

SETTLEMENT AGREEMENT

Whereas RICKY B. PERRITT ("PERRITT") and PAMELA JENKINS ("JENKINS") each own an interest in THE CUPCAKERY, LLC, A Nevada Limited Liability Company; and

Whereas PERRITT has opened and operates two (2) companies, THE CUPCAKERY LLC, A Texas Limited Liability Company and BUSTER BAKING, LLC, A Texas Limited Liability Company; and

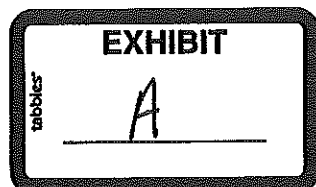
Whereas the Parties have a disagreement over the operation, management, percentages of ownership and future direction and development of the trademarks, trade names and intellectual property; and

Whereas, PERRITT has filed suit against JENKINS in the United States District Court for the Eastern District of Texas, Sherman Division, in Cause No. 4:09 CV 00406, *Styled Ricky Perritt v. Pamela Jenkins*, and

Whereas the Parties desire to resolve all disputes between them and to divide and separate the ownership and operation of the respective stores and future development.

NOW, THEREFORE, THE PARTIES AGREE AS FOLLOWS:

1. PERRITT will sell JENKINS all his interest in the Las Vegas THE CUPCAKERY™ stores. JENKINS will pay PERRITT at closing the sum of One Hundred Thousand Dollars (\$100,000). At closing, THE CUPCAKERY, LLC, A Nevada Limited Liability Company and Pamela Jenkins will transfer, assign and convey to RICKY PERRITT or a company he may designate an undivided fifty percent (50%) interest in all trademarks, trade names and intellectual property owned by them with respect to the cupcake business. Neither party shall transfer his or her interest in said intellectual property to any entity which he or she does not control, except he or she may sell his or her stores, as a group or individually and the purchaser shall have the right to use and develop the trade name and trademarks. This is subject to the provisions of paragraphs 7 and 13.
2. Perritt and Jenkins agree that any party opening a store shall be in charge of and have the exclusive right to issue press releases and make media contacts for that store. On any press releases or media interview with national media the parties shall consult and agree on the content of any such press release or media statements. The Landing Page of the Website shall direct all development and media inquiries outside Nevada to Perritt and all such inquiries inside Nevada shall be directed to Jenkins. Perritt shall have the right to hire any national media firm and to design the webpage landing page. Perritt shall consult with Jenkins and shall not unreasonably refuse to incorporate her concepts into the Landing Page.
3. JENKINS will pay PERRITT the balance of the original Ninety Five Thousand Dollars (\$95,000) personal loan he made to her in the amount of Seventy Five Thousand, Six Hundred Seven and Seventeen One Hundredths Dollars (\$75,607.17) and the balance of the loan PERRITT, acting through CUSTOM VERSION, INC., made to the Las Vegas THE CUPCAKERY™ in the amount of One Hundred Twenty One Thousand Two Hundred



Seventeen and Sixty Eight One Hundredths Dollars (\$121,217.68). These payments will be paid per the *Notes* which will be amended to reflect that all past due payments will bear interest at eighteen percent (18%) per annum. Neither revised *Note* shall have any penalty for prepayment.

4. Item 2 will be secured by a first lien on all JENKINS' right, title and interest in THE CUPCAKERY, LLC [Nevada] and its assets. JENKINS and THE CUPCAKERY, LLC [Nevada] will execute an appropriate *Security Agreement* pledging the interest in the Nevada Company and all real or personal property it owns, and such *Agreement, Financing Statement* or other appropriate evidence of this security interest shall be placed of record in Clark County and the State of Nevada. JENKINS will have the exclusive right in the State of Nevada to own and operate THE CUPCAKERY™ stores.
5. JENKINS will assign to PERRITT all her right, title and interest, if any, in THE CUPCAKERY, LLC [Texas], the Frisco store and BUSTER BAKERY, LLC [Texas], the proposed Dallas Store. PERRITT will have the exclusive right in the State of Texas to own and operate THE CUPCAKERY™ Stores.
6. PERRITT shall have the exclusive right to develop THE CUPCAKERY™ in all states except Nevada for a period of four (4) years from date of closing.
7. PERRITT and JENKINS, individually, will each own an undivided fifty percent (50%) interest in all THE CUPCAKERY™ trademarks, trade names and intellectual property. Each Party shall have the obligation to conduct their respective businesses in such a manner as to protect the names and marks. Any further marks, names or intellectual property that either PERRITT or JENKINS develop in connection with the cupcake business will be owned fifty/fifty (50/50) and either may use or adapt the other's work in his or her territory. If either Party sells his or her interest to a Third Party, the other shall not be obligated further to share his or her work with the Third Party.
8. Each Party shall receive one and one-half percent (1.5%) of gross receipts from the other Party's stores to begin the first full month following the closing of this *Agreement*. Such payments shall be made by the twentieth (20th) day of the month following the month in which the sales were made. In connection with such payments each Party shall furnish the other with a written statement verifying the previous months' sales which statement shall be accompanied by a check or wire transfer payment. All past due payments shall bear interest at the rate of eighteen percent (18%) per annum until paid, and if either Party shall have to sue to collect such payments he or she shall be entitled to recover his or her reasonable attorney fees. Payments due from JENKINS to PERRITT shall be due and payable in Denton County, Texas. Payments due and payable from PERRITT to JENKINS shall be due and payable in Clark County, Nevada. This obligation shall survive the sale of any Party's interest and become an obligation of any Third Party owner.
9. Each Party shall receive Five Thousand Dollars (\$5,000.00) when the other opens a new store in the future, such payment to be made on or before thirty (30) days from the date such store sells the first cupcake. This obligation shall survive the sale of any Party's interest and become an obligation of any Third Party owner.

