

2.13.01

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101620865

**RECORDATION FORM COVERSHEET  
TRADEMARKS ONLY**

TO: The Commission of Patents and Trademarks: Please record the attached original document(s) or copy(ies).

**Submission Type**

New

Resubmission (Non-Recordation)

Correction of PTO Error

Reel #  Frame #

Corrective Document

Reel #  Frame #

**Conveyance Type**

Assignment

Security Agreement

License

Nunc Pro Tunc Assignment

Effective Date  
Month Day Year

Merger

Change of Name

Other

**Conveying Party**

Mark if additional names of conveying parties attached

Name

Execution Date  
Month Day Year

Formerly

Individual  General Partnership  Limited Partnership  Corporation  Association

Other

Citizenship/State of Incorporation/Organization

**Receiving Party**

Mark if additional names of conveying parties attached

Name

DBA/AKA/TA

Composed of

Address (line 1)

Address (line 2)

Address (line 3)

City State/Country Zip Code

Individual  General Partnership  Limited Partnership  Corporation  Association

Other

Citizenship/State of Incorporation/Organization

If document to be recorded is an assignment and the receiving party is not domiciled in the United States, an appointment of a domestic representative should be attached. (Designation must be a separate document from Assignment.)

**FOR OFFICE USE ONLY**

Public burden reporting for this collection of information is estimated to average approximately 30 minutes per Cover Sheet to be recorded, including time for reviewing the document and gathering the data needed to complete the Cover Sheet. Send comments regarding this burden estimate to the U.S. Patent and Trademark Office, Chief Information Officer, Washington, D.C. 20531 and the Office of Information and Regulatory Affairs, Office of Management and Budget, Paperwork Reduction Project (0651-0227), Washington, D.C. 20503. See OMB Information Collection Budget Package 0551-0027, Patent and Trademark Assignment Practice. DO NOT SEND REQUESTS TO RECORD ASSIGNMENT DOCUMENTS TO THIS ADDRESS.

Mail documents to be recorded with required cover sheet(s) information to:  
Commissioner of Patents and Trademarks, Box Assignments, Washington, D.C. 20231

02/26/2001 AHMED1 00000022 75451825  
40.00 OP  
200.00 OP

RECEIVED  
02/26/2001 AHMED1  
\$120.00  
CHECK RETURN

**TRADEMARK  
REEL: 002240 FRAME: 0380**

**Domestic Representative Name and Address**

Enter for the first Receiving Party only

Name

Address (line 1)

Address (line 2)

Address (line 3)

Address (line 4)

FEB 13 2001

**Correspondent Name and Address**

Area Code and Telephone No.

804-697-1397

Name

Address (line 1)

Address (line 2)

Address (line 3)

Address (line 4)

**Pages**

Enter the total number of pages of the attached conveyance document including any attachments

#

23

**Trademark Application Number(s) or Registration Number(s)**

Mark if additional numbers attached

Enter either the Trademark Application Number or the Registration Number (DO NOT ENTER BOTH numbers for the same property).

**Trademark Application Number(s)**

**Registration Number(s)**

<input type="text" value="75451825"/>	<input type="text" value="75784570"/>	<input type="text" value="76073467"/>	<input type="text" value="2097118"/>	<input type="text" value="2087281"/>	<input type="text" value="2131452"/>
<input type="text" value="76017187"/>	<input type="text" value="76017194"/>	<input type="text"/>	<input type="text" value="2090239"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

**Number of Properties**

Enter the total number of properties involved:

#

9

**Fee Amount**

Fee amount of properties listed (37 CFR 3.41):

\$360.00

**Method of Payment:**

Enclosed

Deposit Account

**Deposit Account**

(Enter for payment by deposit account or if additional fees can be charged to the account.)

Deposit Account Number:

#

Authorization to charge additional fees:

Yes

No

**Statement and Signature**

To the best of my knowledge and belief, the foregoing information is true and correct and any attached copy is a true copy of the original document. Charges to deposit account are authorized, as indicated herein.

Jill Levy

2/2/01

Name of Person Signing

Signature

Date

Asst. Secretary  
Comdial Corporation

## SUBSIDIARY SECURITY AGREEMENT

**THIS SUBSIDIARY SECURITY AGREEMENT** is made as of this 22nd day of October, 1998, by and between **KEY VOICE TECHNOLOGIES, INC.** (the "Debtor"), a Delaware corporation, and **NATIONSBANK, N.A.** (the "Bank"), a national banking association.

Comdial Corporation (the "Company") and the Bank are parties to a Credit Agreement made as of October 22, 1998 (the "Credit Agreement"), pursuant to which the Bank is making a \$50,000,000 revolving credit facility (the "Revolving Credit Facility") and a \$5,000,000 letter of credit subfacility (the "Letter of Credit Facility") available to the Company. The revolving credit loans made under the Revolving Credit Facility (the "Revolving Credit Loans") will be evidenced by the Company's revolving credit note dated October 22, 1998 (the "Revolving Credit Note"). The execution and delivery of this Security Agreement is a condition to the Bank's agreement to enter into the Credit Agreement, to make the Revolving Credit Loans under the Revolving Credit Facility and to issue letters of credit (the "Letters of Credit") under the Letter of Credit Facility. The Debtor is a direct or indirect, wholly-owned Subsidiary of the Company, will be benefitted by the making of the Revolving Credit Loans and the issuance of the Letters of Credit, and has agreed to enter into this Security Agreement with the Bank.

Accordingly, for and in consideration of good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Debtor and the Bank hereby agree as follows:

### **SECTION 1 - DEFINITIONS**

Capitalized terms used herein which are not otherwise defined herein will have the meanings assigned thereto in the Credit Agreement.

