

08-10-2006
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Form PTO-1594 (Rev. 07/05)
OMB Collection 0651-0027 (exp. 6/30/2008)

DEPARTMENT OF COMMERCE
Patent and Trademark Office

RECORDATION FOR COVER SHEET
TRADEMARKS ONLY

To the Director of the U. S. Patent and Trademark Office: Please record the attached documents or the new address(es) below.

5-9-06

1. Name of conveying party(ies):
The Coffee Beanery, Ltd., a Michigan corporation
3429 Pierson Place
Flushing, Michigan 48433-2413

Individual(s) Association
 General Partnership Limited Partnership
 Corporation- State: Michigan
 Other _____

Citizenship (see guidelines) Michigan

Additional names of conveying parties attached? Yes No

2. Name and address of receiving party(ies) Yes
Additional names, addresses, or citizenship attached? No

Name: Citizens Bank
Internal
Address: _____
Street Address: 900 Tower Drive
City: Troy
State: Michigan
Country: USA Zip: 48098

Association Citizenship _____
 General Partnership Citizenship _____
 Limited Partnership Citizenship _____
 Corporation Citizenship Michigan
 Other _____ Citizenship _____

If assignee is not domiciled in the United States, a domestic representative designation is attached: Yes No
(Designations must be a separate document from assignment)

3. Nature of conveyance /Execution Date(s) :
Execution Date(s) April 28, 2006

Assignment Merger
 Security Agreement Change of Name
 Other _____

4. Application number(s) or registration number(s) and identification or description of the Trademark.

A. Trademark Application No.(s)
See attached listing

B. Trademark Registration No.(s) *Please See the next page, too many numbers to fit*
See attached listing

Additional sheet(s) attached? Yes No

C. Identification or Description of Trademark(s) (and Filing Date if Application or Registration Number is unknown):
See attached listing

5. Name & address of party to whom correspondence concerning document should be mailed:
Name: Pam Root-Palinsky
Internal Address: Citizens Bank
Street Address: 328 W. Saginaw Street
City: Flint
State: Michigan Zip: 48502
Phone Number: (810) 342-7069
Fax Number: (810) 257-2488
Email Address: pam.root-palinsky@cbcf-net.com

6. Total number of applications and registrations involved: 22

7. Total fee (37 CFR 2.6(b)(6) & 3.41) \$ 565.00

Authorized to be charged by credit card
 Authorized to be charged to deposit account
 Enclosed

8. Payment Information:

a. Credit Card Last 4 Numbers _____
Expiration Date _____

b. Deposit Account Number _____
Authorized User Name _____

9. Signature: *Pam Root-Palinsky* APRIL 28, 2006
Signature Date
Pam Root-Palinsky, Vice President and Sr. Relationship Manager
Name of Person Signing

Total number of pages including cover sheet, attachments, and document: 12

Documents to be recorded (including cover sheet) should be faxed to (571) 273-0140, or mailed to: Mail Stop Assignment Recordation Services, Director of the USPTO, P.O. Box 1450, Alexandria, VA 22313-1450