10. If, during a four (4) year period JENKINS has an opportunity to open a store in a state other than Nevada, she shall bring the matter to PERRITT's immediate attention. If PERRITT has not opened a store in that state, or has not committed to do so, he shall evaluate the matter and if it is in the best interest of THE CUPCAKERYTM he may, in his sole discretion, give JENKINS permission to go into that state. After the expiration of the four (4) year period each Party who has opened a store in a state shall have exclusive rights to develop the business in that state. Thereafter the first Party to open a store in a state shall have exclusive rights in that state. Once a Party has established exclusive rights in a state the other Party may not enter that state without written permission from the other. This obligation shall survive the sale of any Party's interest and become an obligation of any Third Party owner.
11. Each Party shall execute global releases of the other for all past conduct, and upon execution of the agreement PERRITT will dismiss the lawsuit with prejudice.
12. All inquiries about development opportunities shall be directed by JENKINS to PERRITT. The Parties shall maintain a joint CUPCAKERY website which format shall be agreed to by the Parties. The website shall clearly and prominently direct all inquiries about development opportunities outside Nevada to PERRITT.
13. Should either Party to this *Agreement* desire to sell any store or part of a store to a Third (3rd) Party, he/she must first offer the store to the other Party by presenting a true copy of a written Sales Contract with the prospective purchaser spelling out all terms and conditions of the Sale. The other Party shall have thirty (30) days to match the offer and if he/she does not, the Selling Party shall be free to consummate the Sale to the Third Party. Nothing herein shall impair the right of either Party to open a new store in connection with a Third Party in any state where the Party has exclusive rights. The right of first refusal shall apply to all stores developed by PERRITT and JENKINS, either individually or in cooperation with a Third Party. If one Party enters into a contract to sell a store or stores to a Third Party and the other Party elects not to exercise his or her right of first refusal, the new store shall nevertheless be obligated to pay the Five Thousand Dollars (\$5,000.00) fee and pay the royalty of one and one-half percent (1.5%) of gross sales. This obligation shall survive the sale of any Party's interest and become an obligation of any Third Party owner.
14. Each Party shall keep confidential all the terms and provisions of this *Agreement* except it may be disclosed to any bank or person who is financing the Sale, on the condition that the financing Party agrees to honor the *Confidentiality Agreement*. Nothing herein shall prohibit either Party from disclosing the terms of this *Agreement* to their attorney, CPA, financial advisor, other professional or prospective purchaser or business partner who agrees to be bound by the *Confidentiality Agreement*. Nothing herein shall prohibit either Party from responding to a lawful subpoena from a court of competent jurisdiction which demands production of this document. If a Party receives a subpoena he or she shall IMMEDIATELY inform the other by providing a true copy of the subpoena. A Party who receives such a subpoena shall request the issuing court to issue a protective order to prohibit dissemination of the document to those without a strict need to see the document in connection with the litigation.

15. Each Party agrees not to disparage the other in any way or to take any action which might damage the trademarks, trade names or intellectual property of THE CUPCAKERY™.

16. Time is of the essence.

Agreed this 28 day of October, 2009.



Ricky B. Ferritt

Pamela Jenkins

Promissory Note

Date: October 28 2009

Borrower: Pamela Jenkins and The Cupcakery, LLC, a Nevada Limited Liability Company.

