, paid invoices, certificates of title, or applications for title.

(g) Keep at its address for notices hereunder its records concerning the Collateral, which records shall be of such character as will enable Secured Party to determine at any time the status of the Collateral; and permit Secured Party from time to time to inspect the Collateral and to inspect, audit, and make copies of, and extracts from, all records and papers in the possession or control of Debtor pertaining to the Collateral and the Account Debtors.

(h) Ensure that all Goods are of good and merchantable quality, ordinary wear and tear excepted.

(i) Provide to Secured Party from time to time such financial statements of and other information concerning the Collateral, the Account Debtors, Debtor and any Related Party as Secured Party shall reasonably request.

(j) Immediately notify Secured Party of any material loss or depreciation in the value of the Collateral.

(k) Not sell, lease, transfer, contract to sell, grant a license or option or similar right with respect to, or otherwise dispose of any Collateral, or remove any Collateral from Debtor's place of business or one of the locations within the fifty (50) United States of America where Debtor has indicated to Secured Party such Collateral will be located, except for (i) the disposition of obsolete Inventory in the ordinary course of Debtor's business; provided, Debtor replaces such Inventory with new Inventory as reasonably necessary for the continued operation of Debtor's business and Debtor provides Secured Party with written notice of such disposition and replacement no later than thirty (30) days thereafter, and (ii) for the disposition in the ordinary course of the Debtor's business or otherwise to effect the Debtor's corporate purposes of (1) cash, (2) cash equivalents, (3) securities, (4) obligations, (5) annuity contracts or (6) property held principally as a passive vehicle for the production of income.

(l) If any Collateral is or becomes a promissory note or other tangible chattel paper, promptly notify Secured Party thereof and take such action as Secured Party may request, including providing related information, certificates and documents, and promptly delivering to Secured Party the sole original document or, if applicable, certificate, and all counterpart originals, evidencing such Collateral following its execution and/or delivery to Debtor, with whatever endorsements and assignments that Secured Party may reasonably require.

(m) If any Collateral is Goods subject to title registration laws for which a lien may be reflected on a title document, promptly notify Secured Party thereof and take such action as Secured Party may request, including providing related information, certificates and documents and facilitating, or otherwise cooperating with Secured Party in facilitating, the registration and titling of such Collateral in such a manner as is required under applicable law to perfect Secured Party's security interest in such Collateral.

(n) Not create any chattel paper without placing a legend thereon acceptable to Secured Party indicating that Secured Party has a security interest in such chattel paper.

(o) Debtor shall maintain its primary checking and deposit accounts and primary banking relationship with FRB in accordance with Section 7.11 of the Loan Agreement.

7. COLLECTIONS AND OTHER ACTIONS.

(a) For each deposit account that Debtor at any time establishes or maintains with any depository institution other than Secured Party, Debtor shall (i) notify Secured Party of the existence of such deposit account, and (ii) at the Secured Party's request and option, pursuant to an agreement in form and substance satisfactory to Secured Party, cause the depository bank to

agree to comply at any time with instructions from Secured Party to such depository bank directing the disposition of funds from time to time credited to such deposit account, without further consent of Debtor. Anything herein to the contrary notwithstanding, Secured Party agrees with Debtor that Secured Party shall not give any such instructions or withhold any withdrawal rights from Debtor unless an Event of Default has occurred and is continuing, or, after giving effect to any withdrawal not otherwise permitted by any of the other Loan Documents, would occur. This Section 7(a) shall not be deemed to constitute or imply any waiver or exception to Debtor's obligations pursuant to the covenant at Section 6(o) above, and Debtor agrees and acknowledges that any such waiver or exception shall be effective only if separately given in a writing executed by Secured Party.