### **SECTION 2 - GRANT OF SECURITY INTEREST**

**2.1 Accounts.** The Debtor hereby grants to the Bank a security interest in each and every account, receivable, contract right, lease and chattel paper of the Debtor and all guarantees of and security for such obligations, and all other rights of the Debtor to the payment of money of every nature, type and description, whether now owing to the Debtor or hereafter arising, and all monies and other proceeds (cash and non-cash), including returned goods, now or hereafter to become due thereon, whether now owned or hereafter acquired (which accounts, receivables, contract rights, leases, chattel paper and other rights are hereinafter referred to collectively as the "Accounts"), and all proceeds of the Accounts.

**2.2 Inventory.** The Debtor also hereby grants to the Bank a security interest in all of the Debtor's goods held for sale or lease or being processed for sale or lease, all raw materials, work in process, finished goods, packaging materials and all other materials and supplies used or consumed in the Debtor's business, and all of the Debtor's other inventory, whether now owned or hereafter acquired, and of every nature, type and description, including, without limitation, all telephone and other telecommunications equipment, components, parts and controls (which collateral is hereinafter referred to collectively as the "Inventory"), and all proceeds and products of the Inventory.

**2.3 General Intangibles.** The Debtor also hereby grants to the Bank a security interest in all of the Debtor's books and records, formulas, patents, trademarks, service marks, trade names, trade secrets, copyrights and licenses (including all pending patents, trademarks, service marks and copyrights, and all applications, materials, documents and other matters relating thereto), all inventions, manufacturing, engineering and production plans, all lists, drawings, specifications, processes and systems, all computer programs, data bases, systems, software, goodwill, customer lists, choses-in-action, rights and options and all other general intangibles whether now owned or hereafter acquired by the Debtor, and of every nature, type and description (which collateral is hereinafter referred to collectively as the "General Intangibles"), and all proceeds of the General Intangibles.

**2.4 Equipment.** The Debtor also hereby grants to the Bank a security interest in all of the Debtor's machinery, equipment, tools, motor vehicles, furniture and fixtures, office equipment, computer equipment and all other tangible personal property of the Debtor of every nature, type and description, including, without limitation, all telephone and other telecommunications equipment, components, parts and controls, together with all additions and accessions thereto and all replacements and substitutions therefor, and all similar property now owned or hereafter acquired by the Debtor (which collateral is hereinafter referred to collectively as the "Equipment"), and all proceeds of the Equipment.

The Accounts, Inventory, General Intangibles and Equipment, the proceeds thereof and all other instruments, documents, securities, cash, property and proceeds thereof owned by the Debtor or in which the Debtor has an interest, which now or hereafter are at any time in the possession or control of the Bank or in transit by mail or carrier to or from the Bank or in the possession of any third party acting on behalf of the Bank, without regard to whether the Bank received the same in pledge, for safekeeping, as agent for collection or transmission or otherwise or whether the Bank had conditionally released the same, and any deposit accounts of the Debtor with the Bank against which the Bank may exercise its right of setoff, are hereinafter collectively referred to as the "Collateral." Proceeds of the Collateral shall also include any proceeds of insurance against fire or physical damage, whether or not such policy shall contain an endorsement in favor of the Bank.

### **SECTION 3 - OBLIGATIONS SECURED**

The security interests granted to the Bank herein are granted to the Bank to secure (i) the payment and performance of all indebtedness, obligations and liabilities of the Company to the Bank now existing or hereafter arising under the Credit Agreement and the other Loan Documents, including, without limitation, the obligation of the Company to repay the Revolving Credit Loans made under the Revolving Credit Facility and to reimburse the Bank for drawings under the Letters of Credit, to pay all interest thereon and to pay all fees and expenses now or hereafter payable under the Credit Agreement and the other Loan Documents, (ii) the payment and performance of all indebtedness, obligations and liabilities of the Company to the Bank now existing or hereafter arising under any renewals, extensions or modifications of the Credit Agreement or any of the other Loan Documents or any substitutions or replacements therefor, (iii) the payment and performance of all other indebtedness, obligations and liabilities of the

Company and the Debtor to the Bank now existing or hereafter arising, matured or unmatured, direct or contingent, whether or not evidenced by a note, whether originally owing to the Bank or acquired by the Bank from a third party, and whether or not currently contemplated, and (iv) all reasonable costs and expenses, including, without limitation, reasonable attorneys' fees incurred by the Bank for taxes and/or insurance relating to, or maintenance or preservation of, the Collateral and any other collateral securing obligations of the Company or the Debtor to the Bank or incurred by the Bank in the collection and enforcement of any indebtedness of the Company or the Debtor owing to the Bank, including, without limitation, any such collection or enforcement of the obligations of the Company or the Debtor owing to the Bank by any action or participation in, or in connection with a case or proceeding under, Chapter 7 or Chapter 11 of the U.S. Bankruptcy Code or any successor statute.

#### **SECTION 4 - REPRESENTATIONS**

The Debtor represents and warrants to the Bank (which representations and warranties will survive the execution of the Revolving Credit Note, the making of the Revolving Credit Loans and the issuance of Letters of Credit) that:

**4.1 Ownership of Collateral.** The Debtor now owns or will become the owner of (or has a valid leasehold interest in) the Collateral and has the unrestricted right to grant the Bank a security interest therein.