Borrower's Mailing Address:

Pamela Jenkins
9680 S. Eastern Avenue
Las Vegas, Nevada 89123
Clark County

The Cupcakery, LLC
9680 S. Eastern Avenue
Las Vegas, Nevada 89123
Clark County

Lender: Custom Version Corporation, a Texas corporation.

Place for Payment:

P.O. Box 858
Denton, Denton County, Texas 76202,
or any other place that Lender may designate in writing.

Principal Amount: \$121,217.68

Annual Interest Rate: Ten Percent (10.00%)

Maturity Date: October 1, 2012

Annual Interest Rate on Matured, Unpaid Amounts: Eighteen Percent (18%)

Terms of Payment (principal and interest):

The Principal Amount and interest are due and payable in equal monthly installments of THREE THOUSAND NINE HUNDRED ELEVEN AND 35/100 DOLLARS (\$3,911.35), on the first day of each month, beginning November 1, 2009 and continuing until the unpaid principal and accrued, unpaid interest have been paid in full. Payments will be applied first to accrued interest and the remainder to reduction of the Principal Amount.

Security for Payment: This note is secured by a security interest created in a security agreement that covers all of Borrower's membership interest in The Cupcakery, LLC, a Nevada

Limited Liability Company, all assets, including intellectual properties, belonging to The Cupcakery, LLC and that is dated October 28, 2009 and executed by Pamela Jenkins and The Cupcakery, LLC as the debtors in favor of Lender as the secured party.

Other Security for Payment: None

Borrower promises to pay to the order of Lender the Principal Amount plus interest at the Annual Interest Rate. This note is payable at the Place for Payment and according to the Terms of Payment. All unpaid amounts are due by the Maturity Date. After maturity, Borrower promises to pay any unpaid principal balance plus interest at the Annual Interest Rate on Matured, Unpaid Amounts.

If Borrower defaults in the payment of this note or in the performance of any obligation in any instrument securing or collateral to this note, Lender may declare the unpaid principal balance, earned interest, and any other amounts owed on the note immediately due. Notwithstanding any other provision of this note, in the event of a default, before exercising any of Lender's remedies under this note or any security agreement securing it, Lender will first give Borrower written notice of default and Borrower will have ten days after notice is given in which to cure the default. If the default is not cured ten days after notice, Borrower and each surety, endorser, and guarantor waive all demand for payment, presentation for payment, notice of intention to accelerate maturity, notice of acceleration of maturity, protest, and notice of protest, to the extent permitted by law.

Borrower also promises to pay reasonable attorney's fees and court and other costs if this note is placed in the hands of an attorney to collect or enforce the note. These expenses will bear interest from the date of advance at the Annual Interest Rate on Matured, Unpaid Amounts. Borrower will pay Lender these expenses and interest on demand at the Place for Payment. These expenses and interest will become part of the debt evidenced by the note and will be secured by any security for payment.

Prepayment: Borrower may prepay this note in any amount at any time before the Maturity Date without penalty or premium.

Application of Prepayment: Prepayments will be applied to installments on the last maturing principal, and interest on that prepaid principal will immediately cease to accrue.

Interest on the debt evidenced by this note will not exceed the maximum rate or amount of nonusurious interest that may be contracted for, taken, reserved, charged, or received under law. Any interest in excess of that maximum amount will be credited on the Principal Amount or, if the Principal Amount has been paid, refunded. On any acceleration or required or permitted prepayment, any excess interest will be canceled automatically as of the acceleration or prepayment or, if the excess interest has already been paid, credited on the Principal Amount or, if the Principal Amount has been paid, refunded. This provision overrides any conflicting provisions in this note and all other instruments concerning the debt.

Each Borrower is responsible for all obligations represented by this note.

When the context requires, singular nouns and pronouns include the plural.

If any installment becomes overdue for more than ten days, at Lender's option a late payment charge of 10% of the amount of the payment may be charged in order to defray the expense of handling the delinquent payment.