(b) If Debtor shall at any time hold or acquire any certificated securities and plans to hold such certificated securities on a long-term basis rather than sell such securities, Debtor shall forthwith endorse, assign and deliver the same to Secured Party, accompanied by such instruments of transfer or assignment duly executed in blank as Secured Party may from time to time specify. If any securities now or hereafter acquired by Debtor are uncertificated and are issued to Debtor or its nominee directly by the issuer thereof, Debtor shall immediately notify Secured Party thereof and, at Secured Party's request and option, pursuant to an agreement in form and substance satisfactory to Secured Party, either (a) cause the issuer to agree to comply with instructions from Secured Party as to such securities, without further consent of Debtor or such nominee, or (b) arrange for Secured Party to become the registered owner of the securities. If any securities, whether certificated or uncertificated, or other investment property now or hereafter acquired by Debtor are held by Debtor or its nominee through a securities intermediary or commodity intermediary, Debtor shall immediately notify Secured Party thereof and, at Secured Party's request and option, pursuant to an agreement in form and substance satisfactory to Secured Party, either (i) cause such securities intermediary or (as the case may be) commodity intermediary to agree to comply with entitlement orders or other instructions from Secured Party to such securities intermediary as to such securities or other investment property, or (as the case may be) to apply any value distributed on account of any commodity contract as directed by Secured Party to such commodity intermediary, in each case without further consent of Debtor or such nominee, or (ii) in the case of financial assets or other investment property held through a securities intermediary, arrange for Secured Party to become the entitlement holder with respect to such investment property, with Debtor being permitted, only with the consent of Secured Party, to exercise rights to withdraw or otherwise deal with such investment property. Anything herein to the contrary notwithstanding, Secured Party agrees with Debtor that Secured Party shall not give any such entitlement orders or instructions or directions to any such issuer, securities intermediary or commodity intermediary, and shall not withhold its consent to the exercise of any withdrawal or dealing rights by Debtor, unless an Event of Default has occurred and is continuing, or, after giving effect to any such investment and withdrawal rights not otherwise permitted by the other Loan Documents, would occur. The provisions of this paragraph shall not apply to any financial assets credited to a securities account for which Secured Party is the securities intermediary.

(c) If Debtor at any time holds or acquires an interest in any electronic chattel paper or any "transferable record," as that term is defined in § 16 of the Uniform Electronic Transactions Act as in effect in any relevant jurisdiction, Debtor shall promptly notify Secured Party thereof and, at the request of Secured Party, shall take such action as Secured Party may

reasonably request to vest in Secured Party control under Code Section 9105 of such electronic chattel paper or control under § 16 of the Uniform Electronic Transactions Act, as so in effect in such jurisdiction, of such transferable record. Secured Party agrees with Debtor that Secured Party will arrange, pursuant to procedures satisfactory to Secured Party and so long as such procedures will not result in Secured Party's loss of control, for Debtor to make alterations to the electronic chattel paper or transferable record permitted under Code Section 9105 or, as the case may be, § 16 of the Uniform Electronic Transactions Act for a party in control to make without loss of control, unless an Event of Default has occurred and is continuing or would occur after taking into account any action by Debtor with respect to such electronic chattel paper or transferable record.

(d) If Debtor is at any time a beneficiary under a letter of credit now or hereafter issued in favor of Debtor, Debtor shall promptly notify Secured Party thereof and, at the request and option of Secured Party, Debtor shall, pursuant to an agreement in form and substance satisfactory to Secured Party, arrange, at Secured Party's sole cost and expense, for the issuer and any confirmer of such letter of credit to consent to an assignment to Secured Party of the proceeds of any drawing under the letter of credit for purposes of granting a security interest to Secured Party.

(e) If Debtor shall at any time hold or acquire a commercial tort claim, Debtor shall immediately notify Secured Party in a writing signed by Debtor of the brief details thereof and grant to Secured Party in such writing a Lien (as defined in the Loan Agreement) thereon and on the proceeds thereof, all upon the terms of this Agreement, with such writing to be in form and substance satisfactory to Secured Party.

(f) Unless an Event of Default or Unmatured Event of Default has occurred and is continuing, Debtor (i) shall have the right to collect the Accounts and other Collateral for Secured Party at Debtor's own expense, and to use any such Accounts and other Collateral for its general corporate purposes, and (ii) may grant, in the ordinary course of business, to any party obligated on any of the Accounts and other Collateral, any rebate, refund, or allowance to which such party may be lawfully entitled and accept in connection therewith the return of any goods the sale or lease of which shall have given rise to such Accounts and other Collateral.