05/10/2006 DBYRNE 00000047 1187008

40.00 OP
525.00 OP

01 FC:8521
02 FC:8522

Marks

Registration
NumbersRegistration
Date

MARKS	REGISTRATION NUMBER	REGISTRATION DATE
"THE COFFEE BEANERY" words and design trademark	1,187,008	January 19, 1982
"LUCKY MUG LEGEND" all words, text, drawings and art	TXu258-463	October 27, 1986
"BEANERY BLEND" all words, text, drawings and art	1,512,924	November 15, 1988
"HOT SPICED VIENNESE" all words, text, drawings and art	1,553,085	August 22, 1989
"CAFE CARMEL" all words, text, drawings and art	1,577,151	January 9, 1990
"CAFE CARMEL" all words, text, drawings and art	2,042,790	March 11, 1997
"ICED FUDGE RIPPLE" all words, text, drawings and art	1,616,932	March 12, 1990
"THE COFFEE BEANERY, LTD." words and design trademark	1,610,706	August 21, 1990
"COFFEE MAY BE COMMON, BUT SHOULD NEVER BE ORDINARY" all words, text, drawing and art	1,716,967	November 17, 1992
"CARIBBEAN ICEBERG" all words, text, drawings and art	1,763,094	April 6, 1993
"CB SCOOPS" all words, text, drawings and art	1,799,337	October 19, 1993
"THE PERFECT PAIR" all words, text, drawings and art	1,853,752	September 13, 1994
"CHOMOCHA CHILLER" all words, text, drawings and art	1,857,817	October 11, 1994
"ENCHANTED CREAM" all words, text, drawings and art	1,973,410	May 7, 1996
"THE RIGHT ROAST" all words, text, drawings and art	2,024,672	December 17, 1996
"THE RIGHT ROAST AND DESIGN" all words, text, drawings and art	2,083,549	July 29, 1997
"BEANIE GENIE" all words, text, drawings, and art	2,208,794	December 8, 1998
"THE WORLD'S LONGEST COFFEE BREAK" all words, text, drawings, and art	2,190,457	September 22, 1998
MISCELLANEOUS DESIGN - PACKAGE all drawings and art	2,223,109	February 9, 1999
"LET IT JOE" all words, text, drawings, and art	2,505,150	November 6, 2001
"ESPRESSO PERFECTO"	2,669,628	December 31, 2002
"CBC CUP DESIGN"	2,806,359	January 20, 2004

TRADEMARK

REEL: 003383 FRAME: 0636

SECURITY AGREEMENT

This Security Agreement ("Agreement") made on this 28 day of April, 2006, by and between **CITIZENS BANK**, a Michigan banking corporation, of **900 Tower Drive, Troy, Michigan 48098** (the "Bank"), and **THE COFFEE BEANERY, LTD.**, a Michigan corporation, located at **3429 Pierson Place, Flushing, Michigan 48433-2413** (the "Borrower").

WHEREAS Borrower has obtained or may from time to time obtain loans or be otherwise obligated to Bank and has agreed to secure its Obligations (as defined in Paragraph 1. below) to Bank by granting Bank security interests in the personal property described in this Agreement, and

NOW THEREFORE Borrower and Bank **AGREE AS FOLLOWS:**

1. GRANT OF SECURITY INTEREST. Borrower grants Bank a continuing security interest in the collateral described in Paragraph 2. below (all of the personal property described in Paragraph 2. is individually and collectively referred to in this Agreement as the "Collateral"), to secure the repayment of all loans (including all renewals, extensions, modifications, or refinancings thereof) from Bank to Borrower, together with any and all other obligations now or in the future owing from Borrower to Bank (including future advances), however incurred or evidenced, whether primary, secondary, contingent or otherwise, whether arising under this Agreement, under other security agreements, promissory notes, loan agreements, guaranties, mortgages, leases, instruments, letters of credit, documents, or under any other contractual obligation now or hereafter arising (hereinafter collectively called the "Obligations") together with all costs, expenses and reasonable attorneys' fees incurred by Bank in the disbursement, administration and collection of the Obligations or the protection, maintenance, and liquidation of the Collateral. Except as specifically allowed in this Agreement, Borrower agrees not to sell or consume the Collateral and will not assign, transfer, pledge, lease, license, grant a security interest in, or otherwise dispose of or encumber the Collateral without Bank's prior written consent. To the extent Borrower uses any proceeds of any of the Obligations to purchase Collateral, Borrower's repayment of the Obligations shall apply on a "first-in-first-out" basis so that the portion of the Obligations used to purchase a particular item of Collateral shall be deemed paid in the chronological order the Borrower purchased the Collateral.

