

EXHIBIT 9
To
Offering Circular

SECURITY AGREEMENT

SECURITY AGREEMENT

THIS SECURITY AGREEMENT made and entered into this the ____ day of _____, 200_, by and between _____, _____, _____, spouse (hereinafter collectively referred to as "DEBTOR") and Carpet Network, Inc. (hereinafter referred to as "SECURED PARTY");

WITNESSETH:

WHEREAS:

- (a) A Franchise Agreement for a Carpet Network Inc. Mobile Business franchise has been contemporaneously entered into; and
- (b) Pursuant to the terms of that Agreement, and a Secured Promissory Note also executed contemporaneously herewith, DEBTOR is justly indebted to SECURED PARTY in a sum certain as set forth in the Secured Promissory Note; and
- (c) In order to assure the payment of the indebtedness referred to in (b) above, DEBTOR is granting unto SECURED PARTY a security interest in and to certain collateral as hereafter defined.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, the parties hereto agree as follows:

1. **GRANT OF SECURITY INTEREST:** Debtor hereby grants to the SECURED PARTY a security interest in and to all accounts, as hereinafter defined, together with any and all additions thereto (hereinafter collectively referred to as "Accounts"). Accounts used herein shall mean a contract right to payment not yet earned by performance of services for a customer, and the accounts receivable growing from said right, together with the DEBTOR work papers for the operation of the Carpet Network Mobile Business franchise pursuant to the Franchise Agreement executed contemporaneously herewith, plus the intangible rights that flow from the existence of each and every account, including without limitation, future accounts that are obtained thereby. DEBTOR further grants to SECURED PARTY a security interest in and to all furniture, fixtures, equipment, inventory, new or hereafter existing or acquired, and all proceeds thereof, contract rights, general intangibles, chattel paper, documents thereby, products and proceeds whether now or hereafter existing or acquired, all of which or any portion of which may be located at the DEBTOR address set forth in the Franchise Agreement executed contemporaneously herewith, and proceeds from the sale thereof and any property which may be described under the heading "Description of Property" or "Additional Security" below (hereinafter referred to as "COLLATERAL"). The SECURED PARTY shall enjoy all of the rights contained in the Security Agreement or provided in any COLLATERAL documents executed by DEBTOR or SECURED PARTY in connection with any obligations created hereunder.

<u>Description of Property</u>	<u>New or Used</u>	<u>Make</u>	<u>Model</u>	<u>Vehicle License No.</u>	<u>Serial No. or VIN</u>	<u>Primary Use of Collateral</u>
						Business

As "Additional Security" DEBTOR agrees to execute and deliver to SECURED PARTY a mortgage, trust deed, assignment of interest or covenant not to convey or encumber any real estate owned by DEBTOR or any guarantor. This includes property beneficially owned by DEBTOR as guarantor. The form of said instrument shall be determined by Secured Party. In conjunction with said mortgage or trust deed, DEBTOR warrants that said real estate located at _____ is unencumbered other than a mortgage to _____ in the approximate amount of \$_____ and that said real estate has an approximate market value of \$_____. (Attach a separate sheet to show same data concerning all other pieces of real estate).

2. **INSURANCE:** The DEBTOR agrees to maintain the COLLATERAL subject to this Security Agreement in good condition and not to sell or dispose of same without prior written approval of SECURED PARTY. DEBTOR further agrees to secure the COLLATERAL and keep it insured under the Security Agreement against all loss, damage or destruction due to fire, theft and all types of physical damage, in the sum and by policies adequate at all times to protect the interest of the SECURED PARTY hereunder and otherwise satisfactory to the SECURED PARTY. DEBTOR shall, upon request, furnish the SECURED PARTY evidence of such insurance. Upon failure of DEBTOR to do so, the SECURED PARTY may procure such insurance, and in that event, DEBTOR shall pay the premium therefore upon demand, as an additional part of the obligation secured hereunder.

3. **OTHER OBLIGATIONS:** This Security Agreement will further cover DEBTOR'S obligations under that certain Franchise Agreement being executed contemporaneously herewith including the obligation and duty to make Royalty Carpet Network, Inc. Uniform Franchise Offering Circular

payments pursuant to Section 5 of the Franchise Agreement and Advertising Fund payments pursuant to Section 6 of the Franchise Agreement, both as to existing and future payments.

4. **RISK OF LOSS:** Under no circumstances shall SECURED PARTY be deemed to assume any responsibility for or any obligation or duty with respect to any part or all of the COLLATERAL of any nature or time whatsoever or any matters or proceedings arising out of or relating thereto. The SECURED PARTY shall not be required to take any action of any kind to collect or protect any interest in the COLLATERAL. The SECURED PARTY shall not be liable or responsible in any way for the safe keeping, care or custody of any of the COLLATERAL or for any of the loss or damage thereto, or for any diminution in the value thereof, or for any act or default of any agent or bailee of the SECURED PARTY or for the collection of any proceeds, but the same shall be at the DEBTOR'S sole risk at all times.