**4.2 Location of Records.** The chief executive office of the Debtor and the office where the Debtor maintains its books and records relating to the Collateral is located at 1180 Seminole Trail, Charlottesville (Albemarle County), Virginia 22901. The Debtor will not change the location of its chief executive office or the location of its books and records without giving the Bank at least thirty (30) days' prior written notice.

**4.3 Location of Inventory.** The Inventory is maintained by the Debtor at the locations specified on Schedule 4.3 attached hereto and by this reference incorporated herein. Except for Inventory stored at the leased facility of Key Voice Technologies, Inc. in Florida, the Debtor does not and will not store any Inventory on any real property which is not owned by the Company or the Debtor in fee simple. Except in connection with the delivery and sale of Inventory to customers in the ordinary course of business, the Debtor will not permit any Inventory to be maintained or stored in any location other than those listed on Schedule 4.3 without giving the Bank at least thirty (30) days' prior written notice.

**4.4 Location of Equipment.** The Equipment is maintained by the Debtor at the locations specified on Schedule 4.4 attached hereto and by this reference incorporated herein. Except for Equipment stored at the leased facility of Key Voice Technologies, Inc. in Florida, the Debtor does not and will not store any Equipment on any real property which is not owned by the Company or the Debtor in fee simple. The Debtor will not permit any Equipment to be maintained or stored in any location other than those listed on Schedule 4.4 without giving the Bank at least thirty (30) days' prior written notice.

**4.5 Prior Encumbrances.** There are no existing mortgages, pledges, liens or other encumbrances of any kind upon, or any security interests in, any of the Collateral, except for those permitted by Section 9.2 of the Credit Agreement. The Debtor will defend the Collateral against all claims and demands of all Persons at any time claiming any interest therein, except for claims and demands relating to security interests and other liens permitted by Section 9.2 of the Credit Agreement.

**4.6 Financing Statements.** Except for financing statements specified on Schedule 4.6 attached hereto and by this reference incorporated herein and financing statements relating to purchase money security interests permitted by Section 9.2 of the Credit Agreement, no financing statement covering the Collateral or any part thereof or any proceeds thereof is on file in any public office except those in favor of the Bank.

## **SECTION 5 - COVENANTS**

So long as the Company may borrow under the Revolving Credit Facility or request that the Bank issue Letters of Credit or any Letter of Credit is outstanding and until payment in full of the Revolving Credit Loans and the payment and performance of all other obligations of the Company under the Credit Agreement and under the other Loan Documents, the Debtor covenants and agrees that:

**5.1 Financing Statements.** The Debtor will take any and all actions necessary from time to time, without notice from the Bank, to perfect and keep perfected the Bank's security interest in the Collateral, but the Debtor shall not be obligated to note any lien on any certificate of title for any motor vehicle unless specifically requested to do so by the Bank. Without limiting the foregoing, the Debtor will execute financing statements and continuation statements in form reasonably satisfactory to the Bank, and the Debtor will reimburse the Bank for all reasonable expenses incurred from time to time in the filing of financing statements, continuation statements and termination statements and in verifying the status of UCC filing records in appropriate public filing offices (with such verification to be limited to once per year unless an Event of Default shall have occurred and is continuing). The Debtor agrees that the Bank may file a carbon, photographic copy or other reproduction of any financing statement.

**5.2 Maintenance of Records.** The Debtor will keep and maintain, at its own cost and expense, satisfactory, complete and current records of the Collateral, including, but not limited to, a record of all shipments received, deliveries made, contracts performed, payments received, credits granted thereon and other dealings therewith. Upon request by the Bank, the Debtor will provide the Bank with written reports of the status of the Collateral, or any part thereof, for the period specified. These reports shall be in such form and such detail as the Bank shall reasonably direct. The Debtor will protect its records and books pertaining to any Collateral, against fire, theft, loss or any other manner of destruction or loss. Such protection will consist of such protective means and devices from time to time reasonably deemed necessary by the Bank. If the Debtor maintains its records of receivables on a computer, it will maintain backup copies of such records, updated at reasonable intervals.

**5.3 Maintenance of Collateral.** The Debtor will not use the Collateral illegally or permit it to be affixed to real or personal property not owned by the Company or the Debtor, without the prior written consent of the Bank.

**5.4 Documents of Title.** In the event that any Collateral purchased by or to be delivered to the Debtor shall be evidenced by a bill of lading, dock warrant, dock receipt, warehouse receipt or other document of title, the Debtor will promptly notify the Bank and upon request by the Bank will promptly deliver such document to the Bank.

**5.5 Change of Name, Etc.** The Debtor will not change its name, operate under any assumed name or change its corporate structure without giving the Bank at least thirty (30) days' prior written notice.

**5.6 Inspection and Delivery of Collateral, Books and Records.** The Bank, or its agents, may at any reasonable time, and from time to time, provided it does not unreasonably interfere with the business or operations of the Debtor, inspect the Collateral, and the books and records of the Debtor pertaining thereto, and for the further security of the Bank, it is agreed that the Bank shall have a special property interest in all books and records of the Debtor pertaining to Accounts (including chattel paper and any computer software), but the Bank shall not have a security interest in, and the term "Collateral" does not include, any computer software or manuals covered by any license or sublicense agreement or similar agreement to which the Debtor is a party and which effectively prohibits or restricts the Debtor's right to grant a security interest in such software or manuals. The Debtor shall, at its own expense and cost, deliver any such Accounts (including chattel paper), books and records to the Bank, or any designated agent of the Bank, at such time and place as the Bank may reasonably request. If requested by the Bank, the Debtor will stamp all chattel paper hereby assigned in a form and manner reasonably satisfactory to the Bank with an appropriate reference to the effect that the chattel paper has been assigned to the Bank, and the Debtor will similarly stamp its account ledgers and other books and records pertaining to the assigned Accounts.

