

SECURITIES AND EXCHANGE COMMISSION

FORM 8-K

Current report filing

Filing Date: **2012-06-20** | Period of Report: **2012-06-18**  
SEC Accession No. [0001354488-12-003287](#)

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FILER

**IMPERIAL INDUSTRIES INC**

CIK: **49930** | IRS No.: **650854631** | State of Incorp.: **DE** | Fiscal Year End: **1231**  
Type: **8-K** | Act: **34** | File No.: **001-07190** | Film No.: **12916535**  
SIC: **3290** Abrasive, asbestos & misc nonmetallic mineral prods

Mailing Address

1259 NW 21ST STREET  
POMPANO BEACH FL 33069

Business Address

1259 NW 21ST STREET  
POMPANO BEACH FL 33069  
9549174114

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

**FORM 8-K**

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **June 18, 2012**

**IMPERIAL INDUSTRIES, INC.**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of incorporation)

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**1-7190**  
(Commission File No.)

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**65-0854631**  
(IRS Employer Identification No.)

**1259 NW 21<sup>st</sup> Street**  
**Pompano Beach, Florida 33069**  
(Address of principal executive offices and zip code)

Registrant's telephone number, including area code: (954) 917-4114

**Not Applicable**

Former name or former address, if changed since last report

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b) )
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c) )
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## ITEM 2.03 CREATION OF A DIRECT FINANCIAL OBLIGATION OR AND OBLIGATION UNDER AN OFF-BALANCE SHEET ARRANGEMENT OF A REGISTRANT

On June 18, 2012, Imperial Industries, Inc. (the “Company”) and its principal subsidiary Premix-Marbletite Manufacturing Co., (collectively the “Borrowers”), entered into a Bridge Loan Agreement and Security Agreement (the “Loan Agreements”) with Q.E.P. Co., Inc. (the “Lender”). Pursuant to the Loan Agreements, the Lender agreed to provide to the Borrowers a \$500,000 line of credit, subject to a number of conditions (the “Line of Credit”). The following summary of the principal terms and conditions of the Loan Agreements is qualified in its entirety to the Loan Agreements which are attached as Exhibits 10.4 and 10.5 hereto.

The principal terms and conditions of the Loan Agreements are as follows:

- The loan proceeds from the Line of Credit are to be used to fund the Borrowers’ working capital needs and the transaction costs, if any, of a proposed merger between the Company and the Lender as described below.
- The Line of Credit is secured by a first lien on substantially all of the Borrowers assets and is subject to certain financial covenants and other restrictions and limitations customarily associated with the funding of the Line of Credit.
- The Borrowers may receive advances under the Line of Credit of up to \$100,000 from the Lender during each 30-day period of the loan until borrowings reach a maximum of \$500,000. Additional advances within any such thirty day period may be advanced at the discretion of the Lender.
- Interest will accrue and be paid monthly at the rate of 10% per annum on the amount of outstanding borrowings.
- The principal balance, together with accrued and unpaid interest will be due and payable upon the earlier of (a) December 14, 2012 or (b) sixty (60) days following the date upon which the Company’s shareholder meeting is held to approve the merger transaction as described below.

In connection with the Line of Credit, on June 12, 2012, the Company and the Lender entered into a non-binding Letter of Intent (the “LOI”) with regard to the proposed acquisition of the Company by the Lender (the “Merger Transaction”). In the LOI, the Lender has proposed to pay not more than \$.30 for each outstanding share of the Company’s common stock. The Lender has the right to terminate the LOI at any time for any reason. If a definitive merger agreement is not entered into between the Company and the Lender by July 12, 2012, the LOI would automatically terminate unless extended by mutual agreement of the parties. The proposed Merger Transaction would be subject to a number of customary closing conditions, including obtaining approval from the holders of a majority of the Company’s outstanding shares of common stock at a Company shareholder meeting. There can be no assurance that the Company will enter into a definitive merger agreement or that the Company’s shareholders would receive \$.30 per share.

A press release regarding the foregoing is attached hereto as Exhibit 99.1.

**ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS.**

**(c) Exhibits**

<b>Exhibit Number</b>	<b>Description</b>
<a href="#">10.4</a>	Bridge Loan Agreement dated as of June 18, 2012, between Imperial Industries, Inc. and its wholly-owned subsidiary, Premix-Marbletite Manufacturing Co. and Q.E.P. Co., Inc.
<a href="#">10.5</a>	Security Agreement dated as of June 18, 2012, between Imperial Industries, Inc. and its wholly-owned subsidiary, Premix-Marbletite Manufacturing Co. and Q.E.P. Co., Inc.
<a href="#">99.1</a>	Imperial Industries, Inc. press release dated June 20, 2012

**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**Imperial Industries, Inc.**

Dated: June 20, 2012

By: /s/ Howard L. Ehler, Jr. \_\_\_\_\_

Howard L. Ehler, Jr.  
Principal Executive Officer/  
Chief Operating Officer

## INDEX TO EXHIBITS

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**BRIDGE LOAN AGREEMENT**

This Bridge Loan Agreement (as amended, restated, supplemented or otherwise modified from time to time, this "Agreement"), dated as of June 18, 2012 (the "Effective Date") among Imperial Industries, Inc., a Delaware corporation ("Borrower"), the other Credit Parties signatory hereto, and Q.E.P. Co., Inc., a Delaware corporation (together with its successors and assigns, "Lender").

**RECITALS**

WHEREAS, the Borrower and the Lender entered into a Letter of Intent dated June 12, 2012, for the acquisition of Borrower by the Lender (the "Merger Transaction").

WHEREAS, in connection with the Merger Transaction, Borrower desires to enter into a financing transaction with the Lender pursuant to which the Lender will commit, subject to the terms and conditions set forth in this Agreement, to make advances to Borrower up to the aggregate principal amount of \$500,000.00 (the "Loan").

WHEREAS, Borrower has agreed to secure all of its obligations under the Loan by granting to Lender a security interest in and lien upon all of its existing and after-acquired personal and real property.

WHEREAS, capitalized terms used in this Agreement shall have the meanings ascribed to them in Annex A, and, for purposes of this Agreement and the other Loan Documents, the rules of construction set forth in Annex A, shall govern. All Annexes, Disclosure Schedules, Exhibits and other attachments (collectively, "Appendices") hereto, or expressly identified in this Agreement, are incorporated herein by reference, and taken together with this Agreement, shall constitute but a single agreement. These Recitals shall be construed as part of the Agreement.

NOW, THEREFORE, in consideration of the premises and the mutual covenants hereinafter contained, and for other good and valuable consideration, the parties hereto agree as follows:

**1. COMMITMENT AMOUNT AND ADVANCES; USE OF PROCEEDS****1.1 Commitment Amount and Advances.**

(a) Subject to the terms and conditions set forth in this Agreement, and until ten (10) days prior to the Maturity Date, the Lender shall from time to time make advances on the terms and conditions set forth in this Agreement of up to a maximum amount of \$100,000 during each 30 calendar day period commencing with the Effective Date ("Advances") to Borrower under the Loan provided that the aggregated outstanding principal amount of advances shall not exceed at any one time in the aggregate \$500,000.00 (the "Commitment Amount"). Any sums advanced pursuant to this Section and subsequently repaid may be re-borrowed from time to time. Borrower may request advances in excess of \$100,000 in any 30 calendar day period; provided however, the decision to allow such an advance is solely in the absolute discretion of the Lender.

(b) The Loan shall be evidenced by a promissory note substantially in the form of Exhibit 1.1 attached hereto (the "Revolving Note"), and Borrower shall execute and deliver the Revolving Note to Lender. The Revolving Note shall represent the obligation of Borrower to pay to Lender the amount of the outstanding Commitment Amount, together with interest thereon as prescribed in Section 1.3.

(c) The aggregate outstanding Commitment Amount shall be due and payable on the Maturity Date.

1.2 Voluntary Prepayments. Borrower may at any time on at least five (5) days' prior written notice to Lender voluntarily prepay without penalty all or part of the outstanding Commitment Amount.

1.3 Interest.

(a) The Loan, evidenced by the Revolving Note, shall bear interest on the unpaid principal amount thereof for the period from and including the Effective Date to and including the day immediately preceding the Termination Date, at a fixed rate equal to ten percent (10%) per annum, calculated on the basis of a 360-day year for the actual number of days elapsed.

(b) Accrued, unpaid interest on the Loan shall be compounded on the last day of each calendar month. After the Maturity Date and/or after the occurrence and during the continuance of an Event of Default, the principal, interest and all other amounts due under the Loan and/or this Agreement or any other Loan Document shall bear cash interest at a rate (the "Default Rate") per annum which is 800 basis points (8.0%) greater than the rate which would otherwise be applicable (provided, that in the case of an Event of Default, such Default Rate shall only continue to accrue until such Event of Default has been cured, remedied or waived by Lender).

(c) Interest shall be payable, in cash, no later than 3 Business Days following the last day of each calendar month, upon prepayment of that portion of the principal amount of the Loan pursuant to Section 1.2, on the Maturity Date, upon payment in full of the Loan, and upon acceleration of the Loan.

(d) Notwithstanding anything to the contrary set forth in this Section 1.3, if a court of competent jurisdiction determines in a final order that the rate of interest payable hereunder exceeds the highest rate of interest permissible under law (the "Maximum Lawful Rate"), then so long as the Maximum Lawful Rate would be so exceeded, the rate of interest payable hereunder shall be equal to the Maximum Lawful Rate.

1.4 Advance Requests. Borrower shall give the Lender written notice of its request for an Advance at least four (4) Business Days prior to the date the Advance is to be funded and shall specify the date and the amount of the requested Advance (substantially in the form of Exhibit 1.4 hereto, the "Advance Request"). The obligation of Lender to fund is subject to compliance with Article 2 hereof. Lender shall make each properly authorized Advance in immediately available funds by wire transfer to an account designated by Borrower, as soon as practicable, but in no event later than the funding date set forth in the written request for an Advance.

1.5 Receipt of Payments. Borrower shall make each payment under this Agreement not later than Noon (Eastern time) on the day when due in immediately available funds in Dollars to such account or location as so directed by Lender. For purposes of computing interest as of any date, all payments shall be deemed received on the Business Day on which immediately available funds therefor are received by Lender prior to Noon Eastern time. Payments received after Noon Eastern time on any Business Day or on a day that is not a Business Day shall be deemed to have been received on the following Business Day.



1.6 Application and Allocation of Payments. So long as no Event of Default has occurred and is continuing, voluntary prepayments shall be applied as directed by Borrower. As to any other payment, and as to all payments made when an Event of Default has occurred and is continuing or following the Maturity Date, Borrower hereby irrevocably waives the right to direct the application of any and all payments received from or on behalf of Borrower, and Borrower hereby irrevocably agrees that Lender shall have the continuing exclusive right to apply any and all such payments against the Obligations as Lender may deem advisable notwithstanding any previous entry by Lender in its other books and records. In all circumstances, after acceleration or maturity of the Obligations, all payments and proceeds of Collateral shall be applied to amounts then due and payable in the following order: (1) to Lender's expenses reimbursable hereunder, (2) to interest on the Loan, (3) to principal payments on the Loan, and (4) to all other Obligations to the extent reimbursable under Section 1.5.

1.7 Indemnity. Borrower shall indemnify and hold harmless each of Lender and its Affiliates, and each such Person's respective officers, directors, employees, attorneys, agents and representatives (each, an "Indemnified Person"), from and against any and all suits, actions, proceedings, claims, damages, losses, liabilities and expenses (including reasonable attorneys' fees and disbursements and other costs of investigation or defense, including those incurred upon any appeal) which may be instituted or asserted against or incurred by any such Indemnified Person as the result of credit having been extended under this Agreement and the other Loan Documents and the administration of such credit, and in connection with or arising out of the transactions contemplated hereunder and thereunder, but excluding the Merger Transaction (which shall contain its own indemnification), and any actions or failures to act in connection therewith, including any and all Environmental Liabilities and legal costs and expenses arising out of or incurred in connection with disputes between or among any parties to any of the Loan Documents (collectively, "Indemnified Liabilities"); provided, that Borrower shall not be liable for any indemnification to an Indemnified Person to the extent that any such suit, action, proceeding, claim, damage, loss, liability or expense results from that Indemnified Person's gross negligence or willful misconduct as finally determined by a non-appealable court of competent jurisdiction. NO INDEMNIFIED PERSON SHALL BE RESPONSIBLE OR LIABLE TO ANY OTHER PARTY TO ANY LOAN DOCUMENT, ANY SUCCESSOR, ASSIGNEE OR THIRD PARTY BENEFICIARY OF SUCH PERSON OR ANY OTHER PERSON ASSERTING CLAIMS DERIVATIVELY THROUGH SUCH PARTY, FOR INDIRECT, PUNITIVE, EXEMPLARY OR CONSEQUENTIAL DAMAGES WHICH MAY BE ALLEGED AS A RESULT OF CREDIT HAVING BEEN EXTENDED UNDER ANY LOAN DOCUMENT OR AS A RESULT OF ANY OTHER TRANSACTION CONTEMPLATED HEREUNDER OR THEREUNDER, BUT EXCLUDING THE MERGER TRANSACTION (WHICH SHALL CONTAIN ITS OWN INDEMNIFICATION).

1.8 Taxes.

(a) Any and all payments by Borrower hereunder or under the Revolving Note shall be made, in accordance with this Section 1.8, free and clear of and without deduction for any and all present or future Taxes. If Borrower shall be required by law to deduct any Taxes from or in respect of any sum payable hereunder or under any Revolving Note, (i) the sum payable shall be increased as much as shall be necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 1.8) Lender receives an amount equal to the sum it would have received had no such deductions been made, (ii) Borrower shall make such deductions, and (iii) Borrower shall pay the full amount deducted to the relevant taxing or other authority in accordance with applicable law. Within thirty (30) days after the date of any payment of Taxes, Borrower shall furnish to Lender the original or a certified copy of a receipt evidencing payment thereof.

(b) Borrower shall indemnify and, within ten (10) days of demand therefor, pay Lender for the full amount of Taxes (including any Taxes imposed by any jurisdiction on amounts payable under this [Section 1.8](#)) paid by Lender, and any liability (including penalties, interest and expenses) arising therefrom or with respect thereto, whether or not such Taxes were correctly or legally asserted.

1.9 Use of Proceeds. Borrower agrees that the Advances shall be for the exclusive use of the Credit Parties and such funds shall be used only to fund the Credit Parties' operating expenses in the ordinary course of business, including the expenses associated with soliciting proxies and holding a meeting of Borrower's stockholders for the purpose of approving a proposed Merger Transaction, including attorneys' fees, accounting fees, printing costs, and cost of a fairness opinion.

## 2. CONDITIONS PRECEDENT TO ADVANCES

2.1 Conditions to Advances. Lender shall not be obligated to make any Advance, or to take, fulfill, or perform any other action hereunder, until the following conditions have been satisfied, in Lender's reasonable discretion, or waived in writing by Lender:

(a) As of the date of any requested Advance, no event shall have occurred and be continuing, or would result from the Advance requested thereby, which, with the giving of notice or the passage of time or both, would constitute an Event of Default and no Event of Default shall be continuing.

(b) As of the date of such requested Advance, there shall not be any pending or threatened action or proceeding affecting Borrower or Premix before any court, governmental agency or arbitrator which is likely to have a materially adverse effect on the financial condition or operations of Borrower or Premix other than actions already disclosed in Filed SEC Documents or in any schedule to the Loan Documents.