A default exists under this note if (1) (a) Borrower or (b) any other person liable on any part of this note or who grants a lien or security interest on property as security for any part of this note (an "Other Obligated Party") fails to timely pay or perform any obligation or covenant in any written agreement between Lender and Borrower or any Other Obligated Party; (2) any warranty, covenant, or representation in this note or in any other written agreement between Lender and Borrower or any Other Obligated Party is materially false when made; (3) a receiver is appointed for Borrower, any Other Obligated Party, or any property on which a lien or security interest is created as security (the "Collateral Security") for any part of this note; (4) any Collateral Security is assigned for the benefit of creditors; (5) a bankruptcy or insolvency proceeding is commenced by Borrower, a partnership of which Borrower is a general partner, or an Other Obligated Party; (6) (a) a bankruptcy or insolvency proceeding is commenced against Borrower, a partnership of which Borrower is a general partner, or an Other Obligated Party and (b) the proceeding continues without dismissal for sixty days, the party against whom the proceeding is commenced admits the material allegations of the petition against it, or an order for relief is entered; (7) any of the following parties is dissolved, begins to wind up its affairs, is authorized to dissolve or wind up its affairs by its governing body or persons, or any event occurs or condition exists that permits the dissolution or winding up of the affairs of any of the following parties: Borrower, a partnership of which Borrower is a general partner, or an Other Obligated Party; and (8) any Collateral Security is impaired by loss, theft, damage, levy and execution, issuance of an official writ or order of seizure, or destruction, unless it is promptly replaced with collateral security of like kind and quality or restored to its former condition.

If any provision of this note conflicts with any provision of a loan agreement, deed of trust, or security agreement of the same transaction between Lender and Borrower, the provisions of the note will govern to the extent of the conflict.

This note will be construed under the laws of the state of Texas, without regard to choice-of-law rules of any jurisdiction.



Pamela Jenkins

The Cupcakery, LLC, a Nevada Limited Liability
Company,

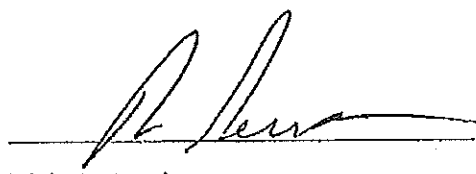
Pamela Jenkins, President

A handwritten signature in black ink, appearing to read 'Pamela Jenkins', is written over the company name and extends to the right across the page.

TRANSFER OF INTEREST IN LIMITED LIABILITY COMPANY

Pursuant to the settlement agreement of even date herewith, I, Ricky B. Perritt, of the County of Denton, State of Texas, for \$10.00 and other good and valuable consideration, do hereby transfer, assign and convey to Pamela Jenkins of Las Vegas, Nevada, all my right title and interest in and to THE CUPCAKERY, LLC, A NEVADA LIMITED LIABILITY COMPANY. I warrant that I own an undivided two thirds (2/3) interest in said LLC and transfer all my interest, save and except I hereby retain in and to myself an undivided one-half interest in and to all trademarks, trade names, and intellectual property of any nature whatsoever owned by said LLC pursuant to the Settlement Agreement referred to herein.. All the terms and provisions of the Settlement Agreement of even date herewith are hereby incorporated by reference herein as if copied fully at length herein.


Signed the 27th day of October, 2009.

A handwritten signature in cursive script, appearing to read "Ricky B. Perritt", is written over a horizontal line.

Ricky B. Perritt

TRANSFER OF INTEREST IN INTELLECTUAL PROPERTY

Pursuant to the Settlement Agreement of even date herewith, THE CUPCAKERY, LLC, A NEVADA LIMITED LIABILITY COMPANY, acting by and through its duly authorized Managing Member, Pamela Jenkins of Las Vegas, Nevada, for \$10.00 and other good and valuable consideration, do hereby transfer, assign and convey to Ricky B. Perritt, of the County of Denton, State of Texas a one-half undivided interest in and to all the trademarks, trade names and other intellectual property of THE CUPCAKERY, LLC, A NEVADA LIMITED LIABILITY COMPANY, all pursuant to the terms and provisions of the Settlement Agreement of even date herewith which are hereby incorporated by reference herein as if copied fully at length herein.

Signed the  day of October, 2009.

THE CUPCAKERY, LLC, A NEVADA
LIMITED LIABILITY COMPANY

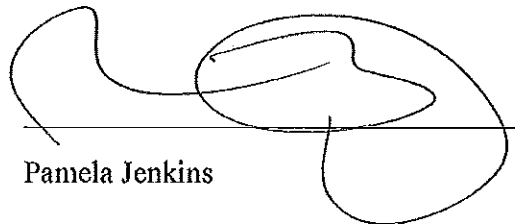
By: 

Pamela Jenkins, Its Managing Member

TRANSFER OF INTEREST IN LIMITED LIABILITY COMPANY

Pursuant to the Settlement Agreement of even date herewith, I, Pamela Jenkins of Las Vegas, Nevada, for \$10.00 and other good and valuable consideration, do hereby transfer, assign and convey to Ricky B. Perritt, of the County of Denton, State of Texas all my right title and interest in and to THE CUPCAKERY, LLC, A TEXAS LIMITED LIABILITY COMPANY and BUSTER BAKING, LLC, A TEXAS LIMITED LIABILITY COMPANY. I further acknowledge that Ricky B. Perritt owns an undivided one-half interest in and to all the trademarks, trade names and other intellectual property of THE CUPCAKERY, LLC, A NEVADA LIMITED LIABILITY COMPANY, all pursuant to the terms and provisions of the Settlement Agreement of even date herewith which are hereby incorporated by reference herein as if copied fully at length herein.