2. COLLATERAL. The Collateral covered by this Agreement is all of Borrower's property described below, which Borrower now owns or shall hereafter acquire or create, immediately upon acquisition or creation, wherever located, and includes, but is not limited to, any items listed on any schedule or list attached to this Agreement:

A. Accounts and Other Collateral. All Accounts, including without limitation Health-Care-Insurance Receivables; Goods whose sale, lease or other disposition by the Borrower has given rise to Accounts and which have been returned to, or repossessed or stopped in transit by the Borrower, or rejected by an Account Debtor; Chattel Paper, including without limitation Electronic Chattel Paper and Tangible Chattel Paper; Documents; Instruments, including without limitation Promissory Notes; General Intangibles, including without limitation Payment Intangibles and Software; notes secured by real estate; Letter of Credit Rights and

proceeds from letters of credit; Commercial Tort Claims; and Supporting Obligations; and any rights to any tax refunds from any governmental authority;

- B. Inventory.** All Inventory and Goods (other than Equipment) including without limitation raw materials, work in process, finished goods, tangible property, stock in trade, wares and merchandise used in, sold by, or stopped in transit by Borrower;
- C. Equipment.** All Equipment and Fixtures, including without limitation all machinery, furniture, furnishings, and vehicles, and all substitutions, improvements, replacements and additions thereto;
- D. Investment Property and Deposit Accounts.** All Investment Property, including Certificated and Uncertificated Securities, Security Entitlements, Securities Accounts, Commodity Contracts and Commodity Accounts; money and Deposit Accounts.
- E. All Assets.** All of Borrower's personal property including, without limitation, the property described in Paragraph 2.A. through 2.D. above, inclusively; and, including, but not limited to, the following specific property listed in Paragraph 2.F. below:
- F. Specific.** The following specific property and all related rights:

All right, title and interest of the Borrower in, to and under all now owned and hereafter acquired copyrights, copyright applications and copyright licenses, and all products and proceeds thereof, to secure the payment of all Obligations owing by the Borrower to Bank.

In consideration of the mutual agreements set forth herein, the Borrower does hereby grant to the Bank, for its own benefit and as agent for its Affiliates, a continuing security interest in all of the Borrower's right, title and interest in, to and under the following, whether presently existing or hereafter created or acquired:

- (1) each copyright and copyright application, including, without limitation, each copyright and copyright application referred to in Schedule 1 annexed hereto, together with any reissues, continuations or extensions thereof and all goodwill associated therewith;
- (2) each copyright license, including, without limitation, each copyright license listed on Schedule 1 annexed hereto, together with all goodwill associated therewith; and
- (3) all products and proceeds of the foregoing, including, without limitation, any claim by the Borrower against third parties for past, present or future infringement of any copyright, including, without limitation, any copyright referred to in Schedule 1 annexed hereto, any copyright issued pursuant to a copyright application referred to in Schedule 1 and any copyright licensed under any copyright license listed on Schedule 1 annexed hereto (items 1 through 3 being herein collectively referred to as the "Copyright Collateral");

and

Including all right, title and interest of the Borrower in, to and under all now owned and hereafter acquired patents, patent applications, patent licenses, trademarks, trademark

applications and trademark licenses, and all products and proceeds thereof, to secure the Obligations of all amounts owing by the Borrower to Bank.

In consideration of the mutual agreements set forth herein, the Borrower does hereby grant to the Bank, for its own benefit and as agent for its Affiliates, a continuing security interest in all of Borrower's right, title and interest in, to and under the following, whether presently existing or hereafter created or acquired:

- (4) each trademark and trademark application, including, without limitation, each trademark and trademark application referred to in Schedule 2 annexed hereto, together with any reissues, continuations or extensions thereof and all goodwill associated therewith;
- (5) each trademark license, including, without limitation, each trademark license listed on Schedule 2 annexed hereto, together with all goodwill associated therewith;
- (6) all products and proceeds of the foregoing, including, without limitation, any claim by the Borrower against third parties for past, present or future infringement of any trademark, including, without limitation, any trademark referred to in Schedule 2 annexed hereto, any trademark issued pursuant to a trademark application referred to in Schedule 2 and any trademark licensed under any trademark license listed on Schedule 2 annexed hereto (items 4 through 6 being herein collectively referred to as the "Trademark Collateral");
- (7) each patent and patent application, including, without limitation, each patent and patent application referred to in Schedule 3 annexed hereto, together with any reissues, continuations or extensions thereof and all goodwill associated therewith;
- (8) each patent license, including, without limitation, each patent license listed on Schedule 3 annexed hereto, together with all goodwill associated therewith;
- (9) all products and proceeds of the foregoing, including, without limitation, any claim by the Borrower against third parties for past, present or future infringement of any patent, including, without limitation, any patent referred to in Schedule 3 annexed hereto, any patent issued pursuant to a patent application referred to in Schedule 3 and any patent licensed under any patent license listed on Schedule 3 annexed hereto (items 7 through 9 being herein collectively referred to as the "Patent Collateral").