(c) Borrower shall waive any claim or defense based upon the occurrence of any action or inaction of Lender on or prior to the date of such requested Advance which Borrower believes at such time may (i) be actionable against Lender; provided, however, that Borrower does not have to waive any claims actionable against Lender that relate solely to the Merger Transaction, or (ii) give rise to a defense to payment under the Advances or the Revolving Note for any reason, including without limitation, commission of a tort or violation of any contractual duty or duty implied at law.

(d) Each of the representations and warranties set forth in [Article 3](#) shall be true and correct in all material respects as of the date of each Advance.

(e) No later than the date of the second requested Advance, Lender shall have received duly executed landlord waivers from each landlord for each of the real properties leased by a Credit Party located at 1259 NW 21<sup>st</sup> Street, Pompano Beach, FL33069 and 325 Old Sanford Oviedo Road, Winter Springs, FL 32708, each in a form reasonably approved by Lender.

### 3. REPRESENTATIONS AND WARRANTIES

To induce Lender to make the Loan, the Credit Parties executing this Agreement, jointly and severally, make the following representations and warranties to Lender with respect to all Credit Parties, each and all of which shall survive the execution and delivery of this Agreement.

3.1 Corporate Existence; Compliance with Law. Each Credit Party (a) is a corporation duly organized, validly existing and in good standing under the laws of its jurisdiction of incorporation or organization as set forth in Disclosure Schedule (3.1), (b) is duly qualified to conduct business and is in good standing in each other jurisdiction where its ownership or lease of property or the conduct of its business requires such qualification, except where the failure to be so qualified would not result in exposure to losses or liabilities which could reasonably be expected to have a Material Adverse Effect, (c) has the requisite power and authority and the legal right to own, pledge, mortgage or otherwise encumber and operate its properties, to lease the property it operates under lease and to conduct its business as now conducted or proposed to be conducted, (d) has all licenses, permits, consents or approvals from or by, and has made all material filings with, and has given all notices to, all Governmental Authorities having jurisdiction, to the extent required for such ownership, operation and conduct except where the failure to possess such license, permit, consent or approval could not reasonably be expected to have a Material Adverse Effect, (e) is in compliance with its charter and bylaws, and (f) is in compliance with all applicable provisions of law, except where the failure to comply, individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect.

3.2 Corporate Power, Authorization, Enforceable Obligations. The execution, delivery and performance by each Credit Party of the Loan Documents to which it is a party and the creation of all Liens provided for therein: (a) are within such Person's power, (b) have been duly authorized by all necessary or proper corporate action, (c) do not contravene any provision of such Person's charter or bylaws, (d) do not violate any law or regulation, or any order or decree of any court or Governmental Authority, (e) do not conflict with or result in the breach or termination of, constitute a default under or accelerate or permit the acceleration of any performance required by, any indenture, mortgage, deed of trust, lease, agreement or other instrument to which such Person is a party or by which such Person or any of its property is bound, (f) do not result in the creation or imposition of any Lien upon any of the property of such Person other than those in favor of Lender pursuant to the Loan Documents, and (g) do not require the consent or approval of any Governmental Authority or any other Person, except those as set forth in Disclosure Schedule (3.2), all of which have been duly obtained, made or complied with prior to the Effective Date. Each of the Loan Documents shall be duly executed and delivered by each Credit Party that is a party thereto and each such Loan Document shall constitute a legal, valid and binding obligation of such Credit Party enforceable against it in accordance with its terms.

#### 3.3 No Litigation.

(a) Except as set forth in the Filed Borrower SEC Documents and as otherwise set forth on Disclosure Schedule (3.3), there is no claim, suit, action or proceeding pending or, to the knowledge of Credit Parties, threatened against a Credit Party, not otherwise fully covered by insurance. There is no judgment outstanding against the Credit Parties or any of their respective assets that, individually or in the aggregate, would reasonably be expected to have a Material Adverse Effect. The Credit Parties have not received any written notification of, and to the knowledge of the Credit Parties there is no, investigation by any Governmental Authority involving the Credit Parties or any of their respective assets that, individually or in the aggregate, would reasonably be expected to have a Material Adverse Effect.

(b) No action, claim, lawsuit, demand, investigation or proceeding is now pending or, to the knowledge of any Credit Party, threatened against any Credit Party, before any Governmental Authority or before any arbitrator or panel of arbitrators that challenges any Credit Party's right or power to enter into or perform any of its obligations under the Loan Documents to which it is a party, or the validity or enforceability of any Loan Document or any action taken thereunder.

### 3.4 Taxes; Tax Returns.

(a) Each of the Credit Parties has timely filed, or has caused to be filed on its behalf, all Tax Returns required to be filed by it, and all such Tax Returns are true, complete and accurate in all material respects. All Taxes shown to be due on such Tax Returns, or otherwise required to have been paid by the Credit Parties, have been paid. There are no Liens for Taxes (other than Liens for Taxes not yet due and payable) on the assets of the Credit Parties. No claim has ever been made by an authority in a jurisdiction where the Credit Parties do not file Tax Returns that a Credit Party is or may be subject to taxation by that jurisdiction.

(b) The most recent financial statements included in the Filed Borrower SEC Documents reflect an adequate reserve for all Taxes payable or to be paid by the Credit Parties (in addition to any reserve for deferred Taxes to reflect timing differences between book and Tax items) for all taxable periods and portions thereof through the closing date of such financial statements to the extent required by GAAP.

### 3.5 Title to Assets; No Liens.

(a) Neither Credit Party owns any real property.

(b) The Credit Parties have good, valid and marketable title to, or valid leasehold interests in or other comparable contract rights in or relating to all of the properties, assets and rights of every nature, kind and description, real, personal or mixed, tangible and intangible, wherever located, owned, used or held for use by the Credit Parties, and all such properties, assets and rights, other than personal properties in which the Credit Parties has a leasehold interest or other comparable contract right, are free and clear of all Liens, except Liens set forth on Disclosure Schedule (3.5).

(c) None of the Credit Parties has received written notice of any material default under any agreement evidencing any Lien or any current leases and subleases entered into by, on behalf of, or for the benefit of any Credit Party with respect to leased real property used or held for use by a Credit Party and under which they are in occupancy, which default continues.

3.6 No Liabilities. None of the Credit Parties has any liabilities or obligations of any nature (whether accrued, absolute, contingent or otherwise) except liabilities, obligations, conditions or circumstances (i) to the extent disclosed and provided for in the most recent financial statements included in the Filed Borrower SEC Documents or of a nature not required by GAAP to be reflected thereon, (ii) incurred or arising in the ordinary course of business since the date of the most recent financial statements included in the Filed Borrower SEC Documents or in connection with the Loan, or (iii) as would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect. There are no unconsolidated Borrower Subsidiaries or any off-balance sheet arrangements of any type (including any off-balance sheet arrangement required to be disclosed pursuant to Item 303(a)(4) of Regulation S-K promulgated under the Securities Act) that have not been so described in the Filed Borrower SEC Documents nor any obligations to enter into any such arrangements.

#### 4. FINANCIAL STATEMENTS AND INFORMATION

4.1 Reports and Notices. Borrower hereby agrees that from and after the Effective Date and until the Termination Date, it shall deliver to Lender the Financial Statements, notices, and other information at the times, to the Persons and in the manner set forth in Annex C.

#### 5. AFFIRMATIVE COVENANTS

Each Credit Party executing this Agreement jointly and severally agrees as to all Credit Parties that from and after the date hereof and until the Termination Date:

5.1 Maintenance of Existence. Each Credit Party shall preserve and maintain its existence in its current form of organization and good standing in the jurisdiction of its organization, and qualify and remain qualified as a foreign entity in each jurisdiction in which such qualification is required except where the failure to so qualify shall not have a Material Adverse Effect.

5.2 Books and Records. Each Credit Party shall keep adequate records and books of account, in which complete entries will be made in accordance with GAAP consistently applied, reflecting all of its financial transactions.

5.3 Maintenance of Properties. Each Credit Party shall maintain, keep, and preserve all of its properties necessary or useful in the proper conduct of its business in good working order and condition, ordinary wear and tear excepted except where the failure to so keep and preserve shall not have a Material Adverse Effect.

5.4 Conduct of Business. Each Credit Party shall continue to engage in a business of the same general type as conducted and proposed to be conducted by it on the date of this Agreement.

5.5 Insurance. Each Credit Party shall (a) keep its properties, including without limitation its Inventory, and the Property insured against fire, theft and other hazards (so-called "All Risk" coverage) in amounts no less than the current amounts held by the Credit Parties on the Effective Date and with existing insurance carriers, (b) maintain public liability coverage against claims for personal injuries, death or property damage in an amount no less than the current amounts held by the Credit Parties on the Effective Date, and (c) maintain all workers' compensation, employment or similar insurance as may be required by applicable law. Such All Risk property insurance coverage shall provide for a minimum of thirty (30) days' written cancellation notice to the Lender and shall name Lender as an Additional Insured. The Credit Parties agree to deliver copies of all of the aforesaid insurance policies to the Lender upon request. In the event of any loss or damage to the Collateral, the Credit Parties shall give prompt written notice to the Lender and to its insurers of such loss or damage and shall properly file its proofs of loss with said insurers.

5.6 Compliance with Laws. Each Credit Party shall comply in all material respects with all applicable laws, rules, regulations, and orders of Governmental Authorities, such compliance to include, without limitation, paying before the same become delinquent all taxes, assessments, and governmental charges imposed upon it or upon its property, provided that any Credit Party may contest any such compliance in good faith upon making adequate reserves in accordance with GAAP for the consequences of any noncompliance.

5.7 Right of Inspection. At any reasonable time upon reasonable notice and from time to time, the Credit Parties shall permit the Lender or any agent or representative of Lender to examine and make copies of any abstracts from the records, including without limitation computer records, and books of account of, and visit the properties of, the Credit Parties and to discuss the affairs, finances, and accounts of the Credit Parties with any of its or their officers and directors and its independent accountants (who, by this reference, are authorized by the Credit Parties to discuss such matters with the Lender or any agent or representative of the Lender).

5.8 Collateral. The Credit Parties shall (a) preserve the Collateral in good condition and order and not permit it to be abused or misused, (b) except as set forth on Schedule 5.8, not allow any of the Collateral to be affixed to real estate unless such real estate is subject to a Lien in favor of the Lender, (c) if an Event of Default has occurred and is continuing, upon request of Lender, prepare to deliver all proceeds of the Collateral to the Lender immediately upon receipt in the identical form received without commingling with other property, (d) if an Event of Default has occurred and is continuing, if required by the Lender, notify Account Debtors and obligors that their accounts, instruments, documents, contracts and all of the Credit Parties' rights to receive payments have been assigned to the Lender and shall be paid directly to the Lender, (e) take necessary steps to preserve the liability of Account Debtors, obligors, and secondary parties whose liabilities are part of the Collateral, (f) take any action required by the Lender with reference to the Federal Assignment of Claims Act or other applicable law, (g) allow the Lender to inspect the Collateral and to inspect and copy all records relating to the Collateral upon reasonable notice, (h) upon the occurrence and continuance of an Event of Default, immediately upon request by the Lender: (A) transfer possession or permit the Lender to take possession of all Collateral; and (B) assign and/or allow the Lender to immediately take possession of all instruments, and documents which are part of the Collateral, or as to those hereafter acquired, immediately following acquisition, and (i) notify the Lender of any change of location or material adverse change in the condition of any of the Collateral, or of any material adverse change in any fact or circumstance warranted or represented by Borrower herein or furnished to the Lender, or if any Event of Default occurs.

5.9 Defend Collateral. The Credit Parties shall defend the Collateral against all claims and demands of all persons at any time claiming the same or any interest therein and, in the event Lender's security interest in the Collateral, or any part thereof, would be impaired by an adverse decision, allow the Lender to contest or defend any such claim or demand in any Credit Party's name and pay, upon demand, the Lender's reasonable costs, charges and expenses, including, without limitation reasonable attorneys' fees in connection therewith.

5.10 Environmental Covenants. The Credit Parties shall provide at the expense of Borrower a Phase I environmental site assessment of the Property if an Event of Default shall have occurred and be continuing or the Lender shall have reasonable cause to believe that an actual or threatened violation of an Environmental Law has occurred, is occurring or is about to occur, in each case prepared by an independent environmental consulting or engineering firm acceptable to the Lender in its reasonable discretion, together with such additional environmental studies, audits, site assessments or remedial or corrective actions as shall be reasonably required by the Lender or recommended by any such Phase I site assessment. Should Borrower fail to commence any such environmental site assessment, study, audit or remedial or corrective action within thirty (30) days of the Lender's written request, the Lender shall have the right but not the obligation to retain an environmental consultant to perform the same, at Borrower's expense, and all costs and expenses incurred by the Lender in connection therewith shall be payable by Borrower upon demand.

5.11 Merger Transaction Budget. Borrower shall develop a budget for the proposed Merger Transaction related costs and expenses and shall consult with Lender in the development of such budget.

## 6. NEGATIVE COVENANTS

Each Credit Party executing this Agreement jointly and severally agrees as to all Credit Parties that from and after the date hereof until the Termination Date:

6.1 Liens. No Credit Party shall create, incur, assume, or suffer to exist any Lien upon or with respect to any of its properties, now owned or hereafter acquired, except:

(a) Liens in favor of the Lender;

(b) Liens for taxes or assessments or other government charges or levies not yet due and payable or, if due and payable, Liens for taxes being contested in good faith by appropriate proceedings and for which appropriate reserves in accordance with GAAP are maintained;

(c) Liens imposed by law, such as mechanics, materialmen's, landlords', warehousemen's, and carriers' Liens, and other similar Liens, securing obligations incurred in the ordinary course of business which do not exceed in the aggregate \$5,000.00 and which are not past due for more than thirty (30) days, unless such Liens are being contested in good faith by appropriate proceedings and appropriate cash reserves have been established therefor; and

(d) Liens securing Debt permitted under Section 6.2(b) hereof; and

(e) Personal property leases and similar liens and purchase money liens securing the cost of acquisition of assets subject to such liens or security interests not to exceed an aggregate dollar amount of \$25,000.

6.2 Debt. No Credit Party shall create, incur, assume, or suffer to exist any recourse or nonrecourse Debt, except:

(a) Debt of Borrower under this Agreement;

(b) Debt (if any) described in Schedule 6.2(b), but no renewals, extensions, or refinancings thereof; and

(c) Accounts payable to trade creditors for goods or services and current operating liabilities (other than for borrowed money), in each case incurred in the ordinary course of business and paid in accordance with historical practices, unless contested by Borrower in good faith and by appropriate proceedings.

6.3 Mergers, Etc. No Credit Party shall merge, amalgamate or consolidate with, or sell, assign, lease, or otherwise dispose of (whether in one transaction or in a series of transactions) all or substantially all of its assets (whether now owned or hereafter acquired) to any Person other than to the Lender or an Affiliate of the Lender, or acquire all or substantially all of the assets or the business of any Person.

6.4 Leases. No Credit Party shall create, incur, assume, or suffer to exist any obligation as lessee for the rental or hire of any real or personal property, except leases existing on the date of this Agreement as set forth in Schedule 6.4 and any extensions or renewals thereof.

6.5 Sale and Leaseback. No Credit Party shall sell, transfer, or otherwise dispose of any real or personal property to any Person and thereafter directly or indirectly lease back the same or similar property.