Signed the 28 day of October, 2009.


Pamela Jenkins

RELEASE

This release is executed pursuant to that certain SETTLEMENT AGREEMENT executed by the parties hereto on the 28 day of October, 2009.

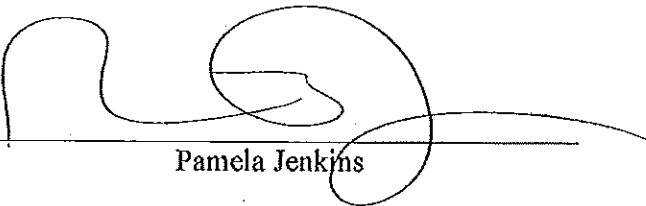
PAMELA JENKINS, for good and adequate consideration, executes this document individually and on behalf of THE CUPCAKERY, LLC, a Nevada Limited Liability Company.

RICKY B. PERRITT, for good and adequate consideration, executes this document individually and on behalf of THE CUPCAKERY, LLC, a Texas Limited Liability Company and BUSTER BAKING, LLC, a Texas Limited Liability Company.

All of the persons and entities in the foregoing paragraphs are collectively referred to as "Parties".

For adequate consideration, the receipt and sufficiency of which is acknowledged by the Parties, and in consideration of the mutual agreements, conditions, representations, warranties, recitals, covenants and statements of intention contained in such SETTLEMENT AGREEMENT, the Parties, in the capacities recited above, do hereby mutually release one another from liability for any and all actual or potential claims, suits, demands, causes of action, charges and grievances of any kind or character, regardless of the nature or extent of the same arising between the Parties as of the date of such SETTLEMENT AGREEMENT.

This mutual release is executed this 28 day of October, 2009.



Pamela Jenkins

Ricky B. Perritt

Security Agreement

Date: October 28 2009

Debtor: Pamela Jenkins; and The Cupcakery, LLC, a Nevada Limited Liability Company

Debtor's Mailing Address:

Pamela Jenkins
9680 S. Eastern Avenue
Las Vegas, Nevada 89123
Clark County

The Cupcakery, LLC
9680 S. Eastern Avenue

Las Vegas, Nevada 89123
Clark County

Secured Party: Ricky B. Perritt; and Custom Version Corporation, a Texas corporation

Secured Party's Mailing Address:

Ricky B. Perritt
P.O. Box 858
Denton, Texas 76202
Denton County

Custom Version Corporation
P.O. Box 858
Denton, Texas 76202
Denton County

Classification of Collateral: General intangibles

Collateral (including all accessions):

All of Debtor's interest in the following personal property and all proceeds of that property:

a. Debtor's undivided interest as a member in and to that certain limited liability company named The Cupcakery, LLC (the "Company"), described in the limited liability company agreement and settlement agreement with Lender of the Company dated October 28, by and between Debtor and

other members of the Company, as amended or modified and in effect (the "Company Agreement"), together with all of Debtor's other rights, title, and interest of every kind and character whatever in and to the Company and under the Company Agreement; and

b. all of Debtor's share of profits, distributions, income and surplus from the Company and Debtor's interest in specific properties of the Company on dissolution or otherwise.

c. all of The Cupcakery, LLC assets, including all intellectual properties.

Obligation

Notes

Date: October 28, 2009

Original principal amount: \$75,607.17

Borrower (Obligor): Pamela Jenkins,

Lender (Secured Party): Ricky B. Perritt

Maturity date: October 1, 2014

Terms of Payment: As provided in the note.

Date: October 28, 2009

Original principal amount: \$121,217.68

Borrower (Obligor): Pamela Jenkins and The Cupcakery, LLC

Lender (Secured Party): Custom Version Corporation

Maturity date: October 1, 2012

Terms of Payment: As provided in the note.

Other debt/Future advances: The security interest also secures all other present and future debts and liabilities of Debtor and/or Obligor to Secured Party, including future advances.

Debtor's Representations Concerning Debtor and Locations:

Debtor's, Pamela Jenkins, residence is located at 9680 S. Eastern Avenue, Las Vegas Nevada 89123.

Debtor's, Pamela Jenkins, federal tax identification number is

Debtor's, The Cupcakery, LLC, place of business is located at 9680 S. Eastern Avenue , Las Vegas Nevada.