**5.7 Expenses.** The Debtor shall be liable for, and agrees to pay the Bank, any and all reasonable expenses incurred or paid by the Bank in protecting or enforcing its rights under this Security Agreement, including, without limitation, reasonable attorneys' fees, whether incurred in collecting specific Accounts or otherwise. At its option the Bank may discharge taxes, liens, security interests or other encumbrances on the Collateral (other than those permitted by Section 9.2 of the Credit Agreement), and, in the event that the Debtor fails to do so and such failure constitutes an Event of Default, the Bank may pay for the repair or damage to the Collateral, the maintenance and preservation thereof and for insurance thereon. The Debtor agrees to reimburse the Bank on demand for any payments so made and, until such reimbursement, to pay interest thereon at a fluctuating rate of interest equal to the Default Rate for Revolving Credit Loans under the Credit Agreement bearing interest based on the Prime Rate from date of the payment until reimbursement therefor, which reimbursement and interest shall be added to the indebtedness secured hereby and shall be secured by this Security Agreement.

**5.8 Insurance.** The Debtor will continuously insure the Collateral with a responsible company or companies reasonably satisfactory to the Bank against fire (with extended coverage) in the full insurable value of the Collateral, and against such other casualties and in such amounts as required by the Bank pursuant to the Credit Agreement. The insurance policy (or policies) shall have attached thereto a standard loss payable clause, without contribution, in favor of the Bank, as its interest may appear, and shall otherwise be in form reasonably acceptable to the Bank, and the Debtor will cause such policy (or policies) to provide that it (they) may not be canceled without thirty (30) days' prior written notice to the Bank. The Debtor will deliver to the Bank the policy or policies, properly endorsed, as additional security, and where a renewal policy is necessary in the performance of this covenant, the Debtor will deliver it, as security, at least ten (10) days before the expiration of the existing insurance. The Debtor hereby assigns to the Bank any return of unearned premiums which may be due upon cancellation of any such policy or policies for any reason whatsoever and, upon the occurrence of an Event of Default and during the continuance thereof, directs the insurer(s) to pay to the Bank any amounts so due. The Debtor hereby irrevocably appoints the Bank as its attorney-in-fact, with full power of substitution, upon the occurrence of an Event of Default and during the continuance thereof, to execute loss claims and other applications for payment of benefits under any insurance policy in the name of either the Debtor or the Bank, to receive all monies and endorse drafts, checks, and other instruments for the payment of any proceeds of any insurance or in order to collect any return of unearned premiums. This appointment shall be deemed a power coupled with an interest and shall not be terminable by the Debtor so long as any indebtedness secured hereby shall remain outstanding.

**5.9 Compromises and Discounts.** Without the prior written consent of the Bank, the Debtor will not grant any extension of time in the payment of any Accounts, or compromise, compound or settle the same for less than the full amount thereof, or release wholly or partially any person liable for payment thereof, or allow any credit or discount whatsoever in the amount of any Account as invoiced except in the ordinary course of business consistent with its prior business practices. Without the prior written consent of the Bank, the Debtor will not agree to any material modification of any Account herein assigned except in the ordinary course of business consistent with its prior business practices.

**5.10 Promissory Notes, Trade Acceptances and Other Instruments.** If any of the Accounts are or should become evidenced by chattel paper or promissory notes, trade acceptances, or other instruments, the Debtor will promptly notify the Bank and upon request by the Bank will immediately deliver the same to the Bank appropriately endorsed or assigned to the Bank's order, and regardless of the form of such endorsement or assignment, the Debtor hereby waives presentment, demand, notice of dishonor, protest and notice of protest and all other notices with respect thereto and agrees to take all necessary steps to preserve rights against prior parties to instruments and chattel paper; provided that, unless an Event of Default shall have occurred and is continuing, the Debtor may receive and cash checks, drafts and other items tendered in payment to the Company and otherwise handle such checks, drafts and other payments in the ordinary course of its business (and the Debtor will not be required to notify the Bank of the receipt of any such check, draft or other item).



**5.11 Encumbrance or Sale of Collateral.** Without the prior written consent of the Bank, the Debtor will not sell or offer to sell (except in the ordinary course of business) or otherwise transfer or encumber any of the Inventory, or sell or offer to sell or otherwise transfer or encumber any of the other Collateral or any interest therein except as permitted pursuant to Section 9.3 of the Credit Agreement; provided, however, that if the Debtor in good faith determines that any item or items of machinery or equipment have become unnecessary or unsuitable for any reason and that the removal thereof will not interfere with its operations in any material respect, the Debtor may remove and sell, trade-in or otherwise dispose of such item or items, so long as, except in the case of obsolete equipment, the Debtor acquires other machinery or equipment in replacement therefor of equal value and of like kind or having the same function.

**5.12 Notice of Damage or Loss.** The Debtor will immediately notify the Bank of any fire, theft, water damage, vandalism or other damage to or loss of the Inventory or Equipment or any material part thereof.

**5.13 Further Assurances.** The Debtor will from time to time, at the expense of the Debtor, promptly execute, deliver, file and record (as appropriate) all further instruments and documents, and take all further action as the Bank may deem reasonably necessary or prudent in order to perfect, continue and protect the security interests granted hereby or to enable the Bank to exercise and enforce its rights and remedies hereunder with respect to the Collateral or any part thereof.