6.6 Restricted Payments. Except as set forth on Schedule 6.6, no Credit Party shall pay, make or declare any Restricted Payment.

6.7 Sale of Assets. No Credit Party shall sell, lease, assign, transfer, or otherwise dispose of any of its now owned or hereafter acquired assets except: (a) for Inventory disposed of in the ordinary course of business; and (b) the sale or other disposition of assets no longer used or useful in the conduct of its business consistent with past practices.

6.8 Investments. No Credit Party shall make any loan or advance to any Person, or purchase or otherwise acquire any capital stock, assets, obligations, or other securities of, make any capital contribution to, or otherwise invest in or acquire any interest in any Person, except for advances to employees in the ordinary course of business for travel and similar reasonable business expenses.

6.9 Guaranties, Etc. Except for guarantees disclosed in the Filed Borrower SEC Documents for liabilities of its Subsidiaries, no Credit Party shall assume, guaranty, endorse, or otherwise be or become directly or contingently responsible or liable (including, but not limited to, an agreement to purchase any obligation, stock, assets, goods, or services, or to supply or advance any funds, assets, goods, or services, or to maintain or cause such Person to maintain a minimum working capital or net worth, or otherwise to assure the creditors of any Person against loss) for obligations of any Person.



6.10 Transactions With Affiliates. No Credit Party shall enter into any transaction, including, without limitation, the purchase, sale, or exchange of property or the rendering of any service, with any Affiliate, except in the ordinary course of and pursuant to the reasonable requirements of Borrower's business and upon fair and reasonable terms no less favorable to Borrower than Borrower would obtain in a comparable arm's-length transaction with a Person not an Affiliate.

6.11 Subsidiaries.

No Credit Party shall create, or otherwise acquire an interest in, any Subsidiary.

6.12 Fiscal Year. No Credit Party shall change its fiscal year.

6.13 Accounting Methods. No Credit Party shall make or consent to a material change (a) in the stock ownership or structure of such Credit Party or in the manner in which business of such Credit Party is conducted or (b) in its method of accounting unless such change is within the permissible standards of GAAP.

6.14 Inventory Locations. No Credit Party shall move Inventory to or otherwise maintain Inventory at a location with respect to which Borrower has not delivered to the Lender (i) a lessor's consent and agreement from the lessor thereof (ii) a subordination, nondisturbance and attornment agreement from each mortgagee thereof and (iii) such other documents or instruments as the Lender shall deem necessary in its reasonable discretion in order to create or maintain a perfected security interest in such Inventory in favor of the Lender, in each case in form and substance satisfactory to the Lender in its reasonable discretion.

6.15 Charter Documents. No Credit Party shall amend, or waive any provision of, its organizational charter, Bylaws or other comparable charter or organizational documents.

6.16 Material Contracts. No Credit Party shall enter into, amend, or otherwise modify, terminate or waive any material provision of, any material Contract (other than any extension or expiration of such material Contract in accordance with its terms).

6.17 Capital Expenditures. No Credit Party shall make or agree to make any capital expenditure or commitment therefor, other than the capital expenditures set forth on Schedule 6.17;

6.18 Compensation; Benefit Plans; Employment Agreements. No Credit Party shall (A) grant to any current or former officer, director, employee or other service provider of the Credit Party any increase in compensation, (B) grant to any current or former officer, director, employee or other service provider of the Credit Party any severance or termination pay, (C) enter into any employment, severance or termination agreement with any current or former stockholder, officer, director, employee or other service provider other than extensions of existing agreements in accordance with their respective terms, (D) establish, adopt, enter into or amend in any respect any collective bargaining agreement or benefit plan, (E) take any action to adopt, increase, accelerate, amend, modify or terminate the schedule of payments or benefits, or make any determinations under any benefit plan, or (F) pay any bonuses to any current or former officer, director, employee or other service provider, except, in the case of the foregoing clauses (A), (B), (C), (D) and (E), (1) as required pursuant to the terms of any benefit plan or other agreement as in effect on the Effective Date or (2) as otherwise expressly required by applicable law.

6.19 Bankruptcy Filings. No Credit Party shall (i) file, or suffer to exist, a voluntary or involuntary petition seeking relief under the Bankruptcy Code, or any other applicable federal, state or foreign bankruptcy or other similar law, (ii) consent to or fail to contest in a timely and appropriate manner the institution of proceedings thereunder or the filing of any such petition or the appointment of or taking possession by a custodian, receiver, liquidator, assignee, trustee or sequestrator (or similar official) for such Credit Party or for any substantial part of such Credit Party's assets, (iii) make an assignment for the benefit of creditors, or (iv) take any action in furtherance of any of the foregoing or (v) admit in writing its inability to pay its debts as such debts become due.

6.20 Director Compensation. Borrower shall not pay or incur any obligation to pay any compensation or remuneration, whether in cash, stock, or in-kind, to any member of Borrower's Board of Directors on account of their service in such capacity. The foregoing sentence shall not prohibit Borrower from (i) paying any compensation or remuneration to a Director that was earned and unpaid as of June 12, 2012, or (ii) reimbursing Board members for their reasonable out-of-pocket expenses for attending Board meetings in accordance with Borrower's policies and procedures, and shall not preclude or diminish the payment of regular employment compensation for an employee Director.

## 7. TERM

7.1 Termination. The financing arrangements contemplated hereby shall be in effect until the Maturity Date, and the Loan and all other Obligations shall be automatically due and payable in full on such date.

7.2 Survival of Obligations Upon Termination of Financing Arrangements. Except as otherwise expressly provided for in the Loan Documents, no termination or cancellation (regardless of cause or procedure) of any financing arrangement under this Agreement shall in any way affect or impair the obligations, duties and liabilities of the Credit Parties or the rights of Lender relating to any unpaid portion of the Loan or any other Obligations, due or not due, liquidated, contingent or unliquidated or any transaction or event occurring prior to such termination, or any transaction or event, the performance of which is required after the Maturity Date. Except as otherwise expressly provided herein or in any other Loan Document, all undertakings, agreements, covenants, warranties and representations of or binding upon the Credit Parties, and all rights of Lender, all as contained in the Loan Documents, shall not terminate or expire, but rather shall survive any such termination or cancellation and shall continue in full force and effect until the Termination Date; provided, that the provisions of Article 10, the payment obligations under Article 1, and the indemnities contained in the Loan Documents shall survive the Termination Date.

## 8. EVENTS OF DEFAULT; RIGHTS AND REMEDIES

8.1 Events of Default. The occurrence of any one or more of the following events (regardless of the reason therefor) shall constitute an “Event of Default” hereunder:

- (a) Borrower (i) fails to make any payment of principal of, or interest, owing in respect of, the Loan or any of the other Obligations when due and payable, or (ii) fails to pay or reimburse Lender for any expense reimbursable hereunder or under any other Loan Document within fifteen (15) days following Lender’s demand for such reimbursement or payment of expenses.
- (b) Any Credit Party fails or neglects to perform, keep or observe any other provision of this Agreement or of any of the other Loan Documents (other than any provision embodied in or covered by any other clause of this Section 8.1).
- (c) A case or proceeding is commenced against any Credit Party seeking a decree or order in respect of such Credit Party (i) under the Bankruptcy Code, as now constituted or hereafter amended or any other applicable federal, state or foreign bankruptcy or other similar law, (ii) appointing a custodian, receiver, liquidator, assignee, trustee or sequestrator (or similar official) for such Credit Party or for any substantial part of any such Credit Party’s assets or (iii) ordering the winding-up or liquidation of the affairs of such Credit Party, and such case or proceeding shall remain undismitted or unstayed for thirty (30) days or more or a decree or order granting the relief sought in such case or proceeding is granted by a court of competent jurisdiction.
- (d) Any Credit Party (i) files a petition seeking relief under the Bankruptcy Code, or any other applicable federal, state or foreign bankruptcy or other similar law, (ii) consents to or fails to contest in a timely and appropriate manner the institution of proceedings thereunder or the filing of any such petition or the appointment of or taking possession by a custodian, receiver, liquidator, assignee, trustee or sequestrator (or similar official) for such Credit Party or for any substantial part of such Credit Party’s assets, (iii) makes an assignment for the benefit of creditors, or (iv) takes any action in furtherance of any of the foregoing or (v) admits in writing its inability to, or is generally unable to, pay its debts as such debts become due.
- (e) Any representation or warranty set forth in this Agreement or any other Loan Document by the Credit Parties at any time not being true and correct when made or confirmed.
- (f) Any actual or asserted invalidity of this Agreement or any Loan Document by any Credit Party or any member of its Board of Directors.
- (g) A Change of Control of a Credit Party.
- (h) Borrower fails to convene a meeting of its stockholders on or before October 15, 2012 at which meeting the Borrower's stockholders shall vote on a binding resolution to adopt and approve a recommendation of Borrower's Board of Directors to enter into and adopt a Merger Agreement between Borrower and Lender, unless Lender has agreed in writing to extend such deadline; provided, however, that the failure of the stockholders to approve the Merger Agreement shall not be an Event of Default.

## 8.2 Remedies.

(a) If any Event of Default has occurred and is continuing, Lender may without notice, except as otherwise expressly provided herein, increase the rate of interest applicable to the Loan to the Default Rate.

(b) If any Event of Default has occurred and is continuing, Lender may, without notice, (i) stop making Advances, (ii) declare all or any portion of the Obligations, including all or any portion of any or all of the Loan to be forthwith due and payable, without presentment, demand, protest or further notice of any kind, all of which are expressly waived by Borrower and each other Credit Party, or (iii) exercise any rights and remedies provided to Lender under the Loan Documents or at law or equity, including all remedies provided under the Code; provided, however, that upon the occurrence of an Event of Default specified in Section 8.1(c) or 8.1(d), all of the Obligations shall become immediately due and payable without declaration, notice or demand by any Person.

8.3 Waivers by Credit Parties. Except as otherwise provided for in this Agreement or by applicable law, each Credit Party waives: (a) presentment, demand and protest and notice of presentment, dishonor, notice of intent to accelerate, notice of acceleration, protest, default, nonpayment, maturity, release, compromise, settlement, extension or renewal of any or all commercial paper, accounts, contract rights, documents, instruments, chattel paper and guaranties at any time held by Lender on which any Credit Party may in any way be liable, and hereby ratifies and confirms whatever Lender may do in this regard, (b) all rights to notice and a hearing prior to Lender's taking possession or control of, or to Lender's replevy, attachment or levy upon, the Collateral or any bond or security that might be required by any court prior to allowing Lender to exercise any of its remedies and (c) the benefit of all valuation, appraisal and exemption laws.

## 9. SUCCESSORS AND ASSIGNS

9.1 Successors and Assigns. This Agreement and the other Loan Documents shall be binding on and shall inure to the benefit of each Credit Party, Lender and their respective successors and assigns (including, in the case of any Credit Party, a debtor-in-possession on behalf of such Credit Party), except as otherwise provided herein or therein. No Credit Party may assign, transfer, hypothecate or otherwise convey its rights, benefits, obligations or duties hereunder or under any of the other Loan Documents without the prior express written consent of Lender. Any such purported assignment, transfer, hypothecation or other conveyance by any Credit Party without the prior express written consent of Lender shall be void. The terms and provisions of this Agreement are for the purpose of defining the relative rights and obligations of each Credit Party and Lender with respect to the Loan and no Person shall be a third party beneficiary of any of the terms and provisions of this Agreement or any of the other Loan Documents. Lender reserves the right at any time to sell, transfer or assign any or all of its rights in the Loan and under the Loan Documents.

## 10. MISCELLANEOUS

10.1 Complete Agreement; Modification of Agreement. The Loan Documents constitute the complete agreement between the parties with respect to the subject matter thereof and may not be modified, altered or amended except as set forth in Section 10.2 below.

### 10.2 Amendments and Waivers.

(a) No amendment, modification, termination or waiver of any provision of this Agreement, the Revolving Note or the Security Agreement, or any consent to any departure by any Credit Party therefrom, shall in any event be effective unless the same shall be in writing and signed by Lender and Borrower.

(b) Upon payment in full in cash and performance of all of the Obligations (other than indemnification Obligations) and a release of all claims against Lender (except for any claims against Lender that relate solely to the Merger Transaction), and so long as no suits, actions proceedings, or claims are pending or threatened against any Indemnified Person asserting any damages, losses or liabilities that are Indemnified Liabilities, Lender shall deliver to Borrower termination statements, and other documents necessary or appropriate to evidence the termination of the Liens securing payment of the Obligations.

10.3 Fees and Expenses. Borrower shall reimburse Lender for all out-of-pocket fees, costs and expenses (including the reasonable fees and expenses of all of its counsel, advisors, consultants and auditors or other advisors, including environmental and management consultants and appraisers) incurred in connection with:

(a) any amendment, modification or waiver of, or consent with respect to, any of the Loan Documents;

(b) any litigation, contest, dispute, suit, proceeding or action (whether instituted by Lender, any Credit Party or any other Person) in any way relating to the Collateral, any of the Loan Documents or any other agreement to be executed or delivered in connection herewith or therewith, and whether as a party, witness or otherwise) including any litigation, contest, dispute, suit, case, proceeding or action, and any appeal or review thereof, in connection with a case commenced by or against any or all of the Credit Parties or any other Person that may be obligated to Lender by virtue of the Loan Documents, including any such litigation, contest, dispute, suit, proceeding or action arising in connection with any work-out or restructuring of the Loan during the pendency of one or more Events of Default; provided, that no Person shall be entitled to reimbursement under this Section 10.3(b) in respect of any litigation, contest, dispute, suit, proceeding or action to the extent any of the foregoing results from such Person's gross negligence or willful misconduct;

(c) following an Event of Default, any attempt to enforce any remedies of Lender against any or all of the Credit Parties or any other Person that may be obligated to Lender by virtue of any of the Loan Documents, including any such attempt to enforce any such remedies in the course of any work-out or restructuring of the Loan during the pendency of one or more Events of Default;

(d) any workout or restructuring of the Loan during the pendency of one or more Events of Default; and/or

(e) efforts to verify, protect, evaluate, assess, appraise, collect, sell, liquidate or otherwise dispose of any of the Collateral during the pendency of an Event of Default;

including, as to each of clauses (a) through (e) above, all reasonable attorneys' and other professional and service providers' fees arising from such services and other advice, assistance or representation, including those in connection with any appellate proceedings; and all expenses, costs, charges and other fees incurred by such counsel and others in any way or respect arising in connection with or relating to any of the events or actions described in this Section 10.3, all of which shall be payable, on demand, by Borrower to Lender. Without limiting the generality of the foregoing, such expenses, costs, charges and fees may include: fees, costs and expenses of accountants, environmental advisors, appraisers, and paralegals; court costs and expenses; photocopying and duplication expenses; court reporter fees, costs and expenses; long distance telephone charges; air express charges; telegram or telecopy charges; secretarial overtime charges; and expenses for travel, lodging and food paid or incurred in connection with the performance of such legal or other advisory services.

Notwithstanding anything herein to the contrary, Credit Parties shall not be responsible for any of Lender's fees and expenses resulting from or incurred in connection with the consummation of the Loan, it being understood that the parties hereto shall bear their on expenses and fees incurred in connection therewith.