For each and every type of Collateral described above, the Proceeds of the Collateral and the proceeds of all insurance, eminent domain, condemnation awards, and all products of and all Accessions and attachments to the Collateral are also part of the Collateral. In addition, any and all deposits or other sums at any time credited or due from Bank to Borrower and any and all instruments, documents, policies, certificates of insurance, securities, goods, accounts, chattel paper, cash, property and the proceeds thereof which Borrower owns or in which Borrower has an interest and which are at any time in the possession or control of Bank or any third party acting on Bank's behalf, shall also be considered Collateral.

3. PERFECTION OF SECURITY INTEREST. Borrower hereby irrevocably authorizes Bank to prepare and file any financing statement, amendments, continuations and all other documents, including, but not limited to, any documentation required to be filed with the United States Patent and Trademark Office, etc., as Bank deems necessary to perfect and maintain Bank's security interest and liens granted herein. This authorization shall remain in full force and effect and may be relied upon by Bank as long as any Obligations remain outstanding. Borrower agrees to promptly execute and deliver to Bank, concurrently with this Agreement and at any time hereafter at Bank's request, all financing statements, assignments, certificates of title, applications for motor vehicle or watercraft titles, affidavits, reports,

notices, schedules of Accounts, designations of Inventory, letters of authority and any and all other documents and agreements as Bank requests, in form satisfactory to Bank, to perfect and maintain Bank's security interests in the Collateral. Borrower also agrees to make appropriate entries on its books and records disclosing Bank's security interests in the Collateral. Where Collateral is in the possession of a third party, Borrower will join with Bank in notifying the third party of Bank's perfected security interest and obtaining an acknowledgement from the third party that it is holding the Collateral of the benefit of Bank. Borrower will cooperate with Bank in obtaining control with respect to Collateral consisting of Deposit Accounts, Investment Property, Letter-of-Credit Rights and Electronic Chattel Paper. If the Collateral includes Chattel Paper, Borrower will not create any Chattel Paper without placing a legend on the Chattel Paper acceptable to Bank indicating that Bank has a security interest in the Chattel Paper.