(g) If an Event of Default or Unmatured Event of Default has occurred and is continuing:

(i) at any time, and from time to time, Secured Party, at Debtor's expense, may, or, upon request of Secured Party Debtor shall, notify any Account Debtors of the existence of this Agreement, to the extent such notice has not previously been provided, and direct such Account Debtors to pay directly to Secured Party the amounts due or to become due from such Account Debtors (each an "Account Notice"). Upon receipt of an Account Notice, each such Account Debtor shall be entitled to rely on such Account Notice, shall thereafter pay all amounts due or to become due from such Account Debtors directly to Secured Party, and the receipt of such amounts due shall be a release of such Account Debtor to the extent of all amounts paid. The Account Notice is intended solely for the benefit of Secured Party and the respective Account Debtors, and Debtor and any person claiming through or under Debtor shall have no right to a claim with respect to an

Account Notice or whether or not an Account Notice is given. **Debtor shall have no right or claim against any Account Debtor for the payment of any amounts paid to Secured Party hereunder, and Debtor hereby indemnifies and agrees to hold harmless each Account Debtor from and against all liability, loss, cost, damage or expense suffered or incurred by such Account Debtor by reason of such Account Debtor's compliance with any Account Notice;**

(ii) Secured Party may, at its option, transfer to itself or to any nominee any securities constituting Collateral, receive any income thereon, and hold such income as additional Collateral or apply it to the Liabilities. Secured Party may (but shall have no duty to) enforce collection of any or all of the Accounts and other Collateral by suit or otherwise, and surrender, release, or exchange all or any part thereof, or compromise or extend or renew for any period (whether or not longer than the original period) any indebtedness thereunder. The Secured Party's sole duty with respect to the custody, safe keeping, and physical preservation of the Collateral in its possession, under Section 9207 of the Code or otherwise, shall be to deal with such Collateral in the same manner as Secured Party deals with similar property for its own account.

(h) If an Event of Default has occurred and is continuing, at the request of Secured Party, Debtor will, upon receipt of any and all checks, drafts, cash and other remittances in payment or as proceeds of the Collateral, deposit the same in a special bank account (the "Collateral Account") with Secured Party over which Secured Party alone has legal control and power of withdrawal. Debtor acknowledges that the maintenance of the Collateral Account is solely for the convenience of Secured Party and Debtor does not and shall not have any right, title or interest in the Collateral Account or in the amounts at any time appearing to the credit thereof. Said proceeds shall be deposited in the form received. Pending such deposit, Debtor agrees not to commingle any such checks, drafts, cash and other remittances with any of its funds or property, but will hold them in trust for Secured Party until they are deposited into the Collateral Account. At such time as all Liabilities have been paid and fulfilled in full and there is no committed or uncommitted credit facility extended by Secured Party to Debtor, Secured Party will pay over to Debtor any excess amounts deposited into the Collateral Account.

(i) Secured Party shall apply all payments received with respect to Collateral to the Liabilities in such order as Secured Party shall determine, and shall credit any balance after such payment to the account of Debtor.

8. EVENTS OF DEFAULT. The occurrence or continuance of any of the following shall constitute an "Event of Default":

(a) the occurrence of any Event of Default under any of the other Loan Documents;
or

(b) except as otherwise specified in this Section 8, failure by Debtor to observe and perform any covenant, condition or agreement on its part to be observed or performed hereunder or under any other agreement between Secured Party and Debtor for a period of sixty (60) days after written notice is given to Debtor by Secured Party, specifying such failure and requesting that it be remedied; provided, however, if such failure is correctable but cannot be corrected

within the applicable period and corrective action is instituted by the Debtor within the applicable period and diligently pursued until corrected, then no Event of Default shall be deemed to have occurred unless such cure has not been completed within ninety (90) days after such written notice; or

(c) Any representation or warranty given by Debtor to Secured Party hereunder shall be false or misleading in any material respect; or

(d) there shall occur, with respect to Debtor, any default or event of default that could have, or be associated with, a material adverse effect on Debtor's operations or finances, its ability to comply with this Agreement or the Loan Agreement or any rights or security of Secured Party hereunder or under the Loan Agreement, or any event or condition that might become such with notice or the passage of time or both, or any similar event, or any event that requires the prepayment of borrowed money or permits the acceleration of the maturity thereof, under the terms of any evidence of indebtedness or other agreement issued or assumed or entered into by Debtor or any Related Party, or under the terms of any indenture, agreement, or instrument under which any such evidence of indebtedness or other agreement is issued, assumed, secured, or guaranteed, and such event shall continue beyond any applicable period of notice, grace or cure; or

(e) without limiting any other provision of this Agreement or any Loan Document, unless expressly permitted by this Agreement or the Loan Documents, all or any part of any of the Collateral or any direct, indirect, legal, equitable or beneficial interest therein is assigned, transferred or sold without Secured Party's prior written consent.