10.4 No Waiver. Lender's failure, at any time or times, to require strict performance by the Credit Parties of any provision of this Agreement or any other Loan Documents shall not waive, affect or diminish any right of Lender thereafter to demand strict compliance and performance herewith or therewith. Any suspension or waiver of an Event of Default shall not suspend, waive or affect any other Event of Default whether the same is prior or subsequent thereto and whether the same or of a different type. None of the undertakings, agreements, warranties, covenants and representations of any Credit Party contained in this Agreement or any of the other Loan Documents and no Default or Event of Default by any Credit Party shall be deemed to have been suspended or waived by Lender, unless such waiver or suspension is by an instrument in writing signed by an officer of or other authorized employee of Lender and directed to Borrower specifying such suspension or waiver.

10.5 Remedies. Lender's rights and remedies under this Agreement shall be cumulative and nonexclusive of any other rights and remedies that Lender may have under any other agreement, including the other Loan Documents, by operation of law or otherwise. Recourse to the Collateral shall not be required.

10.6 Severability. Wherever possible, each provision of this Agreement and the other Loan Documents shall be interpreted in such a manner as to be effective and valid under applicable law, but if any provision of this Agreement or any other Loan Document shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement or such other Loan Document.

10.7 Conflict of Terms. Except as otherwise provided in this Agreement or any of the other Loan Documents by specific reference to the applicable provisions of this Agreement, if any provision contained in this Agreement conflicts with any provision in any of the other Loan Documents, the provision contained in this Agreement shall govern and control.

10.8 GOVERNING LAW. EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN ANY OF THE LOAN DOCUMENTS, IN ALL RESPECTS, INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE, THE LOAN DOCUMENTS AND THE OBLIGATIONS SHALL BE GOVERNED BY, AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE INTERNAL LAWS OF THE STATE OF FLORIDA APPLICABLE TO CONTRACTS MADE AND PERFORMED IN THAT STATE AND ANY APPLICABLE LAWS OF THE UNITED STATES OF AMERICA. EACH CREDIT PARTY AND LENDER HEREBY CONSENT AND AGREE THAT THE STATE OR FEDERAL COURTS LOCATED IN BROWARD COUNTY, FLORIDA SHALL HAVE EXCLUSIVE JURISDICTION TO HEAR AND DETERMINE ANY CLAIMS OR DISPUTES BETWEEN THE CREDIT PARTIES AND LENDER PERTAINING TO THIS AGREEMENT OR ANY OF THE OTHER LOAN DOCUMENTS OR TO ANY MATTER ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OF THE OTHER LOAN DOCUMENTS; PROVIDED, THAT LENDER AND THE CREDIT PARTIES ACKNOWLEDGE THAT ANY APPEALS FROM THOSE COURTS MAY HAVE TO BE HEARD BY A COURT LOCATED OUTSIDE OF BROWARD COUNTY; AND, PROVIDED, FURTHER NOTHING IN THIS AGREEMENT SHALL BE DEEMED OR OPERATE TO PRECLUDE LENDER FROM BRINGING SUIT OR TAKING OTHER LEGAL ACTION IN ANY OTHER JURISDICTION TO REALIZE ON THE COLLATERAL OR ANY OTHER SECURITY FOR THE OBLIGATIONS, OR TO ENFORCE A JUDGMENT OR OTHER COURT ORDER IN FAVOR OF LENDER. EACH CREDIT PARTY AND LENDER EXPRESSLY SUBMITS AND CONSENTS IN ADVANCE TO SUCH JURISDICTION IN ANY ACTION OR SUIT COMMENCED IN ANY SUCH COURT, AND EACH CREDIT PARTY AND LENDER HEREBY WAIVES ANY OBJECTION THAT SUCH CREDIT PARTY MAY HAVE BASED UPON LACK OF PERSONAL JURISDICTION, IMPROPER VENUE OR FORUM NON CONVENIENS AND HEREBY CONSENTS TO THE GRANTING OF SUCH LEGAL OR EQUITABLE RELIEF AS IS DEEMED APPROPRIATE BY SUCH COURT.

## 10.9 Notices.

(a) Addresses. All notices, demands, requests, directions and other communications required or expressly authorized to be made by this Agreement shall, whether or not specified to be in writing but unless otherwise expressly specified to be given by any other means, be given in writing and (i) addressed to the party to be notified and sent to the address or facsimile number indicated in Annex D or (ii) addressed to such other address as shall be notified in writing (A) in the case of Borrower and Lender, to the other parties hereto and (B) in the case of all other parties, to Borrower and Lender.

(b) Effectiveness. All communications described in clause (a) above and all other notices, demands, requests and other communications made in connection with this Agreement shall be effective and be deemed to have been received (i) if delivered by hand, upon personal delivery, (ii) if delivered by overnight courier service, one (1) Business Day after delivery to such courier service, (iii) if delivered by mail, when deposited in the mails and (iv) if delivered by facsimile, upon sender's receipt of confirmation of proper transmission. Failure or delay in delivering copies of any notice, demand, request, consent, approval, declaration or other communication to any Person (other than Borrower or Lender) designated in Annex D to receive copies shall in no way adversely affect the effectiveness of such notice, demand, request, consent, approval, declaration or other communication. The giving of any notice required hereunder may be waived in writing by the party entitled to receive such notice.

10.10 Section Titles. The Section titles and Table of Contents contained in this Agreement are and shall be without substantive meaning or content of any kind whatsoever and are not a part of the agreement between the parties hereto.

10.11 Counterparts. This Agreement may be executed in any number of separate counterparts, each of which shall collectively and separately constitute one agreement. Facsimile or other electronic transmissions (including by email and PDF) of any executed original document and/or retransmission of any executed facsimile or other electronic transmission shall be deemed to be the same as the delivery of an executed original.

**10.12 WAIVER OF JURY TRIAL. BECAUSE DISPUTES ARISING IN CONNECTION WITH COMPLEX FINANCIAL TRANSACTIONS ARE MOST QUICKLY AND ECONOMICALLY RESOLVED BY AN EXPERIENCED AND EXPERT PERSON AND THE PARTIES WISH APPLICABLE STATE AND FEDERAL LAWS TO APPLY (RATHER THAN ARBITRATION RULES), THE PARTIES DESIRE THAT THEIR DISPUTES BE RESOLVED BY A JUDGE APPLYING SUCH APPLICABLE LAWS. THEREFORE, TO ACHIEVE THE BEST COMBINATION OF THE BENEFITS OF THE JUDICIAL SYSTEM AND OF ARBITRATION, THE PARTIES HERETO WAIVE ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, SUIT, OR PROCEEDING BROUGHT TO RESOLVE ANY DISPUTE, WHETHER SOUNDING IN CONTRACT, TORT OR OTHERWISE, BETWEEN LENDER AND ANY CREDIT PARTY ARISING OUT OF, CONNECTED WITH, RELATED TO, OR INCIDENTAL TO THE RELATIONSHIP ESTABLISHED AMONG THEM IN CONNECTION WITH, THIS AGREEMENT OR ANY OF THE OTHER LOAN DOCUMENTS OR THE TRANSACTIONS RELATED THERETO.**

10.13 Reinstatement. This Agreement shall remain in full force and effect and continue to be effective should any petition be filed by or against any Credit Party for liquidation or reorganization, should any Credit Party become insolvent or make an assignment for the benefit of any creditor or creditors or should a receiver or trustee be appointed for all or any significant part of any Credit Party's assets, and shall continue to be effective or to be reinstated, as the case may be, if at any time payment and performance of the Obligations, or any part thereof, is, pursuant to applicable law, rescinded or reduced in amount, or must otherwise be restored or returned by any obligee of the Obligations, whether as a "voidable preference", "fraudulent conveyance" or otherwise, all as though such payment or performance had not been made. In the event that any payment, or any part thereof, is rescinded, reduced, restored or returned, the Obligations shall be reinstated and deemed reduced only by such amount paid and not so rescinded, reduced, restored or returned.

10.14 Advice of Counsel. Each of the parties represents to each other party hereto that it has discussed this Agreement and, specifically, the provisions of Sections 10.8 and 10.12, with its counsel.

10.15 No Strict Construction. The parties hereto have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the parties hereto and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any provisions of this Agreement.

*[Remainder of Page Intentionally Left Blank]*



IN WITNESS WHEREOF, this Agreement has been duly executed as of the date first written above.

IMPERIAL INDUSTRIES, INC., as Borrower

Date

By: /s/ Howard L. Ehler, Jr.

Name: Howard L. Ehler, Jr.

Title: Chief Operating Officer

PREMIX-MARBLETITE MANUFACTURING  
CO., INC., as a Credit Party

By: /s/ Howard L. Ehler, Jr.

Name: Howard L. Ehler, Jr.

Title: Vice President

Q.E.P. CO., INC., as Lender

By: /s/ Lewis Gould

Name: Lewis Gould

Title: CEO & Chairman

**ANNEX A (Recitals)**  
**to**  
**BRIDGE LOAN AGREEMENT**

**DEFINITIONS**

Capitalized terms used in the Loan Documents shall have (unless otherwise provided elsewhere in the Loan Documents) the following respective meanings and all references to Sections, Exhibits, Schedules or Annexes in the following definitions shall refer to Sections, Exhibits, Schedules or Annexes of or to the Agreement:

“Account Debtor” means any Person who may become obligated to any Credit Party under, with respect to, or on account of, an Account, Chattel Paper (as defined in the Code) or General Intangibles (as defined in the Code) (including a payment intangible).

“Affiliate” means, with respect to any Person, (a) each Person that, directly or indirectly, owns or controls, whether beneficially, or as a trustee, guardian or other fiduciary, ten percent (10%) or more of the Stock having ordinary voting power in the election of directors of such Person, (b) each Person that controls, is controlled by or is under common control with such Person, (c) each of such Person’s officers, directors, joint venturers and partners and (d) in the case of Borrower, the immediate family members, spouses and lineal descendants of individuals who are Affiliates of Borrower. For the purposes of this definition, “control” of a Person shall mean the possession, directly or indirectly, of the power to direct or cause the direction of its management or policies, whether through the ownership of voting securities, by contract or otherwise; provided, however, that the term “Affiliate” shall specifically exclude Lender.

“Agreement” has the meaning ascribed to it in the preamble to the Agreement.

“Appendices” has the meaning ascribed to it in the recitals to the Agreement.

“Bankruptcy Code” means the provisions of Title 11 of the United States Code, 11 U.S.C. §§ 101 et seq., as amended from time to time, and any successor statute thereto.

“Borrower” has the meaning ascribed to it in the preamble to the Agreement.

“Business Day” means any day that is not a Saturday, a Sunday or a day on which banks are required or permitted to be closed in the State of Florida.

“Change of Control” means the occurrence of one or more of the following events: (i) the sale of all or substantially all of Borrower’s assets; (ii) any transaction in which any person, including a “group” as defined in Section 13(d)(3) of the Exchange Act who owns less than twenty percent (20%) of Borrower’s capital stock on the date hereof, becomes the beneficial owner of at least fifty percent (50%) or more of the capital stock of Borrower; (iii) the merger, consolidation, division or other reorganization of Borrower in which its stockholders immediately prior to such transaction cease to own beneficially and/or of record more than fifty (50%) percent of the issued and outstanding shares of the surviving or new company immediately following such transaction; or (iv) three or more directors nominated by the Board of Directors to serve as a director, each having agreed to serve in such capacity, fail to be elected in a contested election of directors.

“Charges” means all federal, state, county, city, municipal, local, foreign or other governmental taxes (including taxes owed to the PBGC at the time due and payable), levies, assessments, charges, liens, claims or encumbrances upon or relating to (a) the Collateral, (b) the Obligations, (c) the employees, payroll, income or gross receipts of any Credit Party, (d) any Credit Party’s ownership or use of any properties or other assets or (e) any other aspect of any Credit Party’s business.

“Closing Checklist” means the schedule, including all appendices, exhibits or schedules thereto, listing certain documents and information to be delivered in connection with the Agreement, the other Loan Documents and the transactions contemplated thereunder, substantially in the form attached hereto as Annex B.

“Code” means the Uniform Commercial Code as the same may, from time to time, be enacted and in effect in the State of Florida; provided, that to the extent that the Code is used to define any term herein or in any Loan Document and such term is defined differently in different Articles or Divisions of the Code, the definition of such term contained in Article or Division 9 shall govern; provided, further, that in the event that, by reason of mandatory provisions of law, any or all of the attachment, perfection or priority of, or remedies with respect to Lender’s Lien on any Collateral is governed by the Uniform Commercial Code as enacted and in effect in a jurisdiction other than the State of Florida, the term “Code” shall mean the Uniform Commercial Code as enacted and in effect in such other jurisdiction solely for purposes of the provisions thereof relating to such attachment, perfection, priority or remedies and for purposes of definitions related to such provisions.

“Collateral” means the property covered by the Security Agreement, and the other Collateral Documents and any other property, real or personal, tangible or intangible, now existing or hereafter acquired, that may at any time be or become subject to a security interest or Lien in favor of Lender to secure the Obligations.

“Collateral Documents” means the Security Agreement, the Intellectual Property Security Agreement and all similar agreements entered into guaranteeing payment of, or granting a Lien upon property as security for payment of, the Obligations.

“Contracts” means all contracts, undertakings, or agreements in or under which any Credit Party may now or hereafter have any right, title or interest, including any agreement relating to the terms of payment or the terms of performance of any Account.

“Copyright License” means any and all rights now owned or hereafter acquired by any Credit Party under any written agreement granting any right to use any Copyright or Copyright registration.

“Copyrights” means all of the following now owned or hereafter adopted or acquired by any Credit Party: (a) all copyrights and General Intangibles (as defined in the Code) of like nature (whether registered or unregistered), all registrations and recordings thereof, and all applications in connection therewith, including all registrations, recordings and applications in the United States Copyright Office or in any similar office or agency of the United States, any state or territory thereof, or any other country or any political subdivision thereof and (b) all reissues, extensions or renewals thereof.

“Credit Parties” means Borrower and Premix.

“Debt”, as applied to any Person, means: (1) indebtedness or liability of such Person for borrowed money, or with respect to deposits or advances of any kind, or for the deferred purchase price of property or services (including trade obligations); (2) all obligations of such Person evidenced by notes, bonds, debentures or similar instruments, (3) all obligations of such Person under conditional sale or other title retention agreements relating to property or assets purchased by such Person, (4) all obligations of such Person for the deferred purchase price of property or services (including trade obligations); (5) all obligations of such Person as lessee under Capital Leases; (6) current liabilities of such Person in respect of the present value of unfunded vested benefits under any Plan; (7) obligations of such Person under letters of credit, bankers acceptances, or comparable arrangements; (8) obligations of such Person arising under acceptance facilities; (9) guaranties, endorsements (other than for collection or deposit in the ordinary course of business), and other contingent obligations of such Person to purchase, to provide funds for payment, to supply funds to invest in any Persons, or otherwise to assure a creditor against loss; (10) all obligations of such Person secured by any Lien on any of such Person’s assets or property, whether or not the obligations have been assumed, and (11) all obligations of such Person in respect of interest rate protection agreements, foreign currency exchange agreements or other interest or exchange rate hedging arrangements, provided that any net positive amount owed to such Person shall not be deemed an obligation. The Debt of any Person shall include the Debt of any partnership in which such person is a general partner.

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

“Default Rate” has the meaning ascribed to it in Section 1.3(c).

“Disclosure Schedules” means the Schedules prepared by Borrower in the Index to the Agreement.