Debtor's, The Cupcakery, LLC, state of organization is Nevada; Debtor's name, as shown in its organizational documents, as amended, is exactly as set forth above; and Debtor's organizational identification number is E0011312005-9.

Debtor's, The Cupcakery, LLC, federal tax identification number is

20-2330388

The Company's state of organization is Nevada, and the Company's name, as shown in its organizational documents, as amended, is exactly as set forth above.

Debtor's records concerning the Collateral are located at 9680 S. Eastern Avenue, Las Vegas Nevada.

Debtor grants to Secured Party a security interest in the Collateral and all its proceeds to secure the Obligation and all renewals, modifications, and extensions of the Obligation. Debtor authorizes Secured Party to file a financing statement describing the Collateral.

A. Debtor represents and warrants the following:

1. No financing statement covering the Collateral is filed in any public office.
2. Debtor owns the Collateral and has the authority to grant this security interest, free from any setoff, claim, restriction, security interest, or encumbrance except liens for taxes not yet due.
3. All information about Debtor's financial condition is or will be accurate when provided to Secured Party.
4. An accurate copy of the Company Agreement has been delivered to Secured Party. There are no changes to the Company Agreement not reflected in the copy delivered to Secured Party.

5. Debtor has obtained the written consent of all persons required under the Company Agreement or otherwise to authorize the security interest created by this agreement and Secured Party's exercise of its rights hereunder. On request of Secured Party, Debtor will deliver to Secured Party an executed original of that consent.

B. Debtor agrees to-

1. Defend the Collateral against all claims adverse to Secured Party's interest; pay all taxes imposed on the Collateral; keep the Collateral free from liens, except for liens in favor of Secured Party or for taxes not yet due; keep the Collateral in Debtor's possession and ownership except as otherwise provided in this agreement; maintain the Collateral in good condition; and protect the Collateral against waste, except for ordinary wear and tear.

2. Pay all Secured Party's expenses, including reasonable attorney's fees, incurred to obtain, preserve, perfect, defend, and enforce this agreement or the Collateral and to collect or enforce the Obligation. These expenses will bear interest from the date of advance at the rate stated in the Note for matured, unpaid amounts and are payable on demand at the place where the Obligation is payable. These expenses and interest are part of the Obligation and are secured by this agreement.

3. Sign and deliver to Secured Party any documents or instruments that Secured Party considers necessary to obtain, maintain, and perfect this security interest in the Collateral.

4. Notify Secured Party immediately of any event of default and of any material change (a) in the Collateral, (b) in Debtor's Mailing Address, (c) in the location of any Collateral, (d) in any other representation or warranty in this agreement, and (e) that may affect this security interest, and of any change (f) in Debtor's name and (g) of any location set forth above to another state.

5. Use the Collateral primarily according to the stated classification.

6. Maintain accurate records of the Collateral at the address set forth above, furnish Secured Party any requested information related to the Collateral; and permit Secured Party to inspect and copy all records relating to the Collateral.

7. Perform all obligations to be performed by Debtor under the Company Agreement.

8. Notify Secured Party of any default known to Debtor of any other person under the Company Agreement and of any notice of default given under the Company Agreement.

9. Enforce the obligations of other persons under the Company Agreement and at

Secured Party's request, at Debtor's expense, take action requested by Secured Party to enforce the obligations of other persons and exercise the rights of Debtor under the Company Agreement.

C. Debtor agrees not to-

1. Sell, transfer, or encumber any of the Collateral.
2. Change its name or jurisdiction of organization, merge or consolidate with any person, or convert to a different entity without notifying Secured Party in advance and taking action to continue the perfected status of the security interest in the Collateral.
3. Change Debtor's name or state of residence without notifying Secured Party in advance and taking action to continue the perfected status of the security interest in the Collateral.
4. Consent to or approve any modification of the Company Agreement.
5. Compromise or reduce any payment or distribution to be made to Debtor on the Collateral.

D. Secured Party Not Liable

Debtor remains liable under the Company Agreement for all its obligations thereunder. Secured Party has no liability thereunder because of this agreement. Secured Party is not liable, because of this agreement, for any obligation of Debtor under the Company Agreement.