(f) There shall occur any default under Section 7, or Subsections 6(l), (m) or (n) of this Agreement which is not cured within 10 business days of written notice thereof;

(g) There shall occur any default under Section 6(c) or Section 6(o) of this Agreement;

(h) There shall occur any default under Section 6(k) of this Agreement which is not cured within thirty days after written notice thereof.

9. DEFAULT REMEDIES.

(a) Notwithstanding any provision of any document or instrument evidencing or relating to any Liability, upon the occurrence and during the continuance of any Event of Default specified in Section 8, Secured Party at its option may declare the Liabilities immediately due and payable without notice or demand of any kind. Upon the occurrence and during the continuance of any Event of Default, Secured Party may exercise any rights and remedies under this Agreement, any Loan Document, or any rights and remedies available to Secured Party at law or in equity.

(b) If any Event of Default shall have occurred and be continuing, then, in addition to having the right to exercise any rights and remedies of a secured party upon default under the Uniform Commercial Code in effect in California and any State in which any Collateral is located, Secured Party may, in its sole discretion, exercise any rights or powers set forth in this

Agreement, Secured Party may require Debtor to assemble the Collateral and deliver it to a place reasonably designated by Secured Party within the State of California. Secured Party has no obligation to marshal Collateral or to clean up or otherwise prepare Collateral for sale, and may specifically disclaim any warranties as to the Collateral, including those of title, merchantability, and fitness for a particular purpose. Secured Party may comply with any applicable local, state or federal law requirements in connection with a disposition of Collateral, and compliance will not be considered adversely to affect the commercial reasonableness of any sale of Collateral. Debtor grants to Secured Party the right to enter into or on any premises where Collateral may be located for the purposes of exercising any remedies upon the occurrence of an Event of Default. Secured Party shall be deemed to have exercised reasonable care in the custody and preservation of Collateral if Secured Party deals with such Collateral in the same manner as Secured Party deals with similar property for its own account, but failure to do so shall not be deemed a failure to exercise ordinary care, and no failure of Secured Party to preserve or protect any right with respect to the Collateral against prior parties shall be deemed of itself a failure to exercise reasonable care in the custody or preservation of the Collateral. Without limiting any other provision hereof, Debtor shall pay all related expenses, including attorneys' fees and reasonable time charges of attorneys who may be employees of Secured Party, incurred by Secured Party in connection with Secured Party's exercise of its rights hereunder. If any notification of intended disposition of any of the Collateral is required by law, such notification, if mailed, shall be deemed reasonably and properly given if mailed at least ten (10) days before such disposition, postage prepaid, addressed to Debtor at the address of Debtor shown above; provided, however failure to provide such ten-day notice shall not be deemed unreasonable if, among other things, the Collateral is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market. In addition, Debtor waives any and all rights that it may have to a judicial hearing in advance of the enforcement of any of Secured Party's rights hereunder, including, without limitation, Secured Party's right following an Event of Default to take immediate possession of the Collateral and to exercise its rights with respect thereto. Secured Party shall, in addition to and not in limitation of all rights of offset under applicable law, have the right to appropriate and apply all of the Collateral in its possession or under its control to payment of the Liabilities. Secured Party may proceed to sell, lease or otherwise dispose of the Collateral at public or private sale for cash or credit, and may itself make a credit bid. Except as and if otherwise required by law, any proceeds of the Collateral sold or disposed of pursuant hereto shall be applied toward the Liabilities in such order as Secured Party shall determine in its sole discretion. Any balance remaining shall be returned to Debtor.

(c) Secured Party may, by written notice to Debtor, at any time and from time to time, waive any Event of Default or Unmatured Event of Default, which shall be for such period and subject to such conditions as shall be specified in any such notice. In the case of any such waiver, Secured Party and Debtor shall be restored to their former position and rights hereunder, and any Event of Default or Unmatured Event of Default so waived shall be deemed to be cured and not continuing; but no such waiver shall extend to or impair any subsequent or other Event of Default or Unmatured Event of Default. No failure to exercise, and no delay in exercising, on the part of Secured Party of any right, power or privilege hereunder shall preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies of Secured Party herein provided are cumulative and not exclusive of any rights or remedies provided by law.