“Dollars” or “\$” means lawful currency of the United States of America.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended from time to time, and the regulations and published interpretations thereunder.

“Environmental Laws” means all applicable federal, state, local and foreign laws, statutes, ordinances, codes, rules, standards and regulations, now or hereafter in effect, and any applicable judicial or administrative interpretation thereof, including any applicable judicial or administrative order, consent decree, order or judgment, imposing liability or standards of conduct for or relating to the regulation and protection of human health, safety, the environment and natural resources (including ambient air, surface water, groundwater, wetlands, land surface or subsurface strata, wildlife, aquatic species and vegetation). Environmental Laws include the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (42 U.S.C. §§ 9601 et seq.) (“CERCLA”); the Hazardous Materials Transportation Authorization Act of 1994 (49 U.S.C. §§ 5101 et seq.); the Federal Insecticide, Fungicide, and Rodenticide Act (7 U.S.C. §§ 136 et seq.); the Solid Waste Disposal Act (42 U.S.C. §§ 6901 et seq.); the Toxic Substance Control Act (15 U.S.C. §§ 2601 et seq.); the Clean Air Act (42 U.S.C. §§ 7401 et seq.); the Federal Water Pollution Control Act (33 U.S.C. §§ 1251 et seq.); the Occupational Safety and Health Act (29 U.S.C. §§ 651 et seq.); and the Safe Drinking Water Act (42 U.S.C. §§ 300(f) et seq.), and any and all regulations promulgated thereunder, and all analogous state, local and foreign counterparts or equivalents and any transfer of ownership notification or approval statutes.

“Environmental Liabilities” means, with respect to any Person, all liabilities, obligations, responsibilities, response, remedial and removal costs, investigation and feasibility study costs, capital costs, operation and maintenance costs, losses, damages, punitive damages, property damages, natural resource damages, consequential damages, treble damages, costs and expenses (including all reasonable fees, disbursements and expenses of counsel, experts and consultants), fines, penalties, sanctions and interest incurred as a result of or related to any claim, suit, action, investigation, proceeding or demand by any Person, whether based in contract, tort, implied or express warranty, strict liability, criminal or civil statute or common law, including any arising under or related to any Environmental Laws, Environmental Permits, or in connection with any Release or threatened Release or presence of a Hazardous Material whether on, at, in, under, from or about or in the vicinity of any real or personal property.

“Environmental Permits” means all permits, licenses, authorizations, certificates, approvals or registrations required by any Governmental Authority under any Environmental Laws.

“Event of Default” has the meaning ascribed to it in Section 8.1.

“Exchange Act” means the Securities Exchange Act of 1934, as amended.

“Filed Borrower SEC Documents” means all reports, schedules, forms, statements and other documents with required to be filed or furnished, as applicable, by Borrower under the Securities Act and the Exchange Act, together with any documents and information incorporated therein by reference and together with any documents filed during such period by Borrower with the Securities and Exchange Commission on a voluntary basis on Current Reports on Form 8-K, filed with the Securities and Exchange Commission and publicly available prior to the Effective Date.

“Financial Statements” means the consolidated and consolidating income statements, statements of cash flows and balance sheets of Borrower delivered in accordance with Annex C to the Agreement.

“GAAP” means generally accepted accounting principles in the United States of America as in effect on the Effective Date.

“Governmental Authority” means any nation or government, any state or other political subdivision thereof, and any agency, department or other entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

“Hazardous Material” means any substance, material or waste that is regulated by, or forms the basis of liability now or hereafter under, any Environmental Laws, including any material or substance that is (a) defined as a “solid waste”, “hazardous waste”, “hazardous material”, “hazardous substance”, “extremely hazardous waste”, “restricted hazardous waste”, “pollutant”, “contaminant”, “hazardous constituent”, “special waste”, “toxic substance” or other similar term or phrase under any Environmental Laws and (b) petroleum or any fraction or by-product thereof, asbestos, polychlorinated biphenyls (PCB’s), or any radioactive substance.

“Indemnified Liabilities” has the meaning ascribed to it in Section 1.7.

“Indemnified Person” has the meaning ascribed to it in Section 1.7.

“Intellectual Property” means any and all Licenses, Patents, Copyrights, Trademarks and the goodwill associated with such Trademarks.

“Intellectual Property Security Agreement” means the Intellectual Property Security Agreement dated as of the date hereof entered into between Lender and Borrower.

“Inventory” means all “inventory”, as such term is defined in the Code, now owned or hereafter acquired by any Credit Party, wherever located, and in any event including inventory, merchandise, goods and other personal property that are held by or on behalf of any Credit Party for sale or lease or are furnished or are to be furnished under a contract of service, or that constitute raw materials, work in process, finished goods, returned goods, or materials or supplies of any kind used or consumed or to be used or consumed in such Credit Party’s business or in the processing, production, packaging, promotion, delivery or shipping of the same, including all supplies and embedded software.

“Lender” has the meaning ascribed to it in the preamble to this Agreement.

“License” means any Copyright License, Patent License, Trademark License or other license of rights or interests now held or hereafter acquired by any Credit Party.

“Lien” means any mortgage or deed of trust, pledge, hypothecation, assignment, deposit arrangement, lien, charge, claim, security interest, easement or encumbrance, or preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever (including any lease or title retention agreement, any financing lease having substantially the same economic effect as any of the foregoing, and the filing of, or agreement to give, any financing statement perfecting a security interest under the Code or comparable law of any jurisdiction).

“Loan” has the meaning ascribed to it in the recitals.

“Loan Documents” means the Agreement, the Revolving Note, the Collateral Documents and all other agreements, instruments, documents and certificates identified in the Closing Checklist executed and delivered to, or in favor of, Lender and including all other pledges, powers of attorney, consents, assignments, contracts, notices and all other written matter whether heretofore, now or hereafter executed by or on behalf of any Credit Party, or any employee of any Credit Party, and delivered to Lender in connection with the Agreement or the transactions contemplated thereby. Any reference in the Agreement or any other Loan Document to a Loan Document shall include all appendices, exhibits or schedules thereto, and all amendments, restatements, supplements or other modifications thereto, and shall refer to the Agreement or such Loan Document as the same may be in effect at any and all times such reference becomes operative.

“Material Adverse Effect” means, with respect to any event, act, condition or occurrence of whatever nature (including any adverse determination in any litigation, arbitration, or governmental investigation or proceeding), whether singly or in conjunction with any other event or events, act or acts, condition or conditions, occurrence or occurrences, whether or not related, results in a material adverse change in, or a material adverse effect upon, any of (i) the condition (financial or otherwise), operations, business, properties or prospects of the Borrower and its Subsidiaries taken as a whole; (ii) the rights and remedies of the Lender hereunder or under any of the other Loan Documents, or the ability of the Borrower to perform its respective Obligations; or (iii) the legality, validity or enforceability of this Agreement or any of the other Loan Documents.

“Maturity Date” means the earlier of (i) December 14, 2012, or (ii) sixty days following the date of the stockholder meeting to approve the Merger Transaction.

“Maximum Lawful Rate” has the meaning ascribed to it in Section 1.3(c).

“Obligations” means all loans, advances, debts, liabilities and obligations for the performance of covenants, tasks or duties or for payment of monetary amounts (whether or not such performance is then required or contingent, or such amounts are liquidated or determinable) owing by any Credit Party to Lender, and all covenants and duties regarding such amounts, of any kind or nature, present or future, whether or not evidenced by any note, agreement or other instrument, arising under the Agreement or any of the other Loan Documents. This term includes all principal, interest (including all interest that accrues after the commencement of any case or proceeding by or against any Credit Party in bankruptcy, whether or not allowed in such case or proceeding), expenses, attorneys’ fees and any other sum chargeable to any Credit Party under the Agreement or any of the other Loan Documents.

“Patent License” means rights under any written agreement now owned or hereafter acquired by any Credit Party granting any right with respect to any invention on which a Patent is in existence.

“Patents” means all of the following in which any Credit Party now holds or hereafter acquires any interest: (a) all letters patent of the United States or of any other country, all registrations and recordings thereof, and all applications for letters patent of the United States or any other country, including registrations, recordings and applications in the United States Patent and Trademark Office or in any similar office or agency of the United States, any State or any other country and (b) all reissues, continuations, continuations-in-part or extensions thereof.

“PBGC” means the Pension Benefit Guaranty Corporation or any successor thereto.

“Person” means any individual, sole proprietorship, partnership, joint venture, trust, unincorporated organization, association, corporation, limited liability company, institution, public benefit corporation, other entity or government (whether federal, state, county, city, municipal, local, foreign, or otherwise, including any instrumentality, division, agency, body or department thereof).

“Plan” means any plan established, maintained, or to which contributions have been made by the Borrower or any ERISA Affiliate for the benefit of any of their employees.

“Premix” means Premix-Marbletite Manufacturing Co., Inc., Florida corporation.

“Prohibited Transaction” means any transaction set forth in Section 406 of ERISA or Section 4975 of the Internal Revenue Code of 1954, as amended from time to time.

“Property” means all real property with improvements thereon owned or leased by a Credit Party.

“Release” means any release, threatened release, spill, emission, leaking, pumping, pouring, emitting, emptying, escape, injection, deposit, disposal, discharge, dispersal, dumping, leaching or migration of Hazardous Material in the indoor or outdoor environment, including the movement of Hazardous Material through or in the air, soil, surface water, ground water or property.

“Reportable Event” means any of the events set forth in Section 4043 of ERISA.

“Restricted Payment” means (i) any cash or property dividend, distribution or payment of any kind, direct or indirect, by the Borrower or any of its Subsidiaries to any Person who now or in the future may hold an equity interest in the Borrower or any of its Subsidiaries, whether evidenced by a security or not, (ii) any payment on account of the purchase, redemption, retirement or other acquisition for value of any capital stock of the Borrower or its Subsidiaries, or any other payment or distribution made in respect thereof, either directly or indirectly, and (iii) any management or similar fees paid or payable by the Borrower or any of its Subsidiaries to any Person who now or in the future may, directly or indirectly, hold an equity interest in Borrower or any of its Subsidiaries.

“Revolving Note” has the meaning ascribed to it in Section 1.1(b).

“Securities Act” means the Securities Act of 1933, as amended.

“Security Agreement” means the Security Agreement dated as of the date hereof entered into among Lender and each Credit Party that is a signatory thereto.

“Stock” means all shares, options, warrants, general or limited partnership interests, membership interests, or other equivalents (regardless of how designated) of or in a corporation, partnership, limited liability company or equivalent entity whether voting or nonvoting, including common stock, preferred stock or any other “equity security” (as such term is defined in Rule 3a11-1 of the General Rules and Regulations promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934).



“Subsidiary” means, with respect to any Person, (a) any corporation of which an aggregate of more than fifty percent (50%) of the outstanding Stock having ordinary voting power to elect a majority of the board of directors of such corporation (irrespective of whether, at the time, Stock of any other class or classes of such corporation shall have or might have voting power by reason of the happening of any contingency) is at the time, directly or indirectly, owned legally or beneficially by such Person and/or one or more Subsidiaries of such Person, or with respect to which any such Person has the right to vote or designate the vote of fifty percent (50%) or more of such Stock whether by proxy, agreement, operation of law or otherwise, and (b) any partnership or limited liability company in which such Person and/or one or more Subsidiaries of such Person shall have an interest (whether in the form of voting or participation in profits or capital contribution) of more than fifty percent (50%) or of which any such Person is a general partner or may exercise the powers of a general partner. Unless the context otherwise requires, each reference to a Subsidiary shall be a reference to a Subsidiary of Borrower.

“Taxes” means taxes, levies, imposts, deductions, Charges or withholdings, and all liabilities with respect thereto, excluding taxes imposed on or measured by the net income of Lender by the jurisdictions under the laws of which Lender is organized or conducts business or any political subdivision thereof or is otherwise subject.

“Tax Return” means any return, declaration, report, claim for refund, information return or statement in connection with the determination of or liability for any Tax that is required to be filed or is actually filed with a Governmental Authority responsible for the administration of Taxes, including any schedule or attachment thereto, and including any amendment thereof.

“Termination Date” means the date on which the Loan has been indefeasibly repaid in full and all other Obligations under the Agreement and the other Loan Documents have been completely discharged.

“Trademark License” means rights under any written agreement now owned or hereafter acquired by any Credit Party granting any right to use any Trademark.

“Trademarks” means all of the following now owned or hereafter existing or adopted or acquired by any Credit Party: (a) all trademarks, trade names, corporate names, business names, trade styles, service marks, logos, other source or business identifiers, prints and labels on which any of the foregoing have appeared or appear, designs and general intangibles of like nature (whether registered or unregistered), all registrations and recordings thereof, and all applications in connection therewith, including registrations, recordings and applications in the United States Patent and Trademark Office or in any similar office or agency of the United States, any state or territory thereof, or any other country or any political subdivision thereof, (b) all reissues, extensions or renewals thereof and (c) all goodwill associated with or symbolized by any of the foregoing.

Unless otherwise specifically provided herein, any accounting term used in the Agreement shall have the meaning customarily given such term in accordance with GAAP, and all financial computations hereunder shall be computed in accordance with GAAP consistently applied. All other undefined terms contained in any of the Loan Documents shall, unless the context indicates otherwise, have the meanings provided for by the Code to the extent the same are used or defined therein; in the event that any term is defined differently in different Articles or Divisions of the Code, the definition contained in Article or Division 9 shall control. Unless otherwise specified, reference in the Agreement or any of the Appendices to a Section, subsection or clause refer to such Section, subsection or clause as contained in the Agreement. The words “herein”, “hereof” and “hereunder” and other words of similar import refer to the Agreement as a whole, including all Annexes, Exhibits and Schedules, as the same may from time to time be amended, restated, modified or supplemented, and not to any particular section, subsection or clause contained in the Agreement or any such Annex, Exhibit or Schedule.

Wherever from the context it appears appropriate, each term stated in either the singular or plural shall include the singular and the plural, and pronouns stated in the masculine, feminine or neuter gender shall include the masculine, feminine and neuter genders. The words “including”, “includes” and “include” shall be deemed to be followed by the words “without limitation”; the word “or” is not exclusive; references to Persons include their respective successors and assigns (to the extent and only to the extent permitted by the Loan Documents) or, in the case of governmental Persons, Persons succeeding to the relevant functions of such Persons; and all references to statutes and related regulations shall include any amendments of the same and any successor statutes and regulations. Whenever any provision in any Loan Document refers to the knowledge (or an analogous phrase) of any Credit Party, such words are intended to signify that such Credit Party has actual knowledge or awareness of a particular fact or circumstance or that such Credit Party, if it had exercised reasonable diligence, would have known or been aware of such fact or circumstance.