4. WARRANTIES. Borrower warrants to Bank, that: (a) Borrower's exact legal name is as set forth in the first paragraph of this Agreement and (i) if Borrower is a Registered Organization, the form of its organization and the state under which it is organized are set forth after Borrower's name in the first paragraph of this Agreement, (ii) if Borrower is not an individual, its chief executive office is located at the address set forth in the first paragraph of this Agreement, or (iii) if Borrower is an individual the Borrower's principal residence is the address set forth in the first paragraph of this Agreement; (b) Borrower has or forthwith will acquire full legal title to the Collateral, is the lawful owner of all of the Collateral, and has an unqualified right to subject the Collateral to the Bank's security interest; (c) except as specifically stated in writing to Bank, Bank's security interest in the Collateral is a first priority security interest, there are no financing statements covering any of the Collateral in any public office, and Borrower will defend and indemnify the Bank against the claims and demands of all other persons claiming an interest in the Collateral; (d) all of the Collateral is located in the State of Michigan or such other address provided by Borrower to Bank, or is in the Bank's possession, and Borrower agrees not to remove the Collateral outside the State of Michigan or elsewhere without Bank's prior written consent, nor use or permit the Collateral to be used for any unlawful purpose; (e) Borrower does not conduct Borrower's business under any other name, except that previously disclosed to Bank, and agrees not to change its name, change or reorganize the business entity under which it does business, or change the state in which it is organized or located, except upon the Bank's prior written approval and, if such approval is granted, Borrower agrees that all documents, instruments, and agreements requested by Bank shall be prepared, filed and recorded at Borrower's expense, before such change occurs; (f) Borrower's records are located at the above address, or as disclosed by Borrower to Bank, and Borrower agrees not to remove any records concerning the Collateral from said address nor keep any of its records at any other address unless at least ten (10) days prior written notice is given to Bank of any new address; (g) the Collateral is in good condition and repair and will be kept in such condition; (h) Borrower has full authority, complete power, and is duly authorized to enter into this Agreement with Bank, and the execution of this Agreement does not constitute a breach of any provision contained in any other agreement or instrument to which Borrower is or may become a party or by which Borrower is or may be bound or affected; (i) all financial statements and information delivered and to be delivered by Borrower to Bank are true and correct, have been prepared in accordance with generally accepted accounting principles, and there has been no material adverse change in the financial condition of Borrower since the most recent financial information submitted to Bank; (j) there are no actions or proceedings either threatened or pending against Borrower which might result in any material adverse change in Borrower's financial condition or materially affect any of Borrower's assets; (k) all personal property taxes on the Collateral are fully paid and Borrower has filed all other Federal, State and local governmental tax returns Borrower is required by law to file and all such taxes required to be paid have been paid in full; and (l) no part of the Collateral is classified or classifiable as hazardous waste under Federal or Michigan environmental laws and regulations, Borrower is in full compliance with all Federal and Michigan environmental laws and regulations, and Borrower hereby indemnifies Bank against any and all expenses and costs, including reasonable attorney fees, arising from or related to any breach of these warranties. All of Borrower's warranties contained in this Paragraph 4. are continuing warranties until Borrower has no remaining Obligations to Bank.

5. TAXES, INSURANCE. Borrower has the risk of loss of the Collateral. Borrower agrees to: (a) promptly pay all taxes, levies, assessments, judgments, and charges of any kind upon or relating to

the Collateral, to Borrower's business, and to Borrower's ownership or use of any of its assets, income, or gross receipts; (b) at its own expense, keep all of the Collateral fully insured against loss or damage by fire, theft, explosion and other risks, in such amounts, with such companies, under such policies, and in such form, as shall be satisfactory to Bank, a copy of which policies shall be delivered to Bank with evidence of premium payment and which policies shall be endorsed to provide Bank a standard loss payable clause with not less than 30 days notice of cancellation or of any change in coverage (CF 12181185) and the Bank shall have a security interest in the proceeds of all such insurance and may apply any such proceeds received by it toward payment of Borrower's Obligations, whether or not due, in such order of application as Bank may determine; (c) maintain at its own expense, public liability and property damage insurance in such amounts, with such companies, under such policies, and in such form as shall be satisfactory to Bank, and (d) upon Bank's request, shall furnish Bank with original insurance policies and evidence that such policies have been paid and maintained. If, after such request, the Bank does not promptly receive evidence that any of the insurance coverages required by this paragraph are being maintained, Bank may assume Borrower does not have the required coverage. If Borrower at any time fails to obtain or maintain any of the policies required above or pay any premium relating thereto, or fails to pay any tax, assessment, levy or charge, or discharge any lien, claim, or encumbrance, then Bank, without waiving or releasing any obligation or default of Borrower hereunder, may at any time, but without obligation to do so, make such payment, obtain such discharge, obtain and maintain policies of insurance, pay such premiums, and take any other action as Bank deems advisable. All sums disbursed by Bank, including reasonable attorney fees, court costs, expenses, and other charges relating thereto, shall be part of the Obligations secured hereby, shall be payable on demand, and shall bear interest until paid at the highest rate of interest then being charged by and loaned from Bank to Borrower. Upon Borrower's failure to obtain or maintain insurance upon the Collateral, the Bank may assess a service charge for obtaining and servicing the required insurance coverage.