10. STANDARDS FOR EXERCISING REMEDIES. To the extent that the Uniform Commercial Code or other applicable law imposes duties on Secured Party to exercise remedies in a commercially reasonable manner, Debtor acknowledges and agrees that it is not commercially unreasonable for Secured Party: (a) to fail to incur expenses reasonably deemed significant by Secured Party to prepare Collateral for disposition or otherwise to complete raw material or work in process into finished goods or other finished products for disposition; (b) to fail to obtain third party consents for access to Collateral to be disposed of, or to obtain or, if not required by other law, to fail to obtain governmental or third party consents for the collection or disposition of Collateral to be collected or disposed of; (c) to fail to exercise collection remedies against Account Debtors and other persons obligated on the Collateral or to remove liens or encumbrances on or any adverse claims against Collateral; (d) to exercise collection remedies against Account Debtors and other persons obligated on the Collateral directly or through the use of collection agencies and other collection specialists; (e) to advertise dispositions of Collateral through publications or media of general circulation; (f) to contact other persons, whether or not in the same business as Debtor, for expressions of interest in acquiring all or any portion of the Collateral; (g) to hire one or more professional auctioneers to assist in the disposition of Collateral; (h) to dispose of Collateral by utilizing Internet sites that provide for the auction of assets of the types included in the Collateral or that have the reasonable capability of doing so, or to match buyers and sellers of assets; (i) to dispose of assets at wholesale, rather than in retail markets; (j) to disclaim all disposition warranties; or (k) to the extent deemed appropriate and desirable by Secured Party, to obtain the services of brokers, investment bankers, consultants and other professionals to assist Secured Party in the collection or disposition of Collateral. Debtor acknowledges and agrees that the purpose of this Section is to provide a non-exhaustive list of the conduct by Secured Party that would not be deemed commercially unreasonable in Secured Party's exercise of remedies in respect of the Collateral. Without limitation upon the foregoing, nothing in this Section shall be construed to grant any rights to Debtor or to impose any duties on Secured Party that would not be granted or imposed by applicable law in the absence of this Section.

11. RIGHTS OF SECURED PARTY.

Without limiting any other rights Secured Party has under the law, Secured Party may, at any time and from time to time, at its option (but shall have no duty to):

(a) perform any agreement of Debtor hereunder that Debtor shall have failed to perform;

(b) take any other action which Secured Party deems necessary or desirable for the preservation of the Collateral or Secured Party's interest therein and the carrying out of this Agreement, including: (i) any action to collect or realize upon the Collateral; (ii) the discharge of taxes, liens, security interests or other encumbrances at any time levied or placed on the Collateral; (iii) the discharge or keeping current of any obligation of Debtor having effect on the Collateral; (iv) receiving, endorsing and collecting all checks and other orders for the payment of money made payable to Debtor representing any dividend, interest payment or other distribution payable or distributable in respect of the Collateral or any part thereof, and to give full discharge for the same; and (v) causing any Person having possession of any Collateral to acknowledge that such Person holds such Collateral for the benefit of Secured Party; and

(c) sign, file, authenticate, and authorize the signing, filing and authentication of, such financing statements and other documents respecting any right of Secured Party in the Collateral, in any and all jurisdictions as Secured Party shall determine in its discretion.

Debtor hereby appoints Secured Party as Debtor's attorney in fact, which appointment is and shall be deemed to be irrevocable and coupled with an interest, for purposes of performing acts and signing and delivering any agreement, document, or instrument, on behalf of Debtor in accordance with this Section. Debtor immediately will reimburse Secured Party for all expenses so incurred by Secured Party, together with interest thereon at a rate per year equal to the Default Rate, and such amounts owed by Debtor to Secured Party shall, until paid in full, be deemed a Liability secured hereunder. This power of attorney is a power coupled with an interest and shall be irrevocable. The powers conferred on Secured Party hereunder are solely to protect its interest in the Collateral and shall not impose any duty upon it to exercise any such powers. Neither Secured Party nor any of its officers, directors, employees or agents shall be responsible to Debtor for any act or failure to act, except for Secured Party's own gross negligence or willful misconduct, or Secured Party's breach of contractual obligations.