## **SECTION 6 - SALES AND COLLECTIONS**

**6.1 Processing and Sales of Inventory.** So long as no Event of Default shall have occurred, the Debtor shall have the right in the regular course of its business to process and sell the Inventory. The security interests granted to the Bank hereunder shall attach to all proceeds of all sales, leases, or other dispositions of the Inventory.

**6.2 Inventory Controls.** Upon the occurrence of an Event of Default, the Bank or its agents may secure all entrances to those parts of the premises of the Debtor in which any Inventory is stored and keep such entrances locked or otherwise sealed or institute such other control measures with respect to the movement of Inventory as the Bank may deem necessary or prudent.

**6.3 Collection of Accounts.** The Bank hereby authorizes the Debtor to collect the Accounts, but, upon the occurrence of an Event of Default, the Bank may curtail or terminate such authority at any time. After such authority has been curtailed or terminated, the Debtor shall, upon receipt of all checks, drafts, cash, and other remittances in payment of or on account of the Accounts, deposit the same in a special account designated by the Bank, over which account the Bank alone shall have the power of withdrawal. The remittance of the proceeds of such Accounts shall not, however, constitute payment or liquidation of such Accounts until the Bank shall receive good funds for such proceeds.

For purposes of computing interest, the Bank shall treat deposited checks, drafts and other items as collected in accordance with the Bank's normal availability schedule, but in doing

so the Bank is not agreeing that such funds have in fact been paid, nor is the Bank waiving any right it may have to charge back returned items to the Debtor and to collect interest on such charged-back items. Funds placed in such special account shall be held by the Bank as security for all indebtedness secured hereunder. These proceeds shall be deposited in precisely the form received, except for the endorsement of the Debtor where necessary to permit collection of items, which endorsement the Debtor agrees to make, and which endorsement the Bank is also hereby authorized to make on behalf of the Debtor. Pending such deposit, the Debtor agrees that it will not commingle any such checks, drafts, cash or other remittances with any funds or other property of the Debtor but will hold them separate and apart therefrom, and upon an express trust for the Bank until deposit thereof is made in the special account. The Bank will from time to time apply the whole or any part of the funds on deposit in this special account against such of the indebtedness as is secured hereby as the Bank may in its sole discretion elect.

Upon the occurrence of an Event of Default, the Bank shall have the right (i) to notify any and all account debtors of the Debtor to make payment directly to the Bank and otherwise to notify the account debtors of this assignment, (ii) to ask for, demand, collect, institute and maintain suits for, receive, compound, compromise and give acquittances for any and all sums owing, which are now or may hereafter become due upon the Accounts, and to enforce payment thereof either in the Bank's own name or in the Debtor's name as provided in Section 7 hereof, (iii) to endorse the name of the Debtor on checks, drafts or other items tendered or received in payment of the Accounts, and (iv) to enter upon the premises of the Debtor at any time for the purpose of reducing to possession the Accounts (including chattel paper) and all cash or non-cash proceeds thereof, for the purpose of taking possession of and using the current version of the Debtor's accounts receivable computer software, and/or for the purpose of inspecting the Inventory and Equipment and inspecting and/or auditing the books, records and procedures of the Debtor. The Bank may deduct its reasonable expenses in collecting the Accounts from the proceeds applicable to the indebtedness secured hereby. Such expenses shall include, without limitation, the costs of posting transactions to the books of the Debtor and performing such other bookkeeping and account tasks as the Bank may deem appropriate to collect any Account.

## **SECTION 7 - POWER OF ATTORNEY**

The Debtor hereby irrevocably constitutes and appoints the Bank as its true and lawful attorney-in-fact (with full power of substitution), and without the necessity of any further act or action on the part of the Debtor, upon the occurrence of an Event of Default, (i) to take any and all action with respect to the Collateral in the name and on behalf of the Debtor, and (ii) to execute and deliver in the name and on behalf of the Debtor any and all financing statements, assignments of vehicle titles and liens and other documents, which the Bank determines are necessary or desirable to perfect or otherwise protect and preserve the security interests granted hereunder and/or to convert the Collateral into cash, all at the sole cost and expense of the Debtor. The rights and powers granted the Bank by this appointment include, without limitation, the right and power to take any and all of the following actions in the name and on behalf of the Debtor: (i) to execute loss claims and other applications for payment of benefits under any insurance policy in the name of the Debtor, to receive all monies and endorse drafts, checks, and other instruments for the payment of any proceeds of any insurance or in order to collect any

return of unearned premiums, and to change any and all insurance coverages, terms, amounts or insurers, (ii) to notify any and all account debtors to make payment directly to the Bank and otherwise to notify the account debtors of this assignment, (iii) to ask for, demand, collect, institute and maintain suits for, receive, compound, compromise and give acquittances for any and all sums owing, which are now, or may hereafter become, due upon the Accounts and to enforce payment thereof, (iv) to endorse the name of the Debtor on checks, drafts or other items tendered or received in payment of the Accounts, (v) to receive, open and dispose of all mail addressed to the Debtor and to take therefrom any remittances on or proceeds of the Collateral in which the Bank has a security interest and (vi) to notify post office authorities to change the address for delivery of mail addressed to the Debtor to such address as the Bank shall designate. The Bank shall not be obligated to do any of the acts or exercise any of the powers hereinabove authorized, but, if the Bank elects to do any such act or exercise any such power, it shall not be accountable for more than it actually receives as a result of such exercise of power and in any event the Bank shall not be responsible to the Debtor except for loss or damage resulting from its willful misconduct or gross negligence. The Debtor hereby ratifies and approves all acts of its attorney-in-fact hereby appointed. This power of attorney is coupled with an interest and shall be irrevocable so long as this Security Agreement remains in effect or any of the indebtedness secured hereby shall remain unpaid.