5. **ATTACHMENT TO PROCEEDINGS:** Upon the sale, exchange or other disposition of any of the COLLATERAL, the security interest created hereunder shall, without breaking continuity, and without further formality or act, continue in and attach to the instruments for the payment of money, accounts receivable, contract rights, documents of title, shipping documents, chattel paper and all other cash and non-cash proceeds of such sale, exchange or disposition. Upon loss, destruction or physical damage to the COLLATERAL, the security interest shall continue in and attach to any insurance proceeds payable as a result of such occurrence.

6. **FURTHER WARRANTIES AND AGREEMENTS OF DEBTOR:**

(a) The DEBTOR will not cancel or abandon the COLLATERAL nor will DEBTOR use the COLLATERAL in violation of any law nor give a security interest in, assign, sell, lease, transfer or mortgage or in any way encumber the COLLATERAL without the prior written consent of SECURED PARTY. DEBTOR will perform or comply with the terms of any lease covering the premises wherein the COLLATERAL is located and any other orders, ordinances or laws of any governmental body or agency concerning such premises or the conduct of business therein. DEBTOR agrees to pay all rents, taxes, assessments and charges levied against the COLLATERAL and other claims which are or may become liens against the COLLATERAL or any part hereof and for the use, storage, maintenance or repair thereof, and upon DEBTOR'S failure to do so, SECURED PARTY may pay them, and when paid, the same shall be added to the unpaid principal balance due hereunder; however, SECURED PARTY shall be under no duty to pay them.

(b) That DEBTOR will take care of the COLLATERAL, will not commit or permit any waste thereon, will keep the same repaired, and will at all times maintain the same in as good condition as it is now in, reasonable wear and tear excepted.

(c) DEBTOR will allow SECURED PARTY, in its sole discretion and before or after default: to inspect the COLLATERAL and inspect and copy all records relating to the COLLATERAL and the obligations; to terminate, on notice to DEBTOR, DEBTOR'S authority to sell, lease, otherwise transfer, manufacture, process or assemble, or furnish under contracts of service, any COLLATERAL as to which any such permission has been given; to require DEBTOR to give possession or control of the COLLATERAL to SECURED PARTY; to take any action DEBTOR is normally required to take in order to obtain, preserve and enforce the security interest created by this agreement, and to maintain and preserve the COLLATERAL without notice to DEBTOR, and to add the costs of same to the obligations (but SECURED PARTY is under no duty to take such actions).

(d) That without the necessity for notice of or consent of DEBTOR, SECURED PARTY may exercise any rights of DEBTOR with respect to any COLLATERAL including, without limitation thereto, the following rights: (a) to record or register in, or otherwise transfer into, the name of SECURED PARTY or its nominee any part of COLLATERAL without disclosing that SECURED PARTY'S interest is that of a secured party; (b) to pledge or otherwise transfer any or all of the obligations and/or COLLATERAL whereupon any pledgee or transferee shall have all the rights of SECURED PARTY hereunder, and SECURED PARTY shall thereafter be fully discharged and relieved from all responsibility and liability for the COLLATERAL so transferred but shall retain all rights and powers hereunder as to all COLLATERAL not so transferred; (c) to take possession of any COLLATERAL and to receive any proceeds of any dividends and income on any COLLATERAL including money, and to hold the same as collateral or apply the same to any of the obligations, the manner, order and extent of such application to be in the sole discretion of SECURED PARTY; (d) to exercise any and all rights of voting, conversion, exchange, subscription or other rights or options pertaining to any COLLATERAL (e) and to liquidate, demand, sue for, collect compromise, receive and receipt for the cash or surrender value of any COLLATERAL.

(e) To give notice in writing by Certified Mail to SECURED PARTY within 24 hours of the date of repossession as to any property of DEBTOR alleged to have been left on, upon or in the COLLATERAL at the time of repossession and such notice shall be an express condition precedent to any action or suit for loss or damage, and DEBTOR further agrees that SECURED PARTY may hold any such property without liability until a reasonable time after any such notice is received. DEBTOR expressly agrees if the COLLATERAL is repossessed at a time when DEBTOR is not in default, or there is a dispute as to this issue and notice of this fact is received by SECURED PARTY in writing and thereafter the COLLATERAL is returned to DEBTOR, then the damages therefore, if any, shall not exceed the fair rental value of the COLLATERAL for the time it was repossessed. DEBTOR hereby expressly consents to and invites SECURED PARTY and its agents to come upon any and all premises upon which the COLLATERAL is placed and warrants that any entry for the purpose of repossession of the COLLATERAL after default shall not be a trespass upon the premises and any such repossession shall not be a conversion of the

COLLATERAL and agrees to indemnify and hold SECURED PARTY harmless against any actions, costs or expenses arising directly or remotely out of any attempt to enter such premises and repossess the COLLATERAL after default.