**ANNEX B**  
**to**  
**BRIDGE LOAN AGREEMENT**

**CLOSING CHECKLIST**

The following items must be received by Lender in form and substance satisfactory to Lender on or prior to the Effective Date (each capitalized term used but not otherwise defined herein shall have the meaning ascribed thereto in Annex A to the Agreement):

- A. Appendices. All Appendices to the Agreement, in form and substance satisfactory to Lender.
- B. Revolving Note. Duly executed originals of the Revolving Note dated the Effective Date.
- C. Security Agreement. Duly executed originals of the Security Agreement, dated the Effective Date, and all instruments, documents and agreements executed pursuant thereto, including powers of attorney for each Credit Party.
- D. Intellectual Property Security Agreement. Duly executed original of the Intellectual Property Security Agreement dated the Effective Date and signed by each Credit Party which owns Trademarks, Copyrights and/or Patents, as applicable, all in form and substance reasonably satisfactory to Lender, together with all instruments, documents and agreements executed pursuant thereto.
- E. Security Interests and Code Filings. (a) Evidence satisfactory to Lender that Lender has a valid and perfected first priority security interest in the Collateral other than the Collateral listed in Schedule 6.2, including such documents duly executed by each Credit Party (including financing statements under the Code and other applicable documents under the laws of any jurisdiction with respect to the perfection of Liens) as Lender may request in order to perfect its security interests in the Collateral.
- F. Insurance. Satisfactory evidence that the insurance policies required by Section 5.5 are in full force and effect, together with appropriate evidence showing loss payable and/or additional insured clauses or endorsements, as reasonably requested by Lender, in favor of Lender.
- G. Charter and Good Standing. For each Credit Party, such Person's (a) charter and all amendments thereto, (b) good standing certificates (including verification of tax status) in its state of formation and (c) good standing certificates (including verification of tax status) and certificates of qualification to conduct business in each jurisdiction where its ownership or lease of property or the conduct of its business requires such qualification, each dated a recent date prior to the Effective Date and certified by the applicable Secretary of State or other authorized Governmental Authority.
- H. Bylaws and Resolutions. For each Credit Party, (a) such Person's bylaws, together with all amendments thereto and (b) resolutions of such Person's Board of Directors approving and authorizing the execution, delivery and performance of the Loan Documents to which such Person is a party and the transactions to be consummated in connection therewith, each certified as of the Effective Date by such Person's secretary or an assistant secretary as being in full force and effect without any modification or amendment.
- I. Incumbency Certificates. For each Credit Party, signature and incumbency certificates of the officers of each such Person executing any of the Loan Documents, certified as of the Effective Date by such Person's secretary or an assistant secretary as being true, accurate, correct and complete.
- J. Other Documents. Such other certificates, documents and agreements respecting any Credit Party as Lender may reasonably request.

**ANNEX C**  
**to**  
**BRIDGE LOAN AGREEMENT**

**FINANCIAL STATEMENTS -- REPORTING**

Borrower shall furnish or cause to be furnished to the Lender the following:

- (a) Within thirty (30) days after the end of each month, consolidated and consolidating financial statements of Borrower and its consolidated subsidiaries for the period in question and the fiscal year to date, prepared and certified as being true, complete and correct by the chief financial officer of Borrower.
- (b) Promptly upon receipt thereof, and in any event simultaneously with the delivery of the financial statements required by clause (a) hereof, copies of any reports and management letters submitted to Borrower by independent certified public accountants in connection with the examination of financial statements.
- (c) Within (i) five (5) days subsequent to filing with the Internal Revenue Service or any other applicable Governmental Authority, and applicable state and foreign taxing authorities, copies of federal, state and foreign income tax returns, of Borrower, and (ii) five (5) days subsequent to filing with the SEC, or any other applicable Governmental Authority copies of all Forms 8-K, 10-K and 10-Q filed with the SEC or any other applicable Governmental Authority filed by Borrower.
- (d) Promptly after the commencement thereof, notice of all threatened or actual actions, suits, and proceedings affecting any Credit Party, which, if determined adversely to Borrower, could have a Material Adverse Effect, and such additional information regarding such actions, suits, and proceedings as Lender may request from time to time.
- (e) Immediately upon the occurrence of each Default or Event of Default, a written notice setting forth the details of such Default or Event of Default and the action which is being taken or proposed to be taken by Borrower with respect thereto.
- (f) Promptly after the furnishing thereof, copies of any material statement or report furnished to a Board member or the Board of Directors of the Company or any committee thereof.
- (g) Such other information respecting the condition or operations, financial or otherwise, of the Credit Parties as the Lender may from time to time reasonably request.

The reports described above shall be in form and detail as shall be satisfactory to the Lender and shall be certified by Borrower's chief financial officer as being true, complete and correct.

**ANNEX D**  
**to**  
**BRIDGE LOAN AGREEMENT**

**NOTICE ADDRESSES**

(A) If to Lender, at:

Q.E.P. Co., Inc.  
1001 Broken Sound Parkway NW  
Suite A  
Boca Raton, FL 33487  
Attention: Lewis Gould  
Telephone: (561) 994-5550  
Facsimile: (561) 994-1530

with a copy to:

Holland & Knight LLP  
701 Brickell Ave., Suite 3000  
Miami, FL 33131  
Attention: Rodney H. Bell, Esq.  
Telephone: (305) 374-8500  
Facsimile: (305) 789-7799

(B) If to Borrower, at:

Imperial Industries, Inc.  
1259 NW 21<sup>st</sup> Street  
Pompano Beach, FL 33069  
Attention: Howard L. Ehler, Jr. Executive Vice President/Chief Operating Officer  
Telephone: (954) 970-6540  
Facsimile: (954) 970-3538

with a copy to:

Bryan W. Bauman, Esq.  
Bryan W. Bauman, P. A.  
15851 SW 41<sup>st</sup> Street, Suite 600  
Davie, FL 33331  
Telephone: (954) 656-8077  
Facsimile: (954) 796-3401

**EXHIBIT 1.4**

**FORM OF ADVANCE REQUEST**

To: Q.E.P. Co., Inc  
Attention: Lewis Gould, CEO & Chairman  
1001 Broken Sound Parkway NW, Suite A  
Boca Raton, FL 33487

Pursuant to the terms and conditions set forth in the Bridge Loan Agreement dated June 18, 2012 (the "Bridge Loan Agreement"), between Imperial Industries, Inc. ("Borrower"), the other Credit Parties thereto, and Q.E.P. Co., Inc. ("Lender"), the undersigned hereby requests a Loan Advance in the amount of \$\_\_\_\_\_ in accordance with these instructions. All capitalized terms used herein but not otherwise defined herein shall have the meanings given to them in the Bridge Loan Agreement or in Annex A thereto.

This Advance Request is for (specify purpose and amount in reasonable detail):

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Please make a Loan Advance under the Bridge Loan Agreement as follows (insert wire instructions):

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Borrower requests that this Advance Request be funded by Lender on \_\_\_\_\_, which is a date at least four (4) Business Days after the date of this Advance Request.

To induce the Lender to make the requested Loan Advance, Borrower hereby certifies to the Lender that:

1. As of the date of this Advance Request, no event has occurred or is continuing, or would result from this Advance Request, which, with the giving of notice or the passage of time or both, would constitute an Event of Default and no Event of Default is continuing.
2. As of the date of this Advance Request, there is no pending or threatened action or proceeding affecting a Credit Party before any court, governmental agency or arbitrator which is likely to have a materially adverse effect on the financial condition or operations of a Credit Party other than actions already disclosed in Filed SEC Documents or in any schedule to the Loan Documents.
3. Borrower hereby waives any claim or defense based upon the occurrence of any action or inaction of the Lender on or prior to the date this Advance Request which Borrower believes may (i) be actionable against the Lender, except for those claims actionable against Lender that relate solely to the Merger Transaction, or (ii) give rise to a defense to payment under the Advances or the Revolving Note for any reason, including without limitation, commission of a tort or violation of any contractual duty or duty implied at law.

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4. Each of the representations and warranties set forth in Article 3 of the Bridge Loan Agreement are true and correct in all material respects.

DATED this \_\_\_ day of \_\_\_, \_\_\_

**BORROWER**

**IMPERIAL INDUSTRIES, INC.**

By: \_\_\_\_\_

Its: \_\_\_\_\_

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**BRIDGE LOAN AGREEMENT**

**Dated as of June 18, 2012**

**among**

**IMPERIAL INDUSTRIES, INC.,  
as Borrower,**

**THE OTHER CREDIT PARTIES SIGNATORY HERETO,  
as Credit Parties,**

**and**

**Q.E.P. CO., INC.,  
as Lender**

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**SECURITY AGREEMENT**

SECURITY AGREEMENT (this "Security Agreement"), dated as of June 18, 2012, between Imperial Industries, Inc., a Delaware corporation ("Borrower"), Premix-Marbletite Manufacturing Co., Inc., Florida corporation ("Premix," and Borrower and Premix, each a "Grantor" and collectively, the "Grantors"), and Q.E.P. Co., Inc., a Delaware corporation (together with its successors and assigns, "Lender").

## WITNESSETH:

WHEREAS, pursuant to that certain Bridge Loan Agreement dated as of the date hereof by and among the Grantors and Lender (including all annexes, exhibits and schedules thereto, as from time to time amended, restated, supplemented or otherwise modified, the "Bridge Loan Agreement"), Lender has agreed to make the Loan to Borrower;

WHEREAS, Premix is a wholly-owned subsidiary of Borrower and as such will derive direct and indirect economic benefits from the Loan made to Borrower pursuant to the Bridge Loan Agreement; and

WHEREAS, in order to induce Lender to enter into the Bridge Loan Agreement and the other Loan Documents and to induce Lender to make the Loan as provided for in the Bridge Loan Agreement, the Grantors have agreed to grant a continuing Lien on the Collateral (as hereinafter defined) to secure the Obligations.

NOW, THEREFORE, in consideration of the premises and mutual covenants herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. DEFINED TERMS.

(a) All capitalized terms (including in the recitals) used but not otherwise defined herein have the meanings given to them in the Bridge Loan Agreement or in Annex A thereto. All other terms contained in this Security Agreement, unless the context indicates otherwise, have the meanings provided for by the Code to the extent the same are used or defined therein.

(b) "Uniform Commercial Code jurisdiction" means any jurisdiction that has adopted all or substantially all of Article 9 as contained in the 2000 Official Text of the Uniform Commercial Code, as recommended by the National Conference of Commissioners on Uniform State Laws and the American Law Institute, together with any subsequent amendments or modifications to the Official Text.

## 2. GRANT OF LIEN.

(a) To secure the prompt and complete payment, performance and observance of all of the Obligations, each Grantor hereby grants, assigns, conveys, mortgages, pledges, hypothecates and transfers to Lender, a Lien upon all of its right, title and interest in, to and under all real property, personal property and other assets, whether now owned by or owing to, or hereafter acquired by or arising in favor of such Grantor (including under any trade names, styles or derivations thereof), and whether owned or consigned by or to, or leased from or to, such Grantor, and regardless of where located (all of which being hereinafter collectively referred to as the "Collateral"), including, but not limited to:

- (i) all Accounts;
- (ii) all Chattel Paper;
- (iii) all Documents;
- (iv) all General Intangibles (including Payment Intangibles and Software);
- (v) all Goods (including Inventory, Equipment and Fixtures);
- (vi) all Instruments;
- (vii) all Deposit Accounts of such Grantor, including Blocked Accounts, Concentration Accounts, Disbursement Accounts, and all other bank accounts and all deposits therein;
- (viii) all money, cash or cash equivalents of such Grantor;
- (ix) all Supporting Obligations and Letter-of Credit Rights of such Grantor;
- (x) the Commercial Tort Claims listed on Schedule V hereto;
- (xi) all real estate and real estate interests; and
- (xii) to the extent not otherwise included, all contracts and contract rights, all obligations owing to any Grantor of every kind and nature, all tax refunds of every kind and nature, all Proceeds, tort claims, insurance claims and other rights to payment not otherwise included in the foregoing and products of the foregoing and all accessions to, substitutions and replacements for, and rents and profits of, each of the foregoing.

(b) In addition, to secure the prompt and complete payment, performance and observance of the Obligations and in order to induce Lender as aforesaid, each Grantor hereby grants to Lender, a right of setoff against the property of such Grantor held by Lender, consisting of property described above in Section 2(a) now or hereafter in the possession or custody of or in transit to Lender, for any purpose, including safekeeping, collection or pledge, for the account of such Grantor, or as to which such Grantor may have any right or power.

### 3. LENDER'S RIGHTS; LIMITATIONS ON LENDER'S OBLIGATIONS.

(a) Lender shall not have any obligation or liability under any Contract or License by reason of or arising out of this Security Agreement or the granting herein of a Lien thereon or the receipt by Lender of any payment relating to any Contract or License pursuant hereto. Lender shall not be required or obligated in any manner to perform or fulfill any of the obligations of the Grantors under or pursuant to any Contract or License, or to make any payment, or to make any inquiry as to the nature or the sufficiency of any payment received by it or the sufficiency of any performance by any party under any Contract or License, or to present or file any claims, or to take any action to collect or enforce any performance or the payment of any amounts which may have been assigned to it or to which it may be entitled at any time or times.

(b) Lender may at any time after an Event of Default has occurred and is continuing without prior notice to the Grantors, notify Account Debtors and other Persons obligated on the Collateral that Lender has a security interest therein, and that payments shall be made directly to Lender and upon the request of Lender, the Grantors shall so notify Account Debtors and other Persons obligated on Collateral. Once any such notice has been given to any Account Debtor or other Person obligated on the Collateral, the affected Grantor shall not give any contrary instructions to such Account Debtor or other Person without Lender's prior written consent, unless and until an Event of Default is cured.

(c) Lender may at any time in Lender's own name or in the name of each Grantor communicate (by mail, telephone, facsimile or otherwise) with Account Debtors, parties to Contracts and obligors in respect of Instruments to verify with such Persons, to Lender's reasonable satisfaction, the existence, amount, terms of, and any other matter relating to, Accounts, Instruments, Chattel Paper and/or Payment Intangibles. If a Default or Event of Default shall have occurred and be continuing, each Grantor, at its own expense, shall prepare and deliver to Lender at any time and from time to time promptly upon Lender's request the following reports with respect to such Grantor: (i) a reconciliation of all Accounts; (ii) an aging of all Accounts; (iii) trial balances; and (iv) a test verification of such Accounts as Lender may request. Each Grantor, at its own expense, shall deliver to Lender the results of each physical verification, if any, which such Grantor may in its discretion have made, or caused any other Person to have made on its behalf, of all or any portion of its Inventory.

### 4. REPRESENTATIONS AND WARRANTIES.

Each Grantor represents and warrants that:

(a) Such Grantor has rights in and the power to transfer each item of the Collateral upon which it purports to grant a Lien hereunder free and clear of any and all Liens other than as provided on Schedule IV hereto.

(b) No effective security agreement, financing statement, equivalent security or Lien instrument or continuation statement covering all or any part of the Collateral is on file or of record in any public office, except such as may have been filed (i) by such Grantor in favor of Lender pursuant to this Security Agreement or the other Loan Documents, and (ii) in connection with the Liens set forth on Schedule IV hereto.

(c) This Security Agreement is effective to create a valid and continuing Lien on and, upon the filing of the appropriate financing statements listed on Schedule I hereto, a perfected Lien in favor of Lender, on the Collateral with respect to which a Lien may be perfected by filing pursuant to the Code. Such Lien is prior to all other Liens, other than the Liens set forth on Schedule IV hereto that would be prior to Liens in favor of Lender as a matter of law, and is enforceable as such as against any and all creditors of and purchasers from such Grantor. All action by such Grantor necessary or desirable to protect and perfect such Lien on each item of the Collateral has been duly taken.

(d) Schedule II hereto lists all Instruments, Letter-of-Credit Rights and Chattel Paper of such Grantor. All action by such Grantor necessary or desirable to protect and perfect the Lien of Lender on each item set forth on Schedule II (including the delivery of all originals thereof to Lender and the legending of all Chattel Paper as required by Section 5(b) hereof) has been duly taken. The Lien of Lender on the Collateral listed on Schedule II hereto is prior to all other Liens and is enforceable as such against any and all creditors of and purchasers from such Grantor.