#### **SECTION 8 - NO LIABILITY**

Neither the acceptance of this Security Agreement by the Bank, nor the exercise of any rights hereunder by the Bank, shall be construed in any way as an assumption by the Bank of any obligations, responsibilities or duties of the Debtor arising in connection with any of the Collateral or otherwise bind the Bank to the performance of any obligations in respect of the Collateral, it being expressly understood that the Bank shall not be obligated to perform, observe or discharge any obligation, responsibility, duty or liability of the Debtor in respect of any of the Collateral, including, but not limited to, appearing in or defending any action, expending any money or incurring any expense in connection therewith.

#### **SECTION 9 - DEFAULT AND REMEDIES**

Upon the occurrence of an Event of Default, the Bank may declare all obligations secured hereby immediately due and payable and may proceed to enforce payment of the same and exercise any and all of the rights and remedies of a secured party provided by the Uniform Commercial Code as in effect in the Commonwealth of Virginia as well as all other rights and remedies possessed by the Bank. The Bank will give the Debtor reasonable notice of the time and place of any public sale of the Collateral or any part thereof or of the time after which any private sale or any other intended disposition thereof is to be made. The Debtor and the Bank agree that the requirements of reasonable notice shall be met if such notice is mailed, postage prepaid, to the address of the Debtor specified in Section 10.2 of this Security Agreement (or such other address that the Debtor may provide to the Bank in writing) at least ten (10) days before the time of the sale or disposition, but nothing contained herein shall be construed to mean that any other notice or a shorter period of time does not constitute reasonable notice for the sale

of the Collateral or any part thereof. Expenses of retaking, holding, preparing for sale, selling and the like shall include the reasonable attorneys' fees and legal expenses of the Bank.

Upon the occurrence of an Event of Default, the Debtor shall upon request by the Bank assemble the Collateral or any designated part thereof and make it available to the Bank at such place as is designated by the Bank which is reasonably convenient to the Debtor and the Bank.

No sale or other disposition of all or any part of the Collateral by the Bank shall relieve, or be deemed to relieve, the Company or the Debtor of its obligations with respect to any obligations secured hereby except to the extent that the proceeds thereof are applied by the Bank to the payment of such obligations.

## **SECTION 10 - MISCELLANEOUS**

**10.1 Cumulative Rights and No Waiver.** Each and every right granted to the Bank hereunder or under any other document delivered under or in connection with the Credit Agreement, or allowed it by law or equity, shall be cumulative and may be exercised from time to time. No failure on the part of the Bank to exercise, and no delay in exercising any right, shall operate as a waiver thereof, nor shall any single or partial exercise by the Bank of any right preclude any other or future exercise thereof or the exercise of any other right.

**10.2 Notices.** All notices, requests and other communications to any party hereunder shall be in writing (including facsimile transmission or similar writing) and shall be given to such party at its address or telefacsimile number set forth below or such other address or telefacsimile number as such party may hereafter specify in writing for this purpose by notice to the other parties:

If to the Debtor:

Key Voice Technologies, Inc.  
c/o Comdial Corporation  
1180 Seminole Trail  
Charlottesville, Virginia 22901  
Attention: Christian L. Becken  
Telefacsimile: (804) 978-2512

With a copy to:

Kurt J. Krueger, Esquire  
McGuire, Woods, Battle & Boothe, L.L.P.  
Court Square Building  
418 East Jefferson Street  
Charlottesville, Virginia 22902  
Telefacsimile: (804) 980-2222

If to the Bank:

NationsBank, N.A.  
300 East Main Street  
Charlottesville, Virginia 22902  
Attention: David T. Paulson  
Telefacsimile: (804) 977-2333

With a copy to:

Jeffrey M. Gill, Esquire  
Mays & Valentine, L.L.P.  
NationsBank Center - 21st Floor  
1111 East Main Street  
Richmond, Virginia 23219  
Telefacsimile: (804) 697-1339

Each such notice, request or other communication shall be effective (a) if given by telefacsimile, when receipt is confirmed by telephone, (b) if given by mail, three (3) Business Days after it is deposited in the U.S. mail with first class postage prepaid, addressed as aforesaid, or if given by any other means, when delivered at the address specified in this Section 10.2.

**10.3 Applicable Law.** This Security Agreement shall be construed in accordance with and governed by the laws of the Commonwealth of Virginia, except as otherwise required by mandatory provisions of law and except to the extent that remedies provided by the laws of any jurisdiction other than Virginia are governed by the laws of such jurisdiction.

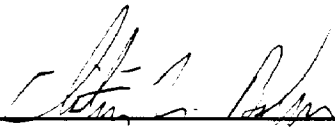
**10.4 Modifications.** No modification, amendment or waiver of any provision of this Security Agreement, nor consent to any departure by the Debtor therefrom shall in any event be effective unless the same shall be in writing and signed by the Bank and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No notice to or demand upon the Debtor in any case shall entitle the Debtor to any other or further notice or demand in the same or similar circumstances.

**10.5 Execution in 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 but one and the same instrument.

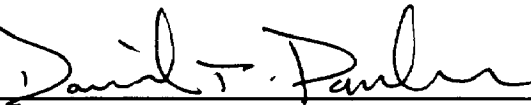
**10.6 Certain Definitions.** As used in this Security Agreement, the uncapitalized terms "account", "securities", "chattel paper", "contract right", "document", "equipment", "instrument", "inventory", "general intangibles" and "proceeds" have the meanings of such terms as defined in the Uniform Commercial Code as in effect on the date hereof in the Commonwealth of Virginia.