6. COLLECTION OF ACCOUNTS.

A. Bank conditionally authorizes Borrower to collect Accounts from Borrower's Account debtors provided, however, this privilege may be terminated by Bank at any time upon written notice from Bank and, upon mailing such notice, Bank shall have all of Borrower's rights, title, and interest in the Accounts, including a right of stoppage in transit. After notice as aforesaid or upon the occurrence of an Event of Default (as subsequently defined), Bank may notify any Account debtor(s) of Bank's security interest in Borrower's Accounts and shall be entitled to collect same, and Borrower will thereafter receive all Accounts payments as the agent of and as trustee for Bank and will deliver to Bank on the day of receipt, all checks, cash, drafts, acceptances, notes and other Accounts payments and, until such delivery, Borrower shall not use or commingle any Accounts payments and shall at all times keep all such remittances separate and apart from Borrower's own funds, capable of identification as the Bank's property. After any default, Borrower shall open all mail only in the presence of a Bank representative, who may remove therefrom any Account remittance(s). Bank and its representatives are hereby authorized to endorse in Borrower's name, any item received by the Bank representing any payment on or Proceeds of any of the Collateral, and may sign Borrower's name upon all Accounts, invoices, assignments, financing statements, notices to debtors, bills of lading, storage receipts, or other instruments or documents in respect to the Accounts, the Proceeds therefrom, or property related thereto. Borrower shall promptly give Bank copies of all Accounts statements, accompanied by such additional information, documents, or copies thereof, as Bank may request. Borrower shall maintain all records with respect to the Accounts and with respect to the general conduct and operation of Borrower's business, including balance sheets, operating statements and other financial information, in accordance with generally accepted accounting principles and as Bank may request.

B. Until the Bank shall notify Borrower of the revocation of such power and authority, Borrower: (i) may, in the ordinary course of its business only, at Borrower's expense, sell, lease, or furnish under contracts of service any of the Inventory normally held by Borrower for such purpose; (ii) may use and consume any raw materials, work in process or materials, the use and consumption of which is necessary in order to carry on Borrower's business; and (iii) shall, at its own expense, endeavor to collect, as and when due, all amounts due with respect to any of the Collateral,

including the taking of such collection action as the Bank may request or, in the absence of such request, as Borrower deems advisable. A sale in the ordinary course of business does not include a transfer in partial or total satisfaction of any debt of Borrower.

7. INFORMATION. Borrower agrees to permit Bank or Bank's agents to have access to and inspect the Collateral, and from time to time verify Accounts, Inventory, Equipment, and all other Collateral, and check, make copies of or extracts from the books, records and files of Borrower, and Borrower shall make same available at any time for such purposes. Bank is hereby authorized to conduct from time to time such investigation of Borrower's continuing creditworthiness as Bank deems appropriate including, without limitation, contact with Borrower's accountants or other third parties, and Bank is also authorized to respond to any credit inquiries received from trade creditors or other credit granting institutions. Borrower agrees to promptly supply Bank with such financial and other information concerning its financial and business affairs, assets and liabilities as Bank may from time to time request, and Borrower agrees that Bank or its agents may from time to time verify Borrower's continuing compliance with any of Borrower's warranties made in Paragraph 4. above, at Borrower's cost and expense.

8. DEFAULT.

A. Except as otherwise provided in any promissory note, loan agreement, or other agreement secured by this Agreement, the occurrence of any of the following events shall constitute an Event of Default: (a) failure to pay any of the Obligations when due; (b) any statement, warranty, or representation of Borrower or any guarantor of the Obligations made herein or in any other instrument, document, agreement, or financial statement now or hereafter furnished to the Bank by or on behalf of the Borrower or a guarantor, is false or misleading; (c) breach of any covenant, term, condition, or agreement contained herein or in any related instrument, document, or agreement by Borrower or any guarantor of the Obligations; (d) Borrower or any guarantor of the Obligations ceases doing business or Borrower's or any guarantor's existence is terminated by death, sale, dissolution, merger or otherwise; (e) any conveyance is made of substantially all of Borrower's assets, any assignment is made for the benefit of creditors, any receiver is appointed for Borrower, or any insolvency, liquidation, or reorganization proceeding is filed by or against Borrower under the Bankruptcy Code or otherwise; (f) any attachment, execution, levy, forfeiture, tax lien or similar writ or process is issued against the Collateral or any other property of Borrower; (g) any felony criminal proceeding is brought against Borrower, Borrower's management, or any guarantor of the Obligations; (h) Bank determines the interest rate charged by Bank on any loan to Borrower is usurious or otherwise unlawful or limited; (i) any material adverse change occurs or is imminent, the effect of which would be to substantially diminish Borrower's or any guarantor's financial condition, business, ability to perform their agreements with Bank, or the value of the Collateral; (j) any Borrower indebtedness to the Bank or any other creditor remains unpaid after acceleration of the maturity or after the maturity stated.