E. Default and Remedies

1. A default exists if -
 - a. Debtor, Obligor, or any secondary obligor fails to timely pay or perform any obligation or covenant in any written agreement between Secured Party and any of Debtor, Obligor, or secondary obligor;
 - b. any warranty, covenant, or representation in this agreement or in any other written agreement between Secured Party and any of Debtor, Obligor, or secondary obligor is materially false when made;
 - c. a receiver is appointed for Debtor, Obligor, any secondary obligor, or any Collateral;
 - d. any Collateral is assigned for the benefit of creditors;
 - e. a bankruptcy or insolvency proceeding is commenced by Debtor, the

Company, a partnership in which Debtor is a general partner, Obligor, or any secondary obligor;

f. a bankruptcy or insolvency proceeding is commenced against Debtor, the Company, a partnership in which Debtor is a general partner, Obligor, or any secondary obligor, and the proceeding continues without dismissal for sixty days, the party against whom the proceeding is commenced admits the material allegations of the petition against it, or an order for relief is entered;

g. any of the following parties is dissolved, begins to wind up its affairs, is authorized to dissolve or wind up its affairs by its governing body or persons, or any event occurs or condition exists that permits the dissolution or winding up of the affairs of any of the following parties: Debtor; the Company; a partnership of which Debtor is a general partner; Obligor; or any secondary obligor; or

h. any Collateral is impaired by loss, theft, damage, levy and execution, issuance of an official writ or order of seizure, or destruction unless it is promptly replaced with collateral of like kind and quality or restored to its former condition.

2. If a default exists, Secured Party may -

a. demand, collect, convert, redeem, settle, compromise, receipt for, realize on, sue for, and adjust the Collateral either in Secured Party's or Debtor's name, as Secured Party desires, or take control of any proceeds of the Collateral and apply the proceeds against the Obligation;

b. take possession of any Collateral not already in Secured Party's possession, without demand or legal process, and for that purpose Debtor grants Secured Party the right to enter any premises where the Collateral may be located;

c. without taking possession, sell, lease, or otherwise dispose of the Collateral at any public or private sale in accordance with law;

d. exercise any rights and remedies granted by law or this agreement;

e. notify obligors on the Collateral to pay Secured Party directly;

f. as Debtor's agent, make any endorsements in Debtor's name and on Debtor's behalf of any proceeds of the Collateral; and

g. exercise and enforce all rights, including voting rights, available to an owner of the Collateral.

3. Foreclosure of this security interest by suit does not limit Secured Party's remedies, including the right to sell the Collateral under the terms of this agreement. Secured Party may exercise all remedies at the same or different times, and no remedy is a defense to any other. Secured Party's rights and remedies include all those granted by law and those specified in this agreement.

4. Secured Party's delay in exercising, partial exercise of, or failure to exercise any of its remedies or rights does not waive Secured Party's rights to subsequently exercise those remedies or rights. Secured Party's waiver of any default does not waive any other default by Debtor. Secured Party's waiver of any right in this agreement or of any default is binding only if it is in writing. Secured Party may remedy any default without waiving it.

5. Secured Party has no obligation to clean or otherwise prepare the Collateral for sale.

6. Secured Party has no obligation to collect any of the Collateral and is not liable for failure to collect any of the Collateral, for failure to preserve any right pertaining to the Collateral, or for any act or omission on the part of Secured Party or Secured Party's officers, agents, or employees, except willful misconduct.

7. Secured Party has no obligation to satisfy the Obligation by attempting to collect the Obligation from any other person liable for it. Secured Party may release, modify, or waive any collateral provided by any other person to secure any of the Obligation. If Secured Party attempts to collect the Obligation from any other person liable for it or releases, modifies, or waives any collateral provided by any other person, that will not affect Secured Party's rights against Debtor. Debtor waives any right Debtor may have to require Secured Party to pursue any third person for any of the Obligation.

8. If Secured Party must comply with any applicable state or federal law requirements in connection with a disposition of the Collateral, such compliance will not be considered to adversely affect the commercial reasonableness of a sale of the Collateral.

9. Secured Party may sell the Collateral without giving any warranties as to the Collateral. Secured Party may specifically disclaim any warranties of title or the like. This procedure will not be considered to adversely affect the commercial reasonableness of a sale of the Collateral.

10. If Secured Party sells any of the Collateral on credit, Debtor will be credited only with payments actually made by the purchaser and received by Secured Party for application to the indebtedness of the purchaser. If the purchaser fails to pay for the Collateral, Secured Party may resell the Collateral and Debtor will be credited with the proceeds of the sale.

11. If Secured Party purchases any of the Collateral being sold, Secured Party may pay

for the Collateral by crediting the purchase price against the Obligation.

12. Secured Party has no obligation to marshal any assets in favor of Debtor or against or in payment of the Note, any of the Other Obligation, or any other obligation owed to Secured Party by Debtor or any other person.

13. If the Collateral is sold after default, recitals in the bill of sale or transfer will be prima facie evidence of their truth and all prerequisites to the sale specified by this agreement and by law will be presumed satisfied.