(f) That SECURED PARTY shall be deemed to have exercised reasonable care in the custody and preservation of the COLLATERAL in its possession if it takes such reasonable actions for that purpose as DEBTOR shall request in writing, but SECURED PARTY shall have sole power to determine whether such actions are reasonable. Any omission to do any act not requested by DEBTOR shall not be deemed a failure to exercise reasonable care. DEBTOR shall be responsible for the preservation of the COLLATERAL and shall take all steps to preserve rights against prior parties. SECURED PARTY shall have the right to, but shall not be obligated to, preserve rights against prior parties; nor shall SECURED PARTY be liable for any failure to realize upon, or to exercise any right or power with respect to, any of the obligations or COLLATERAL, or for any delay in so doing.

7. **DEFAULT:** In the event the DEBTOR defaults on any of the obligations secured by this security interest created hereunder, including but not limited to default in any of the provisions of the Secured Promissory Note executed contemporaneously herewith, the SECURED PARTY shall be entitled to any and all rights and remedies of a secured party or holder under the DEBTOR'S state Uniform Commercial Code, including, but not limited to, the repossession or taking of the COLLATERAL (if not already in its possession). Upon demand by SECURED PARTY, DEBTOR shall assemble the COLLATERAL and make it available to SECURED PARTY at a place designated by SECURED PARTY. Sale of the COLLATERAL may be made at any time and from time to time at any public or private sale, at the option of SECURED PARTY, without advertisement or notice to DEBTOR, except such notice as is required by law and cannot be waived. SECURED PARTY may purchase the COLLATERAL at any such sale (unless prohibited by statute) free from any equity of redemption and from all other claims. After deducting all expenses, for retaking, maintaining and selling the COLLATERAL, including court costs and attorneys' fees, and for collecting the proceeds of sale, SECURED PARTY shall have the right to apply the remainder of said proceeds in payment of, or as a reserve against any of the indebtedness owed SECURED PARTY by DEBTOR or obligations of DEBTOR to SECURED PARTY, the manner, order, and extent of such application to be in the sole discretion of SECURED PARTY. To the extent notice of any sale or other disposition of the COLLATERAL is required by law to be given to DEBTOR, the requirement of reasonable notice shall be met by sending such notice, as provided above, at least ten (10) days before the time of sale or disposition. DEBTOR shall remain liable to SECURED PARTY for the payment of any deficiency with interest as herein provided. However, SECURED PARTY shall not be obligated to resort to any COLLATERAL but, at its election, may proceed to enforce any of the obligations in default against DEBTOR. Any notice required to be given to any person shall be deemed sufficient if mailed, postage paid, to such person's address as it appears in the Franchise Agreement, or, if none appears to any address in SECURED PARTY'S file.

8. **GENDER:** Plural or singular words used herein to designate, the DEBTOR shall be construed to refer to the maker or makers of this Security Agreement, whether one or more; and all covenants and agreements herein made by DEBTOR shall bind the heirs, personal representatives, successors, and assigns of DEBTOR and every option, right and privilege herein reserved or secured to SECURED PARTY shall inure to the benefit of or may be exercised by its successors and assigns.

9. **AMENDMENT:** No provision of this Security Agreement shall be modified, altered or limited in any way except by a written instrument expressly referring to this Security Agreement and to the provisions so modified, altered or limited, and signed by the DEBTOR and SECURED PARTY, or by their heirs, personal representatives, successors, assigns and guarantors.

10. **APPOINTMENT:** DEBTOR hereby irrevocably constitutes and appoints the SECURED PARTY Debtor's lawful Attorney-In-Fact for the purpose of executing form UCC-1 financing statements, continuation statements, and any other papers or documents necessary to protect the security interests created hereunder.

11. **WAIVER:** SECURED PARTY shall not by any act, delay, omission or otherwise be deemed to have waived any of its rights or remedies, and no waiver of any kind shall be valid unless in writing and signed by SECURED PARTY. All rights and remedies of SECURED PARTY under this Agreement and under any statute or rule of law shall be cumulative and may be exercised successively or concurrently. This Agreement shall continue in force and effect and shall secure any obligations of DEBTOR to SECURED PARTY, incurred or arising prior to the filing of record of a termination statement with respect hereto. SECURED PARTY shall have the right to correct patent errors herein.

If any term of the Security Agreement shall be held to be invalid, illegal or unenforceable under state or federal laws, the validity of all other terms hereof shall in no way be affected thereby.

12. **MISCELLANEOUS PROVISIONS:**

(a) This Agreement shall be governed by and construed in accordance with the laws of the State of New Jersey.

(b) This Agreement may be executed in any number of counterparts, each of which shall be deemed an original but all of which shall constitute one in the same instrument.

(c) The headings in the paragraphs of this Agreement are inserted for convenience only and shall not constitute a part hereof.

IN WITNESS WHEREOF, the DEBTOR has executed or caused this Security Agreement to be executed on the day and year first above written.

WITNESSES:

_____(SEAL)
Signature

(Address)(City)(State)(Zip)

_____(SEAL)
Signature (Spouse)

(Address)(City)(State)(Zip)

_____ COUNTY)

STATE OF _____)

Subscribed and sworn to before me this the ____ day of _____, 200_.

[NOTARY SEAL]

NOTARY PUBLIC

My Commission Expires: _____