B. Whenever an Event of Default shall exist, the Obligations may, at Bank's option, and without demand or notice of any kind, be declared immediately due and payable and in such event, or in the event any portion of the Obligations are payable on demand and Bank has made demand, then the Bank may exercise all rights and remedies, including the right to immediate possession of the Collateral, available to it under applicable law. Bank shall have the right to hold any property then in or upon the Collateral at time of repossession and not covered by this Agreement until return is demanded in writing. Borrower agrees, upon default, or if any portion of the Obligations are payable on demand and Bank has made demand, to assemble all the Collateral at a convenient place acceptable to the Bank, and to pay all costs of collection of the Obligations and enforcement of the Bank's rights, including reasonable attorney fees, together with all Bank expenses in locating the Collateral and repairs to any realty or other property to which any of the Collateral may be affixed. Any notification of intended disposition of any of the Collateral required by law shall be deemed reasonably and properly given if sent at least ten (10) calendar days before such disposition, postage prepaid, addressed to Borrower either at the address shown in this Agreement or at any other address of Borrower appearing on the records of the Bank. Bank shall have no obligation to clean up or otherwise prepare the Collateral for sale. Bank may comply with any applicable state or federal law requirements in connection with a disposition of the Collateral and compliance will not be considered to adversely affect the commercial reasonableness of any sale of the Collateral. Bank may specifically disclaim any warranties as to the Collateral. If Bank sells any of the Collateral upon credit, Borrower will be credited only with payments actually made by the purchaser, received by Bank and applied to the indebtedness of the purchaser. In the event the purchaser fails to pay for the Collateral, Bank may resell the Collateral and the Borrower shall be credited with the proceeds of sale. Bank shall have no obligation to marshal any assets in favor of the Borrower. Borrower waives the right to jury trial in any proceeding instituted with respect to the Collateral. Out of the net proceeds from sale or disposition of the Collateral, Bank shall retain all the Liabilities then owing to it and the actual cost of collection (including reasonable attorney fees) and shall tender any excess to Borrower or its successors or assigns. If the Collateral shall be insufficient to pay the entire obligations, Borrower shall pay to Bank the resulting deficiency upon demand.

9. GENERAL. Except as otherwise defined in this Agreement, all capitalized words and phrases used herein shall have the meaning given such words and phrases in the Michigan Uniform Commercial Code. In the event the meaning of any such word or phrase defined in the Michigan Uniform Commercial Code is amended after the date of this Agreement, the meaning of the word or term as used

in this Agreement shall be that of the more encompassing of (i) the definition contained in the Michigan Uniform Commercial Code prior to the amendment, or (ii) the definition contained in the Michigan Uniform Commercial Code after the amendment. Any Bank delay in exercising any power, privilege, or right under this Agreement, or under any other instrument or agreement executed in connection with this Agreement shall not operate as a waiver thereof, and no single or partial exercise shall preclude other or further exercise thereof, or the exercise of any other power, privilege, or right. The Bank's waiver of any Event of Default shall not constitute a waiver of any subsequent default, but shall be restricted only to the default waived. All rights, remedies and powers of Bank under this Agreement are irrevocable and cumulative and not alternative or exclusive, and shall be in addition to all rights, remedies, and powers given in any other instrument or agreement and by the Michigan Uniform Commercial Code. This Agreement cannot be modified except by a writing signed by Borrower and by the Bank.