F. General

1. Notice is reasonable if it is mailed, postage prepaid, to Debtor at Debtor's Mailing Address at least ten days before any public sale or ten days before the time when the Collateral may be otherwise disposed of without further notice to Debtor.

2. This security interest will neither affect nor be affected by any other security for any of the Obligation. Neither extensions of any of the Obligation nor releases of any of the Collateral will affect the priority or validity of this security interest.

3. This agreement binds, benefits, and may be enforced by the successors in interest of Secured Party and will bind all persons who become bound as debtors to this agreement. Assignment of any part of the Obligation and Secured Party's delivery of any part of the Collateral will fully discharge Secured Party from responsibility for that part of the Collateral. If such an assignment is made, Debtor will render performance under this agreement to the assignee. Debtor waives and will not assert against any assignee any claims, defenses, or setoffs that Debtor could assert against Secured Party except defenses that cannot be waived. All representations, warranties, and obligations are joint and several as to each Debtor.

4. This agreement may be amended only by an instrument in writing signed by Secured Party and Debtor.

5. The unenforceability of any provision of this agreement will not affect the enforceability or validity of any other provision.

6. This agreement will be construed according to Texas law, without regard to choice-of-law rules in any jurisdiction. This agreement is to be performed in, and has been signed by Debtor in, the county of Secured Party's Mailing Address.

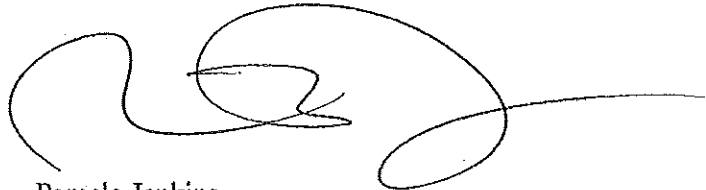
7. Interest on the Obligation secured by this agreement will not exceed the maximum amount of nonusurious interest that may be contracted for, taken, reserved, charged, or received under law. Any interest in excess of that maximum amount will be credited on the principal of the Obligation or, if that has been paid, refunded. On any acceleration or required or permitted

prepayment, any such excess will be canceled automatically as of the acceleration or prepayment or, if already paid, credited on the principal of the Obligation or, if the principal of the Obligation has been paid, refunded. This provision overrides any conflicting provisions in this and all other instruments concerning the Obligation.

8. In no event may this agreement secure payment of any debt subject to title IV of the Texas Finance Code or create a lien otherwise prohibited by law.

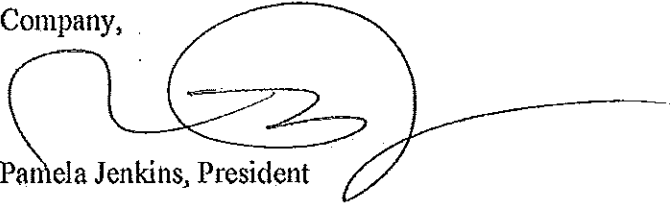
9. When the context requires, singular nouns and pronouns include the plural.

10. Any term defined in sections 1.101 to 11.108 of the Texas Business and Commerce Code and not defined in this agreement has the meaning given to the term in the Code.



Pamela Jenkins

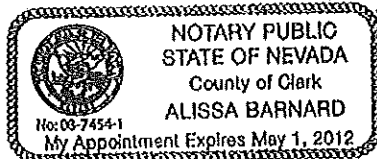
The Cupcakery, LLC, a Nevada Limited Liability Company,



Pamela Jenkins, President

STATE OF NEVADA)
COUNTY OF CLARK)

This instrument was acknowledged before me on October 28, 2009, by Pamela Jenkins.



Alissa Barnard

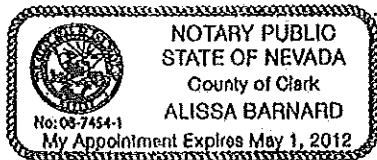
Notary Public, State of Nevada

My commission expires: 5-1-12

STATE OF NEVADA)
COUNTY OF CLARK)

Before me, Alissa Barnard, on this day personally appeared Pamela Jenkins, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that Pamela Jenkins executed the same as the act of The Cupcakery, LLC, a Nevada Limited Liability Company, as its President, for the purposes and consideration therein expressed.

Given under my hand and seal of office this 28th day of October, 2009.



Alissa Barnard

Notary Public, State of Nevada

My commission expires: 5-1-12

AFTER RECORDING RETURN TO:

Ricky B. Perritt
P.O. Box 858
Denton, Texas 76202