IN WITNESS WHEREOF, the Debtor and the Bank have caused this Security Agreement to be duly executed by their duly authorized officers, all as of the date first above written.

**KEY VOICE TECHNOLOGIES, INC.**

By:   
Its: Senior Vice President

**NATIONSBANK, N.A.**

By:   
Its: Vice President

#571950

**LOCATION OF INVENTORY**

1180 Seminole Trail  
Charlottesville, Virginia 22901

1910 Robinhood Street  
Sarasota, Florida 34231

2320 Gulf Gate Drive  
Sarasota, Florida 34231-5608

2320-A Gulf Gate Drive  
Sarasota, Florida 34231-5608

**LOCATION OF EQUIPMENT**

1180 Seminole Trail  
Charlottesville, Virginia 22901

1910 Robinhood Street  
Sarasota, Florida 34231

2320 Gulf Gate Drive  
Sarasota, Florida 34231-5608

2320-A Gulf Gate Drive  
Sarasota, Florida 34231-5608



**EXISTING FINANCING STATEMENTS**

See attached

**SCHEDULE 4.6**

JURISDICTION	FINANCING TYPE	SECURED PARTY	FILE NUMBER	FILE DATE	COLLATERAL
Virginia State Corporation Commission (through 9-14-98)	Original	Fleet Capital Corporation	9603207852	3/20/96	all accounts, general intangibles, inventory and equipment
	Amendment to No. 9603207852	Fleet Capital Corporation	9612057834	12/5/96	
	Original	Nick Branica and Eion Heaney	9612057833	12/5/96	Verbatim software and related computer products
Albemarle County, VA (through 9-14-98)	Original	Fleet Capital Corporation	25724	3/20/96	all accounts, general intangibles, inventory and equipment
	Subordination of No. 257274	Fleet Capital Corporation	26515	12/3/96	
	Original	Nick Branica and Eion Heaney	26514	12/3/96	Verbatim software and related computer products
Secretary of State of Florida (through 9-3-98)	Original	Northern Trust Bank of Florida, NA	950000154895	8/3/95	fixtures located on lots 20, 21 and 22 in Sarasota County, FL
	Partial Release of No. 950000154895	Northern Trust Bank of Florida, NA	960000057677	3/21/96	
	Original	USL Capital Corporation	950000203391	10/10/95	leased office furnishings
	Original	Nick Branica and Eion Heaney	960000057674	3/21/96	Verbatim software and related computer products

**SCHEDULE 4.6**

JURISDICTION	FINANCING TYPE	SECURED PARTY	FILE NUMBER	FILE DATE	COLLATERAL
Secretary of State of Florida, cont'd	Original	Fleet Capital Corporation	960000057675	3/21/96	all accounts, general intangibles, inventory and equipment
	Original	USL Capital Corporation	960000186616	9/5/96	leased office furnishings
	Original	Northern Trust Bank of Florida, NA	970000147346	7/3/97	fixtures located at lots 11, 12 and 20,21,22 in Sarasota County, FL
Sarasota County, FL (through 9-15-98)	Original	Northern Trust Bank of Florida, NA	2761/2726	8/27/95	fixtures located at lots 20, 21 and 22 in Sarasota County, FL
	Partial Release to No. 2761/2726	Northern Trust Bank of Florida, NA	2823/2241	3/23/96	
	Original	Nick Branica and Eoin Heaney	2832/2242	3/23/96	Verbatim software and related computer products
	Original	Northern Trust Bank of Florida, NA	2987/1087	7/1/97	fixtures located at lots 11, 12 and 20,21,22 in Sarasota County, FL

CVL1085/1

## FIRST AMENDMENT TO SUBSIDIARY SECURITY AGREEMENT

**THIS FIRST AMENDMENT TO SUBSIDIARY SECURITY AGREEMENT** (this "First Amendment") is made as of the 29<sup>th</sup> day of January, 2001, by and between **KEY VOICE TECHNOLOGIES, INC.** (the "Debtor"), a Delaware corporation, and **BANK OF AMERICA, N.A.** (the "Bank"), successor in interest to NationsBank, N.A., a national banking association.

Comdial Corporation (the "Company") and the Bank are parties to an Amended and Restated Credit Agreement made as of November 22, 2000 (the "Credit Agreement"), which amends and restates in its entirety the Credit Agreement made as of October 22, 1998, between the Company and the Bank. The indebtedness, obligations and liabilities of the Company under the Credit Agreement and the other Loan Documents (as defined in the Credit Agreement) are secured by, among other collateral, a Subsidiary Security Agreement made as October 22, 1998 (the "Security Agreement"), between the Debtor and the Bank. The Debtor and the Bank now desire to amend the terms of the Security Agreement as provided herein.

Accordingly, for and in consideration of good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Debtor and the Bank hereby agree as follows:

1. **Capitalized Terms.** Capitalized terms used in this First Amendment which are not otherwise defined herein shall have the meanings assigned thereto in the Credit Agreement.

2. **General Intangibles.** Section 2.3 of the Security Agreement is hereby deleted in its entirety and the following section is inserted in its place:

**2.3 General Intangibles.** The Debtor also hereby grants to the Bank a security interest in all of the Debtor's books and records, formulas, patents (including, without limitation, the patents and applications for patents listed on Exhibit A attached hereto and by this reference made a part hereof), trademarks (including, without limitation, the trademarks and applications for trademarks listed on Exhibit B attached hereto and by this reference made a part hereof), service marks, trade names, trade secrets, copyrights (including, without limitation, the copyrights listed on Exhibit C attached hereto and by this reference made a part hereof) and licenses (including all pending patents, trademarks, service marks and copyrights, and all applications, materials, documents and other matters relating thereto), all inventions, manufacturing, engineering and production plans, all lists, drawings, specifications, processes and systems, all computer programs, data bases, systems, software, goodwill, customer lists, chooses-in-action, rights and options and all other general intangibles whether now owned or hereafter acquired by the Debtor, and of every nature, type and description (which collateral is hereinafter referred to collectively as the "General Intangibles"), and all proceeds of the General Intangibles.