This Agreement has been delivered in Michigan, and shall be construed in accordance with the laws of the State of Michigan. Whenever possible, each provision of this Agreement shall be interpreted to be effective and valid under applicable law, but if any provision of this Agreement is prohibited by or invalid under applicable law, such provision shall be ineffective only to the extent of such prohibition or invalidity without affecting the remainder of such provision or the remaining provisions of this Agreement. All rights and privileges of the Bank under this Agreement shall inure to the benefit of its successors and assigns, and this Agreement shall be binding on all heirs, executors, administrators, and successors of Borrower and all persons who become bound as a debtor to the Agreement. If more than one Borrower has signed this Agreement their obligations shall be joint and several.

IN WITNESS WHEREOF Borrower and Bank have executed this Security Agreement on the above-referenced date.

BORROWER:

THE COFFEE BEANERY, LTD.,
a Michigan corporation

By: 

JoAnne Shaw

Its: President

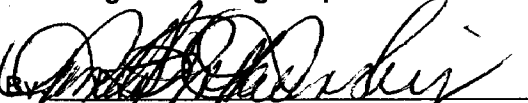
By: 

Julius L. Shaw

Its: Secretary

BANK:

CITIZENS BANK,
a Michigan banking corporation

By: 

Pam Root-Palinsky

Its: Vice President and Senior Relationship

Manager

SCHEDULE 1
to
SECURITY AGREEMENT

Copyrights

NONE CURRENTLY EXIST

SCHEDULE 2
to
SECURITY AGREEMENT

Trademarks, Trademark Applications and Trademark Licenses

Please see the following page for a complete listing of trademarks

MARK'S	REGISTRATION NUMBER	REGISTRATION DATE
"THE COFFEE BEANERY" words and design trademark	1,187,008	January 19, 1982
"LUCKY MUG LEGEND" all words, text, drawings and art	TXu258-463	October 27, 1986
"BEANERY BLEND" all words, text, drawings and art	1,512,924	November 15, 1988
"HOT SPICED VIENNESE" all words, text, drawings and art	1,553,085	August 22, 1989
"CAFE CARMEL" all words, text, drawings and art	1,577,151	January 9, 1990
"CAFE CARMEL" all words, text, drawings and art	2,042,790	March 11, 1997
"ICED FUDGE RIPPLE" all words, text, drawings and art	1,616,932	March 12, 1990
"THE COFFEE BEANERY, LTD." words and design trademark	1,610,706	August 21, 1990
"COFFEE MAY BE COMMON, BUT SHOULD NEVER BE ORDINARY" all words, text, drawing and art	1,716,967	November 17, 1992
"CARIBBEAN ICEBERG" all words, text, drawings and art	1,763,094	April 6, 1993
"CB SCOOPS" all words, text, drawings and art	1,799,337	October 19, 1993
"THE PERFECT PAIR" all words, text, drawings and art	1,853,752	September 13, 1994
"CHOMOCHA CHILLER" all words, text, drawings and art	1,857,817	October 11, 1994
"ENCHANTED CREAM" all words, text, drawings and art	1,973,410	May 7, 1996
"THE RIGHT ROAST" all words, text, drawings and art	2,024,672	December 17, 1996
"THE RIGHT ROAST AND DESIGN" all words, text, drawings and art	2,083,549	July 29, 1997
"BEANIE GENIE" all words, text, drawings, and art	2,208,794	December 8, 1998
"THE WORLD'S LONGEST COFFEE BREAK" all words, text, drawings, and art	2,190,457	September 22, 1998
MISCELLANEOUS DESIGN - PACKAGE all drawings and art	2,223,109	February 9, 1999
"LET IT JOE" all words, text, drawings, and art	2,505,150	November 6, 2001
"ESPRESSO PERFECTO"	2,669,628	December 31, 2002
"CBC CUP DESIGN"	2,806,359	January 20, 2004

SCHEDULE 3
to
SECURITY AGREEMENT

Patents, Patent Applications and Patent Licenses

NONE CURRENTLY EXIST

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