12. FURTHER ASSURANCES. Debtor agrees to do (or cause to be done) such further acts and things, and to execute and deliver (or cause to be executed and delivered) such additional conveyances, assignments, agreements, and instruments, as Secured Party may at any time request in connection with the administration or enforcement of this Agreement or related to the Collateral or any part thereof or in order better to assure and confirm unto Secured Party its rights, powers and remedies hereunder; provided, however, that Debtor shall not be required under this Agreement to agree to or accept any instruments or documents which shall have the effect of (a) materially increasing any obligation undertaken by or imposed upon Debtor under any Loan Documents as executed by Debtor, (b) materially changing the applicability, scope or effect of any covenant, condition or restriction from that contained in the Loan Documents as executed by Debtor, or (c) changing the essential economic terms of the Loan.

13. OBLIGATIONS UNCONDITIONAL; WAIVER OF DEFENSES. Debtor irrevocably agrees that no fact or circumstance whatsoever which might at law or in equity constitute a discharge or release of, or defense to the obligations of, a guarantor or surety shall limit or affect any obligations of Debtor under this Agreement or any document or instrument executed in connection herewith. Without limiting the generality of the foregoing:

(a) Secured Party may at any time and from time to time, without notice to Debtor, take any or all of the following actions without affecting or impairing the liability of Debtor on this Agreement:

- (i) renew or extend time of payment of the Liabilities;
- (ii) accept, substitute, release or surrender any security for the Liabilities; and
- (iii) release any person primarily or secondarily liable on the Liabilities (including any endorser, any Guarantor and any other Related Party).

(b) No delay in enforcing payment of the Liabilities, nor any amendment, waiver, change, or modification of any terms of any Loan Document, shall release Debtor from any

obligation hereunder. The obligations of Debtor under this Agreement are and shall be primary, continuing, unconditional and absolute, irrespective of the value, genuineness, regularity, validity or enforceability of any Loan Documents. In order to hold Debtor liable or exercise rights or remedies hereunder, there shall be no obligation on the part of Secured Party, at any time, to, either prior to, subsequent to or concurrently herewith, resort for payment to any Related Party or to any other security for the Liabilities. Secured Party shall have the right to enforce this Agreement irrespective of whether or not other proceedings or steps are being taken against any other property securing the Liabilities or any other party primarily or secondarily liable on any of the Liabilities.

(c) Debtor irrevocably waives presentment, protest, notice of intent to accelerate, demand, notice of dishonor or default, notice of acceptance of this Agreement, notice of any loans made, extensions granted or other action taken in reliance hereon, and all other demands and notices of any kind in connection with this Agreement or the Liabilities.

(d) Until all Liabilities have been paid and fulfilled in full, Debtor waives any claim or other right (i) which Debtor might now have or hereafter acquire against any person primarily or contingently liable on the Liabilities (including any Related Party) or (ii) that arises from the existence or performance of Debtor's obligations under this Agreement, including any right of subrogation, reimbursement, contribution, indemnification, or participation in any claim or remedy of Secured Party against any Collateral for the Liabilities, which Secured Party now has or hereafter acquires, however arising.

14. NOTICES. All notices, requests and demands to or upon the respective parties hereto shall be deemed to have been given or made five business days after a record has been deposited in the mail, postage prepaid, or one business day after a record has been deposited with a recognized overnight courier, charges prepaid or to be billed to the sender, or on the day of delivery if delivered manually with receipt acknowledged, in each case addressed or delivered to Secured Party to 111 Pine Street, San Francisco, California 94111 (Attention: Commercial Loan Servicing) and if to Debtor to its address set forth above, or to such other address as may be hereafter designated in writing by the respective parties hereto by a notice in accord with this Section.