3. **Exhibits.**

(a) Exhibit A attached hereto and made a part hereof is hereby made a part of the Security Agreement and shall be the Exhibit A referred to in Section 2.3 of the Security Agreement, as amended by this First Amendment.

(b) Exhibit B attached hereto and made a part hereof is hereby made a part of the Security Agreement and shall be the Exhibit B referred to in Section 2.3 of the Security Agreement, as amended by this First Amendment.

(c) Exhibit C attached hereto and made a part hereof is hereby made a part of the Security Agreement and shall be the Exhibit C referred to in Section 2.3 of the Security Agreement, as amended by this First Amendment.

4. **Acknowledgments.** The Debtor hereby expressly (i) acknowledges and agrees that all indebtedness, obligations and liabilities of the Company under the Credit Agreement and all of the other Loan Documents are and shall continuously be secured by, among other collateral, the "Collateral" as defined in the Security Agreement, as amended by this First Amendment, (ii) acknowledges and agrees that it does not have any offsets, counterclaims or defenses of any kind to any of its obligations, covenants or agreements under the Security Agreement, as amended by this First Amendment, and (iii) agrees that, except as expressly amended hereby, the terms of the Security Agreement shall remain in full force and effect in all respects, and the Debtor hereby reaffirms its obligations under the Security Agreement, as amended by this First Amendment. Nothing contained in this First Amendment shall be construed to constitute a novation with respect to the indebtedness described in the Credit Agreement or the Security Agreement, as amended by this First Amendment.

5. **Non-Disclosure.** The Bank agrees not to disclose to any third party any pending patent application numbers contained on Exhibit A attached hereto, except as required (i) in connection with filings made with the United States Patent and Trademark Office associated with the perfection of the Bank's security interest in such pending patents, (ii) by judicial or administrative process, (iii) by a court of competent jurisdiction, (iv) by any Governmental Authority that has jurisdiction over the Bank or (v) in connection with the Bank's enforcement of its rights and remedies under the Security Agreement, as amended by this First Amendment.

6. **Expenses.** The Debtor hereby agrees to pay all out-of-pocket expenses incurred by the Bank in connection with the preparation of this First Amendment, including, without limitation, the reasonable fees and disbursements of counsel for the Bank.

7. **References.** All references to the Security Agreement in any of the Loan Documents, or any other documents or instruments that refer to the Security Agreement, shall be deemed to be references to the Security Agreement as amended by this First Amendment.

8. **Arbitration.** The Debtor and the Bank hereby agree that any claim or controversy between the Debtor and the Bank including but not limited to those arising out of or related to the Security Agreement, as amended by this First Amendment, shall be determined by binding arbitration pursuant to the provisions of Section 13.10 of the Credit Agreement.

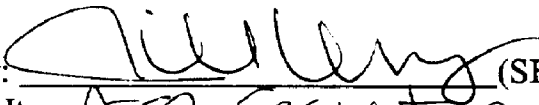
9. **Applicable Law.** This First Amendment shall be construed in accordance with and governed by the laws of the Commonwealth of Virginia.

10. **Counterparts.** This First Amendment may be executed in any number of counterparts, each of which shall be an original, but all of which taken together shall constitute one and the same instrument.

11. **Successors.** This First Amendment shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. The Debtor shall not have the right to assign any of its rights or delegate any of its duties under the Security Agreement, as amended by this First Amendment.

**IN WITNESS WHEREOF**, the Debtor and the Bank have caused this First Amendment to be duly executed by their duly authorized officers under seal, all as of the day and year first above written.

**KEY VOICE TECHNOLOGIES, INC.**

By:  (SEAL)  
Its: Asst. Secretary

**BANK OF AMERICA, N.A.**

By Robert E. Chize, Jr. (SEAL)  
Its Vice President

**Attachments:**

- Exhibit A – Patents
- Exhibit B – Trademarks
- Exhibit C – Copyrights

#815368  
00160.545

**EXHIBIT A**

**PATENTS AND APPLICATIONS FOR PATENTS**

Patent Owner

Patent Name

Application Number or  
Registration Number

**NONE**

**EXHIBIT B**

**TRADEMARKS AND APPLICATIONS FOR TRADEMARKS**

<u>Trademark Owner</u>	<u>Trademark Name</u>	<u>Application Number or Registration Number</u>
Key Voice Technologies, Inc.	Corporate Office	2097118
Key Voice Technologies, Inc.	Debut	75/451825
Key Voice Technologies, Inc.	Interchange	75/784570
Key Voice Technologies, Inc.	Key Voice	2087281
Key Voice Technologies, Inc.	Small Office	2131452
Key Voice Technologies, Inc.	The Internet Way	76/073467
Key Voice Technologies, Inc.	Visual Call Management	2090239
Key Voice Technologies, Inc.	Wideopen DSL	76/017187
Key Voice Technologies, Inc.	Wideopen Planet	76/017194



**EXHIBIT C**  
**COPYRIGHTS**

Copyright Owner

Title of Copyrighted Work

Registration Number

Key Voice Technologies, Inc.

Blackout

TX3845848