(e) Such Grantor's name as it appears in official filings in the state of its incorporation, the type of entity of such Grantor (including corporation, partnership, limited partnership or limited liability company), organizational identification number issued by such Grantor's state of incorporation or a statement that no such number has been issued, federal employer identification number issued to such Grantor, such Grantor's state of incorporation, the location of such Grantor's chief executive office, principal place of business, offices, all warehouses and premises where Collateral is stored or located, and the locations of its books and records concerning the Collateral are set forth on Schedule III hereto. Such Grantor has only one state of incorporation.

(f) Schedule VI hereto is a true and correct list for such Grantor of all United States federal patents and patent applications, trademark registrations and applications, registered designs and design applications, and copyright registrations and applications owned by such Grantor (except, for the avoidance of doubt, as otherwise indicated on Schedule VI), including the name of the owner, title, registration or application number of any registrations or applications.

## 5. COVENANTS.

Each Grantor covenants and agrees with Lender that from and after the date of this Security Agreement and until the Termination Date:

(a) Further Assurances; Pledge of Instruments; Chattel Paper.

(i) At any time and from time to time, upon the written request of Lender and at the sole expense of such Grantor, such Grantor shall promptly and duly execute and deliver any and all such further instruments and documents and take such further actions as Lender may deem desirable to obtain the full benefits of this Security Agreement and of the rights and powers herein granted, including (A) using its best efforts to secure all consents and approvals necessary or appropriate for the assignment to or for the benefit of Lender of any License or Contract held by such Grantor and to enforce the security interests granted hereunder; and (B) filing any financing or continuation statements under the Code with respect to the Liens granted hereunder or under any other Loan Document as to those jurisdictions that are not Uniform Commercial Code jurisdictions.

(ii) Unless Lender shall otherwise consent in writing (which consent may be revoked), such Grantor shall deliver to Lender all Collateral consisting of negotiable Documents, Chattel Paper and Instruments (in each case, accompanied by allonges or other instruments of transfer executed in blank) promptly after such Credit Party receives the same.

(iii) Such Grantor hereby irrevocably authorizes the Lender at any time and from time to time to file in any filing office in any Uniform Commercial Code jurisdiction any initial financing statements and amendments thereto that (a) indicate the Collateral (i) as all assets of such Grantor or words of similar effect, regardless of whether any particular asset comprised in the Collateral falls within the scope of Article 9 of the Code or such jurisdiction, or (ii) as being of an equal or lesser scope or with greater detail, and (b) contain any other information required by part 5 of Article 9 of the Code for the sufficiency or filing office acceptance of any financing statement or amendment, including (i) whether such Grantor is an organization, the type of organization and any organization identification number issued to such Grantor, and (ii) in the case of a financing statement filed as a fixture filing or indicating Collateral as as-extracted collateral or timber to be cut, a sufficient description of real property to which the Collateral relates. Such Grantor agrees to furnish any such information to the Lender promptly upon request. Such Grantor also ratifies its authorization for the Lender to have filed in any Uniform Commercial Code jurisdiction any initial financing statements or amendments thereto if filed prior to the date hereof.

(iv) Such Grantor shall promptly, and in any event within two (2) Business Days after the same is acquired by it, notify Lender of any Commercial Tort Claim acquired by it and unless otherwise consented by Lender, such Grantor shall enter into a supplement to this Security Agreement, granting to Lender a Lien in such Commercial Tort Claim.

(b) Maintenance of Records. Such Grantor shall keep and maintain, at its own cost and expense, satisfactory and complete records of the Collateral, including a record of any and all payments received and any and all credits granted with respect to the Collateral and all other dealings with the Collateral. Such Grantor shall mark its books and records pertaining to the Collateral to evidence this Security Agreement and the Liens granted hereby. If such Grantor retains possession of any Chattel Paper or Instruments with Lender's consent, such Chattel Paper and Instruments shall be marked with the following legend: "This writing and the obligations evidenced or secured hereby are subject to the security interest of Q.E.P. Co., Inc., as Lender".

(c) Covenants Regarding Patent, Trademark and Copyright Collateral.

(i) Such Grantor shall notify Lender immediately if it knows or has reason to know that any application or registration relating to any Patent, Trademark or Copyright (now or hereafter existing) may become abandoned or dedicated, or of any adverse determination or development (including the institution of, or any such determination or development in, any proceeding in the United States Patent and Trademark Office, the United States Copyright Office or any court) regarding such Grantor's ownership of any Patent, Trademark or Copyright, its right to register the same, or to keep and maintain the same.

(ii) In no event shall such Grantor, either directly or through any agent, employee, licensee or designee, file an application for the registration of any Patent, Trademark or Copyright with the United States Patent and Trademark Office, the United States Copyright Office or any similar office or agency without giving Lender prior written notice thereof, and, upon request of Lender, such Grantor shall execute and deliver any and all Intellectual Property Security Agreements as Lender may reasonably request to evidence Lender's Lien on such Patent, Trademark or Copyright, and the General Intangibles of such Grantor relating thereto or represented thereby.

(iii) Such Grantor shall take all actions necessary or reasonably requested by Lender to maintain and pursue each application filed by such Grantor for a Patent, Trademark or Copyright, to obtain the relevant registration and to maintain the registration of each of the Patents, Trademarks and Copyrights (now or hereafter existing), including the filing of applications for renewal, affidavits of use, affidavits of noncontestability and opposition and interference and cancellation proceedings, unless such Grantor shall determine that such Patent, Trademark or Copyright is not material to the conduct of its business.

(d) Indemnification. In any suit, proceeding or action brought by Lender relating to any Collateral for any sum owing with respect thereto or to enforce any rights or claims with respect thereto, such Grantor will save, indemnify and keep Lender harmless from and against all expense (including reasonable attorneys' fees and expenses), loss or damage suffered by reason of any defense, setoff, counterclaim, recoupment or reduction of liability whatsoever of the Person obligated on the Collateral, arising out of a breach by such Grantor of any obligation thereunder or arising out of any other agreement, indebtedness or liability at any time owing to, or in favor of, such obligor or its successors from such Grantor, except in the case of Lender, to the extent such expense, loss, or damage is attributable solely to the gross negligence or willful misconduct of Lender as finally determined by a court of competent jurisdiction. All such obligations of such Grantor shall be and remain enforceable against and only against such Grantor and shall not be enforceable against Lender.

(e) Compliance with Terms of Accounts, etc. In all material respects, such Grantor will perform and comply with all obligations in respect of the Collateral and all other agreements to which it is a party or by which it is bound relating to the Collateral.

(f) Limitation on Liens on Collateral. Such Grantor will not create, permit or suffer to exist, and will defend the Collateral against, and take such other action as is necessary to remove, any Lien on the Collateral other than the Liens set forth on Schedule IV hereto, and will defend the right, title and interest of Lender in and to any of such Grantor's rights under the Collateral against the claims and demands of all Persons whomsoever.

(g) Notices. Such Grantor will advise Lender promptly, in reasonable detail, (i) of any Lien (other than the Liens set forth on Schedule IV hereto) or claim made or asserted against any of the Collateral, and (ii) of the occurrence of any other event which would have a material adverse effect on the aggregate value of the Collateral or on the Liens created hereunder or under any other Loan Document.

(h) No Reincorporation; No Name Change. Without limiting the prohibitions on mergers involving the Grantors contained in the Bridge Loan Agreement, without the prior written consent of Lender, each Grantor shall not (i) reincorporate or reorganize itself under the laws of any jurisdiction other than the jurisdiction in which it is incorporated or organized as of the date hereof, (ii) change its corporate name or (iii) change its principal place of business.

(i) Terminations; Amendments Not Authorized. Each such Grantor acknowledges that it is not authorized to file any financing statement or amendment or termination statement with respect to any financing statement without the prior written consent of Lender and agrees that it will not do so without the prior written consent of Lender, subject to such Grantor's rights under Section 679.509(3) of the Code. Upon payment of all of the Obligations under the Bridge Loan Agreement, Lender will immediately, at such Grantor's expense, deliver to such Grantor for filing or authorize such Grantor to prepare and file termination statements, releases and other documents necessary or appropriate to evidence the termination of the Liens securing payment of the Obligations.

#### 6. LENDER'S APPOINTMENT AS ATTORNEY-IN-FACT.

(a) Solely upon the occurrence and during the continuance of an Event of Default, each Grantor hereby irrevocably constitutes and appoints Lender as its true and lawful attorney-in-fact with full irrevocable power and authority in the place and stead of such Grantor for the purpose of carrying out the terms of this Security Agreement, and hereby gives said attorney the power and right, on behalf of such Grantor, upon three (3) Business Days notice to such Grantor, to do the following, except for Section 6(a) (ii) below:

(i) generally to sell, transfer, pledge, make any agreement with respect to or otherwise dispose of or deal with any of the Collateral in such manner as is consistent with the Code as adopted in the filing jurisdiction set forth on Schedule I hereto and as fully and completely as though Lender were the absolute owner thereof for all purposes, and to do, at such Grantor's expense, at any time, or from time to time, all acts and things which Lender deems necessary or useful to protect, preserve or realize upon the Collateral and Lender's security interest therein, in order to effect the intent of this Security Agreement, all no less fully and effectively as such Grantor might do, including, without limitation, the execution, delivery and recording, in connection with any sale or other disposition of any Collateral, of the endorsements, assignments or other instruments of conveyance or transfer with respect to such Collateral;

(ii) to file such financing statements with respect hereto, with or without such Grantor's signature, or a photocopy of this Security Agreement in substitution for a financing statement, as Lender may deem appropriate and to execute in such Grantor's name such financing statements and amendments thereto and continuation statements which may require such Grantor's signature;

(iii) in the event that any other security interest or lien attaches to the Collateral, other than the security interest to Lender, to request and to enforce any right of such Grantor to obtain accountings and information from such other secured party or lien holder relating to the obligations secured and collateral securing such security interest or lien. Such Grantor agrees to pay or reimburse Lender upon demand for any charges resulting from such requests for information.

(b) To the extent permitted by law, such Grantor hereby ratifies all that said attorney shall lawfully do or cause to be done by virtue hereof. This power of attorney is a power coupled with an interest and is irrevocable.

(c) The powers conferred on Lender hereunder are solely to protect its interests in the Collateral and shall not impose any duty upon it to exercise any such powers. Lender shall be accountable only for the amounts that it actually receives as a result of the exercise of such powers, and neither it nor any of its officers, directors, employees or agents shall be responsible to such Grantor for any act or failure to act, except for Lender's own gross negligence or willful misconduct.

## 7. REMEDIES; RIGHTS UPON DEFAULT.

(a) In addition to all other rights and remedies granted to it under this Security Agreement, the Bridge Loan Agreement, the other Loan Documents and under any other instrument or agreement securing, evidencing or relating to any of the Obligations, if any Event of Default shall have occurred and be continuing, Lender may exercise all rights and remedies of a secured party under the Code. Without limiting the generality of the foregoing, each Grantor expressly agrees that in any such event Lender, without demand of performance or other demand, advertisement or notice of any kind (except the notice specified below of time and place of public or private sale) to or upon such Grantor or any other Person (all and each of which demands, advertisements and notices are hereby expressly waived to the maximum extent permitted by the Code and other applicable law), may forthwith enter upon the premises of such Grantor where any Collateral is located through self-help, without judicial process, without first obtaining a final judgment or giving such Grantor notice and opportunity for a hearing on Lender's claim or action and may collect, receive, assemble, process, appropriate and realize upon the Collateral, or any part thereof, and may forthwith sell, lease, license, assign, give an option or options to purchase, or sell or otherwise dispose of and deliver said Collateral (or contract to do so), or any part thereof, in one or more parcels at a public or private sale or sales, at any exchange at such prices as it may deem acceptable, for cash or on credit or for future delivery without assumption of any credit risk. Lender shall have the right upon any such public sale or sales and, to the extent permitted by law, upon any such private sale or sales, to purchase for their benefit, the whole or any part of said Collateral so sold, free of any right or equity of redemption, which equity of redemption each Grantor hereby releases. Such sales may be adjourned and continued from time to time with or without notice. Lender shall have the right to conduct such sales on each Grantor's premises or elsewhere and shall have the right to use such Grantor's premises without charge for such time or times as Lender reasonably deems necessary or advisable.

(b) If any Event of Default shall have occurred and be continuing, each Grantor further agrees, at Lender's request, to assemble the Collateral and make it available to Lender at a place or places designated by Lender which are reasonably convenient to Lender and such Grantor, whether at such Grantor's premises or elsewhere. Until Lender is able to effect a sale, lease, or other disposition of Collateral, Lender shall have the right to hold or use Collateral, or any part thereof, to the extent that it deems appropriate for the purpose of preserving Collateral or its value or for any other purpose deemed appropriate by Lender. Lender shall have no obligation to the Grantors to maintain or preserve the rights of the Grantors as against third parties with respect to Collateral while Collateral is in the possession of Lender. Lender may, if it so elects, seek the appointment of a receiver or keeper to take possession of Collateral and to enforce any of Lender's remedies with respect to such appointment without prior notice or hearing as to such appointment. Lender shall apply the net proceeds of any such collection, recovery, receipt, appropriation, realization or sale to the Obligations as provided in the Bridge Loan Agreement, and only after so paying over such net proceeds, and after the payment by Lender of any other amount required by any provision of law, need Lender account for the surplus, if any, to the Grantors. To the maximum extent permitted by applicable law, each Grantor waives all claims, damages, and demands against Lender arising out of the repossession, retention or sale of the Collateral except such as arise solely out of the gross negligence or willful misconduct of Lender as finally determined by a court of competent jurisdiction. Each Grantor agrees that ten (10) days prior notice by Lender of the time and place of any public sale or of the time after which a private sale may take place is reasonable notification of such matters. Each Grantor shall remain liable for any deficiency if the proceeds of any sale or disposition of the Collateral are insufficient to pay all Obligations, including any attorneys' fees and other expenses incurred by Lender to collect such deficiency.



(c) Except as otherwise specifically provided herein, each Grantor hereby waives presentment, demand, protest or any notice (to the maximum extent permitted by applicable law) of any kind in connection with this Security Agreement or any Collateral.

(d) Lender shall not be required to make any demand upon, or pursue or exhaust any of their rights or remedies against, a Grantor, any other obligor, guarantor, pledgor or any other Person with respect to the payment of the Obligations or to pursue or exhaust any of their rights or remedies with respect to any Collateral therefor or any direct or indirect guarantee thereof. Lender shall not be required to marshal the Collateral or any guarantee of the Obligations or to resort to the Collateral or any such guarantee in any particular order, and all of its and their rights hereunder or under any other Loan Document shall be cumulative. To the extent it may lawfully do so, each Grantor absolutely and irrevocably waives and relinquishes the benefit and advantage of, and covenants not to assert against the Lender, any valuation, stay, appraisal, extension, redemption or similar laws and any and all rights or defenses it may have as a surety now or hereafter existing which, but for this provision, might be applicable to the sale of any Collateral made under the judgment, order or decree of any court, or privately under the power of sale conferred by this Security Agreement, or otherwise.