15. MISCELLANEOUS. This Agreement, the Loan Documents, and any document or instrument executed in connection herewith or therewith, unless in each case otherwise specifically provided therein: (i) shall be governed by and construed in accordance with the internal law of the State of California, except to the extent if any that the Uniform Commercial Code of the State of California provides for the application of the law of a different State; and (ii) shall be deemed to have been executed in the State of California. This Agreement shall bind Debtor, its heirs, trustees (including successor and replacement trustees), executors, personal representatives, successors and assigns, as well as all Persons who become bound as a debtor to this Agreement, and shall inure to the benefit of Secured Party, its successors and assigns, except that neither Debtor nor any person or entity who or which becomes bound as a debtor may transfer or assign any rights or obligations hereunder without the prior written consent of Secured Party, which may be withheld in Secured Party's sole and absolute discretion. Debtor agrees to pay upon demand all expenses (including attorneys' fees, legal costs and expenses, and time charges of attorneys who may be employees of Secured Party, in each case whether in or

out of court, in original or appellate proceedings or in bankruptcy) incurred or paid by Secured Party or any holder hereof in connection with the enforcement or preservation of its rights hereunder, under any Loan Document, or under any document or instrument executed in connection herewith or therewith. If there shall be more than one person or entity constituting Debtor, each of them shall be primarily, jointly and severally liable for all obligations hereunder. This Agreement may be executed in two or more counterparts, and (if there is more than one party) by each party on separate counterparts each of which shall be deemed an original but which together shall constitute one and the same instrument. Until paid, all amounts due and payable by Debtor hereunder shall be a Liability secured by the Collateral and shall bear, whether before or after judgment, interest at a rate per year equal to the Default Rate.

16. WAIVER OF JURY TRIAL, ETC. DEBTOR AND (BY ITS ACCEPTANCE HEREOF) SECURED PARTY HEREBY IRREVOCABLY AGREE THAT ALL SUITS, ACTIONS OR OTHER PROCEEDINGS WITH RESPECT TO, ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT, ANY OTHER LOAN DOCUMENT OR ANY RELATED DOCUMENT SHALL BE SUBJECT TO LITIGATION IN CALIFORNIA STATE COURTS HAVING SITUS WITHIN OR JURISDICTION OVER THE STATE OF CALIFORNIA AND THE COUNTY OF SAN FRANCISCO. DEBTOR AND (BY ITS ACCEPTANCE HEREOF AS PROVIDED BELOW) SECURED PARTY HEREBY CONSENT AND SUBMIT TO THE JURISDICTION OF ANY LOCAL, STATE OR FEDERAL COURT LOCATED IN OR HAVING JURISDICTION OVER SUCH STATE AND SUCH COUNTY, AND HEREBY IRREVOCABLY WAIVE, TO THE FULLEST EXTENT PERMITTED UNDER APPLICABLE LAW, ANY RIGHT THEY OR ANY OF THEM MAY HAVE TO REQUEST OR DEMAND TRIAL BY JURY, TO TRANSFER OR CHANGE THE VENUE OF ANY SUIT, ACTION OR OTHER PROCEEDING BROUGHT IN ACCORDANCE WITH THIS SECTION, OR TO CLAIM THAT ANY SUCH PROCEEDING HAS BEEN BROUGHT IN AN INCONVENIENT FORUM. NO PARTY HERETO MAY SEEK OR RECOVER PUNITIVE OR CONSEQUENTIAL DAMAGES IN ANY PROCEEDING BROUGHT UNDER OR IN CONNECTION WITH THIS AGREEMENT OR ANY RELATED DOCUMENT. IN THE EVENT THE JURY TRIAL WAIVER PROVISIONS SET FORTH ABOVE ARE NOT PERMITTED FOR ANY REASON AND DEBTOR FAILS TO WAIVE JURY TRIAL, SECURED PARTY AND DEBTOR HEREBY AGREE EACH CLAIM SHALL BE DETERMINED BY A CONSENSUAL GENERAL JUDICIAL REFERENCE PURSUANT TO THE PROVISIONS OF SECTION 638 ET SEQ. OF THE CALIFORNIA CODE OF CIVIL PROCEDURE, AS SUCH STATUTES MAY BE AMENDED OR MODIFIED FROM TIME TO TIME.

To the maximum extent permitted by applicable law, Secured Party is hereby authorized by Debtor without notice to Debtor to fill in any blank spaces and dates and strike inapplicable terms herein or in any Loan Document to conform to the terms of the transaction and/or understanding evidenced hereby, for which purpose Secured Party shall be deemed to have been granted an irrevocable power of attorney coupled with an interest. In such event, Secured Party shall promptly deliver to Debtor, a copy of any page so modified.

[Remainder of Page Intentionally Left Blank]