#### 8. GRANT OF LICENSE TO USE INTELLECTUAL PROPERTY.

For the purpose of enabling Lender to exercise rights and remedies under Section 7 hereof (including, without limiting the terms of Section 7 hereof, in order to take possession of, hold, preserve, process, assemble, prepare for sale, market for sale, sell or otherwise dispose of Collateral) at such time as Lender shall be lawfully entitled to exercise such rights and remedies, each Grantor hereby grants to Lender, an irrevocable, nonexclusive license (exercisable without payment of royalty or other compensation to such Grantor) to use, license or sublicense any Intellectual Property now owned or hereafter acquired by such Grantor, and wherever the same may be located, and including in such license access to all media in which any of the licensed items may be recorded or stored and to all computer software and programs used for the compilation or printout thereof.

#### 9. LIMITATION ON LENDER'S DUTY IN RESPECT OF COLLATERAL.

Lender shall use reasonable care with respect to the Collateral in its possession or under its control. Lender shall not have any other duty as to any Collateral in its possession or control or in the possession or control of any agent or nominee of Lender, or any income thereon or as to the preservation of rights against prior parties or any other rights pertaining thereto.

#### 10. REINSTATEMENT.

This Security Agreement shall remain in full force and effect and continue to be effective should any petition be filed by or against a Grantor for liquidation or reorganization, should such Grantor become insolvent or make an assignment for the benefit of any creditor or creditors or should a receiver or trustee be appointed for all or any significant part of such Grantor's assets, and shall continue to be effective or be reinstated, as the case may be, if at any time payment and performance of the Obligations, or any part thereof, is, pursuant to applicable law, rescinded or reduced in amount, or must otherwise be restored or returned by any obligee of the Obligations, whether as a "voidable preference", "fraudulent conveyance", or otherwise, all as though such payment or performance had not been made. In the event that any payment, or any part thereof, is rescinded, reduced, restored or returned, the Obligations shall be reinstated and deemed reduced only by such amount paid and not so rescinded, reduced, restored or returned.

11. NOTICES. Except as otherwise provided herein, whenever it is provided herein that any notice, demand, request, consent, approval, declaration or other communication shall or may be given to or served upon any of the parties by any other party, or whenever any of the parties desires to give or serve upon another any such communication with respect to this Security Agreement, each such notice, demand, request, consent, approval, declaration or other communication shall be addressed to the party to be notified at the address set forth in Annex D to the Bridge Loan Agreement (or such other address as may be substituted by notice given in the manner required by Section 10.9 of the Bridge Loan Agreement), and given in the manner required by Section 10.9 of the Bridge Loan Agreement.

12. SEVERABILITY. Whenever possible, each provision of this Security Agreement shall be interpreted in a manner as to be effective and valid under applicable law, but if any provision of this Security Agreement shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity without invalidating the remainder of such provision or the remaining provisions of this Security Agreement. This Security Agreement is to be read, construed and applied together with the Bridge Loan Agreement and the other Loan Documents which, taken together, set forth the complete understanding and agreement of Lender and the Grantors with respect to the matters referred to herein and therein.

13. NO WAIVER; CUMULATIVE REMEDIES. Lender shall not by any act, delay, omission or otherwise be deemed to have waived any of its rights or remedies hereunder, and no waiver shall be valid unless in writing, signed by Lender and then only to the extent therein set forth. A waiver by Lender of any right or remedy hereunder on any one occasion shall not be construed as a bar to any right or remedy which Lender would otherwise have had on any future occasion. No failure to exercise nor any delay in exercising on the part of Lender, any right, power or privilege hereunder, shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege hereunder preclude any other or future exercise thereof or the exercise of any other right, power or privilege. The rights and remedies hereunder provided are cumulative and may be exercised singly or concurrently, and are not exclusive of any rights and remedies provided by law. None of the terms or provisions of this Security Agreement may be waived, altered, modified or amended except by an instrument in writing, duly executed by Lender and the Grantors.

14. LIMITATION BY LAW. All rights, remedies and powers provided in this Security Agreement may be exercised only to the extent that the exercise thereof does not violate any applicable provision of law, and all the provisions of this Security Agreement are intended to be subject to all applicable mandatory provisions of law that may be controlling and to be limited to the extent necessary so that they shall not render this Security Agreement invalid, unenforceable, in whole or in part, or not entitled to be recorded, registered or filed under the provisions of any applicable law.

15. TERMINATION OF THIS SECURITY AGREEMENT. Subject to Section 10 hereof, this Security Agreement shall terminate upon the Termination Date; provided, that the provisions of Section 5(d) shall survive the Termination Date..

16. SUCCESSORS AND ASSIGNS. This Security Agreement and all obligations of the Grantors hereunder shall be binding upon the successors and assigns of each Grantor (including any debtor-in-possession on behalf of such Grantor) and shall, together with the rights and remedies of Lender, hereunder, inure to the benefit of Lender, all future holders of any instrument evidencing any of the Obligations and their respective successors and assigns. No sales of participations, other sales, assignments, transfers or other dispositions of any agreement governing or instrument evidencing the Obligations or any portion thereof or interest therein shall in any manner impair the Lien granted to Lender, hereunder. A Grantor may not assign, sell, hypothecate or otherwise transfer any interest in or obligation under this Security Agreement.

17. COUNTERPARTS. This Security Agreement may be executed in any number of separate counterparts, each of which shall collectively and separately constitute one agreement. Facsimile or other electronic transmissions (including by email and PDF) of any executed original document and/or retransmission of any executed facsimile or other electronic transmission shall be deemed to be the same as the delivery of an executed original.

18. GOVERNING LAW. EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN ANY OF THE LOAN DOCUMENTS, IN ALL RESPECTS, INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE, THIS SECURITY AGREEMENT AND THE OBLIGATIONS ARISING HEREUNDER SHALL BE GOVERNED BY, AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF FLORIDA APPLICABLE TO CONTRACTS MADE AND PERFORMED IN THAT STATE, AND ANY APPLICABLE LAWS OF THE UNITED STATES OF AMERICA. EACH GRANTOR HEREBY CONSENTS AND AGREES THAT THE STATE OR FEDERAL COURTS LOCATED IN BROWARD COUNTY, FLORIDA, SHALL HAVE EXCLUSIVE JURISDICTION TO HEAR AND DETERMINE ANY CLAIMS OR DISPUTES BETWEEN THE GRANTORS AND LENDER PERTAINING TO THIS SECURITY AGREEMENT OR ANY OF THE OTHER LOAN DOCUMENTS OR TO ANY MATTER ARISING OUT OF OR RELATING TO THIS SECURITY AGREEMENT OR ANY OF THE OTHER LOAN DOCUMENTS, PROVIDED, THAT LENDER AND THE GRANTORS ACKNOWLEDGE THAT ANY APPEALS FROM THOSE COURTS MAY HAVE TO BE HEARD BY A COURT LOCATED OUTSIDE BROWARD COUNTY, FLORIDA AND, PROVIDED, FURTHER, NOTHING IN THIS AGREEMENT SHALL BE DEEMED OR OPERATE TO PRECLUDE LENDER FROM BRINGING SUIT OR TAKING OTHER LEGAL ACTION IN ANY OTHER JURISDICTION TO REALIZE ON THE COLLATERAL OR ANY OTHER SECURITY FOR THE OBLIGATIONS, OR TO ENFORCE A JUDGMENT OR OTHER COURT ORDER IN FAVOR OF LENDER. EACH GRANTOR EXPRESSLY SUBMITS AND CONSENTS IN ADVANCE TO SUCH JURISDICTION IN ANY ACTION OR SUIT COMMENCED IN ANY SUCH COURT, AND SUCH GRANTOR HEREBY WAIVES ANY OBJECTION WHICH IT MAY HAVE BASED UPON LACK OF PERSONAL JURISDICTION, IMPROPER VENUE OR FORUMNONCONVENIENS AND HEREBY CONSENTS TO THE GRANTING OF SUCH LEGAL OR EQUITABLE RELIEF AS IS DEEMED APPROPRIATE BY SUCH COURT.

19. WAIVER OF JURY TRIAL. BECAUSE DISPUTES ARISING IN CONNECTION WITH COMPLEX FINANCIAL TRANSACTIONS ARE MOST QUICKLY AND ECONOMICALLY RESOLVED BY AN EXPERIENCED AND EXPERT PERSON AND THE PARTIES WISH APPLICABLE STATE AND FEDERAL LAWS TO APPLY (RATHER THAN ARBITRATION RULES), THE PARTIES DESIRE THAT DISPUTES ARISING HEREUNDER OR RELATING HERETO BE RESOLVED BY A JUDGE APPLYING SUCH APPLICABLE LAWS. THEREFORE, TO ACHIEVE THE BEST COMBINATION OF THE BENEFITS OF THE JUDICIAL SYSTEM AND OF ARBITRATION, THE PARTIES HERETO WAIVE ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, SUIT OR PROCEEDING BROUGHT TO RESOLVE ANY DISPUTE, WHETHER SOUNDING IN CONTRACT, TORT, OR OTHERWISE, AMONG LENDER AND THE GRANTOR ARISING OUT OF, CONNECTED WITH, RELATED TO, OR INCIDENTAL TO THE RELATIONSHIP ESTABLISHED IN CONNECTION WITH, THIS SECURITY AGREEMENT OR ANY OF THE OTHER LOAN DOCUMENTS OR THE TRANSACTIONS RELATED HERETO OR THERETO.

20. SECTION TITLES. The Section titles contained in this Security Agreement are and shall be without substantive meaning or content of any kind whatsoever and are not a part of the agreement between the parties hereto.
21. NO STRICT CONSTRUCTION. The parties hereto have participated jointly in the negotiation and drafting of this Security Agreement. In the event an ambiguity or question of intent or interpretation arises, this Security Agreement shall be construed as if drafted jointly by the parties hereto and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any provisions of this Security Agreement.
22. ADVICE OF COUNSEL. Each of the parties represents to each other party hereto that it has discussed this Security Agreement and, specifically, the provisions of [Section 18](#) and [Section 19](#), with its counsel.
23. BENEFIT OF LENDER. All Liens granted or contemplated hereby shall be for the benefit of Lender, and all proceeds or payments realized from Collateral in accordance herewith shall be applied to the Obligations in accordance with the terms of the Bridge Loan Agreement.

*[Remainder of Page Intentionally Left Blank]*

IN WITNESS WHEREOF, each of the parties hereto has caused this Security Agreement to be executed and delivered by its duly authorized officer as of the date first set forth above.

**GRANTORS:**

**IMPERIAL INDUSTRIES, INC.**

By: /s/ Howard L. Ehler, Jr.

Name: Howard L. Ehler, Jr.

Title: Chief Operating Officer

**PREMIX-MARBLETITE MANUFACTURING  
CO., INC.**

By: /s/ Howard L. Ehler, Jr.

Name: Howard L. Ehler, Jr.

Title: Vice President

**Q.E.P. CO., INC., as Lender**

By: /s/ Lewis Gould

Name: Lewis Gould

Title: CEO & Chairman



1259 NW 21<sup>st</sup> Street  
Pompano Beach, FL 33069

EXHIBIT 99.1

## NEWS

June 20, 2012

**FOR MORE  
INFORMATION:  
954-917-4114  
HOWARD L. EHLER,  
JR.  
CHIEF OPERATING  
OFFICER**

### **IMPERIAL INDUSTRIES, INC. ANNOUNCES IT HAS ENTERED INTO A LOAN AGREEMENT AND COMMENCED ACQUISITION DISCUSSIONS WITH Q.E.P. CO., INC.**

Pompano Beach, FL.....Imperial Industries, Inc. (OTCBB: "IPII") (the "Company") announced today that it had entered into a loan agreement with QEP Co., Inc. ("QEPC.PK"), a worldwide manufacturer, marketer and distributor of hardwood flooring, flooring installation tools, adhesives and flooring related products, to provide the Company with a line of credit up to \$500,000. The line of credit is secured by a lien on substantially all the assets of the Company and is subject to certain financial covenants and other customary restrictions. The line of credit, which would mature no later than on December 14, 2012, is intended to provide the Company funds for its current working capital needs and any transaction costs that may be incurred as a result of a subsequent merger between the Company and QEP Co., Inc.

In connection with the Line of Credit, the Company and QEP entered into a non-binding Letter of Intent (the "LOI") with regard to a proposed acquisition of the Company by QEP. QEP has the right to terminate the LOI at any time for any reason. The LOI would automatically terminate on July 12, 2012, if a definitive binding merger agreement has not been executed by that date unless extended by mutual consent of the parties. The LOI provides, among other things, that QEP would agree to purchase 100% of the Common Stock of the Company for a price of no more than \$.30 per share. The proposed merger transaction would be subject to a number of customary closing conditions, including obtaining approval from the holders of a majority of the Company's outstanding shares of common stock at a Company shareholder meeting to be held. There can be no assurance that the Company will eventually enter into a definitive merger agreement, or that QEP will ultimately pay \$.30 per share.

S. Daniel Ponce, Imperial's Chairman of the Board, stated "This Loan Agreement provides the Company with the necessary funds to address the immediate liquidity needs of its operations during this difficult period in the construction industry. We are excited about the potential acquisition of our Company by QEP. Should our Company join forces with QEP, I believe it would strengthen our operations and greatly enhance our Company's ability to improve our market position."

For more information, please refer to the Company's Form 8-K which is being filed with the Securities and Exchange Commission on June 20, 2012 and which will be available on the Company's website [www.imperialindustries.com](http://www.imperialindustries.com) shortly thereafter.

Imperial Industries, Inc., through its subsidiary, Premix-Marbletite Manufacturing Co. is engaged in the manufacture and distribution of pool, stucco, plaster and roofing products to building materials dealers, contractors and others and sells products primarily in the State of Florida and to a lesser extent the rest of the Southeastern United States and the Caribbean, with facilities in the State of Florida. See our website at [www.imperialindustries.com](http://www.imperialindustries.com) for more information about the Company.

Q.E.P. Co., Inc. is a leading worldwide manufacturer, marketer and distributor of a comprehensive line of hardwood flooring, flooring installation tools, adhesives and flooring related products targeted for the professional installer as well as the do-it-yourselfer. Under brand names including QEP ®, ROBERTS ®, Capital ®, Harris ® Wood, Vitrex ®, PRCI ®, BRUTUS ®, Porta-Nailer ® and Elastiment ®, the Company markets over 3,000 flooring and flooring related products. In addition to a complete hardwood flooring line, QEP products are used primarily for surface preparation and installation of wood, laminate, ceramic tile, carpet and vinyl flooring. The Company sells its products to home improvement retail centers and specialty distribution outlets in 50 states and throughout the world.

The statements in this press release contain certain forward-looking statements, which are subject to risks and uncertainties. Such statements, including those regarding, among other things, the success of the Company's sales and marketing efforts, improvements in productivity, the Company's strategy and future prospects, are dependent on a number of factors, including changes in economic, business, and competitive market conditions, and availability of financing, only some of which are within the Company's control. Actual results could differ materially from those currently anticipated due to a number of factors, including those set forth in the Company's Securities and Exchange Commission filings under "Risk Factors." The Company assumes no obligation to update forward-looking information to reflect actual results, changes in assumptions or changes in other factors affecting forward-looking information. A more detailed discussion of risks attendant to the forward-looking statements included in this press release are set forth in the "Forward-Looking Statements and Risk Factors" sections of the Company's Annual Report on Form 10-K for the year ended December 31, 2011, filed with the Securities and Exchange Commission ("SEC"), and in other reports already filed with the SEC.