

01-29-2001



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1.18.01

RECORDATION FORM COVER SHEET
TRADEMARKS ONLY

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

Submission Type

- New
- Resubmission (Non-Recordation)
Document ID #
- Correction of PTO Error
Reel # Frame #
- Corrective Document
Reel # Frame #

Conveyance Type

- Assignment License
- Security Agreement Nunc Pro Tunc Assignment
- Merger Effective Date
Month Day Year
- Change of Name
- Other

Conveying Party

Mark if additional names of conveying parties attached

Execution Date
Month Day Year
01/09/01

Name

Formerly

- Individual General Partnership Limited Partnership Corporation Association
- Other
- Citizenship/State of Incorporation/Organization

Receiving Party

Mark if additional names of receiving parties attached

Name

DBA/AKA/TA

Composed of

Address (line 1)

Address (line 2)

Address (line 3)
City

State/Country

Zip Code

- Individual General Partnership Limited Partnership
- Corporation Association
- Other
- Citizenship/State of Incorporation/Organization

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

FOR OFFICE USE ONLY

01/29/01 11:11 AM 0651-0027 1730491

40.00 OP
50.00 OP

Public burden reporting for this collection of information is estimated to average approximately 30 minutes per Cover Sheet to be recorded, including time for reviewing the document and gathering the data needed to complete the Cover Sheet. Send comments regarding this burden estimate to the U.S. Patent and Trademark Office, Chief Information Officer, Washington, D.C. 20231 and to the Office of Information and Regulatory Affairs, Office of Management and Budget, Paperwork Reduction Project (0651-0027), Washington, D.C. 20503. See OMB Information Collection Budget Package 0651-0027 Patent and Trademark Assignment Practice. DO NOT SEND REQUESTS TO RECORD ASSIGNMENT DOCUMENTS TO THIS ADDRESS.

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

TRADEMARK
REEL: 002221 FRAME: 0807

Domestic Representative Name and Address

Enter for the first Receiving Party only.

Name

Address (line 1)

Address (line 2)

Address (line 3)

Address (line 4)

Correspondent Name and Address

Area Code and Telephone Number

Name

Richard A. Gaffin

Address (line 1)

Miller, Canfield, Paddock and Stone, P.L.C.

Address (line 2)

1200 Campau Square Plaza

Address (line 3)

99 Monroe Ave., N.W.

Address (line 4)

Grand Rapids, MI 49503

Pages

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

#

9

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

Mark if additional numbers attached

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

Trademark Application Number(s)

Registration Number(s)

<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>

1,730,491	1,485,173	890,563
<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>

Number of Properties

Enter the total number of properties involved.

#

3

Fee Amount

Fee Amount for Properties Listed (37 CFR 3.41):

\$

90.00

Method of Payment:

Enclosed

Deposit Account

Deposit Account

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

Deposit Account Number:

#

Authorization to charge additional fees:

Yes

No

Statement and Signature

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

Richard A. Gaffin

Richard A. Gaffin

1/9/01

Name of Person Signing

Signature

Date Signed

SECURITY AGREEMENT

This Security Agreement is made as of January 9, 2001, by and between ASPEN SURGICAL PRODUCTS, INC., a Michigan corporation, of 7425 Clyde Park, S.W., Suite G, Grand Rapids, Michigan 49509 ("Debtor"), and OLD KENT BANK, a Michigan banking corporation, of 111 Lyon, N.W., Grand Rapids, Michigan 49503 ("Bank");

1. Grant of Security Interest. Debtor hereby grants to Bank a continuing security interest in:

(a) all equipment (including vehicles) and fixtures, wherever located, now owned and in the future acquired by Debtor, and all chattel paper evidencing any past, present, or future leasing of the equipment or fixtures;

(b) all inventory, wherever located, now owned and in the future acquired by Debtor, and any and all bills of lading, warehouse receipts, and other documents of title evidencing inventory and any and all rights of stoppage in transit of inventory, and all chattel paper evidencing any past, present, or future leasing of inventory;

(c) all accounts, contract rights, chattel paper, instruments, and general intangibles, including but not limited to trademarks and the goodwill of the Debtor connected with the use of and symbolized by such trademarks, including without limitation the trademarks listed on the attached Exhibit A, wherever located, now owned and in the future acquired by Debtor, including, but not limited to, all accounts receivable, notes and loans receivable, all rights of Debtor to payment for goods sold or leased, or to be sold or leased or for services rendered, or to be rendered, together with all rights, title and interest of Debtor, including the right of stoppage in transit, in and to all goods the sale, delivery, or lease of which by Debtor gave rise to such rights to payment, and all other obligations to and rights of Debtor for the payment of money, and all proceeds thereof, and all books, records and documents at any time evidencing or relating to any of the foregoing;

(d) all proceeds of the assets and properties described in subparagraphs (a), (b) and (c) above, including, without limitation, all cash, checks, drafts, accounts receivable, chattel paper, leases, and instruments received by Debtor in connection with any sale, lease, exchange, or disposition of any of those assets and/or properties; and

(e) all books, records (including computer software), agreements, instruments, and documents at any time evidencing or relating to any of the assets or properties described in subparagraphs (a), (b), (c) or (d) above.

All of the foregoing properties and assets of Debtor are referred to collectively in this Agreement as the "Collateral."

2. Indebtedness Secured. The foregoing security interest is given to secure payment and performance of ALL OBLIGATIONS AND INDEBTEDNESS OF DEBTOR NOW AND HEREAFTER OWING TO BANK, including, but not limited to, all future advances and all obligations and indebtedness of Debtor to Bank under this Agreement and under all other security agreements, loan agreements (including that certain loan agreement of even date herewith (the "Loan Agreement")), pledge agreements, assignments, mortgages, guaranties, notes, leases, agreements to reimburse the Bank for draws on letters of credit, and other agreements, instruments, and documents, that have been or in the future are signed by Debtor, and all extensions or renewals of such indebtedness and obligations. This security interest secures all indebtedness and obligations now and in the future owing to Bank by Debtor, regardless of whether any such indebtedness or obligation is (a) not presently intended or contemplated by Debtor or Bank, (b) indirect, contingent, or secondary, (c) unrelated to the Collateral or to any financing of the Collateral by Bank, (d) of a kind or class that is different from any indebtedness or obligation now owing to Bank by Debtor, or (e) is now or in the future evidenced by a note or other document that does not refer to this security interest or this Agreement.

The indebtedness and obligations that are secured by this security interest are collectively called the "Indebtedness."

3. Warranties, Representations, and Agreements. Debtor warrants and represents to, and agrees with, Bank as follows:

(a) Debtor is the owner of the Collateral, and none of the Collateral is subject to any lien, security interest, encumbrance, or claim in favor of any third party, and no financing statement is on file in any public office covering any of the Collateral, except in favor of or subordinate to the Bank.

(b) This Agreement is the valid and binding obligation of Debtor, enforceable in accordance with its terms.

(c) Debtor is a corporation and is organized and validly existing in good standing under the laws of the State of Michigan; Debtor has full power and authority to enter into and perform its obligations under this Agreement; the execution, delivery, and performance of this Agreement have been duly authorized by all necessary action of Debtor's directors, officers and/or shareholders, as the case may be, and will not violate Debtor's articles of incorporation or bylaws.

(d) None of the Collateral is, and Debtor will not permit any of the Collateral to be, contaminated or the source of contamination of any other property in violation of any Environmental Laws (as defined below), by any substance that is now or hereafter regulated by or subject to any past, present, or future federal, state, local, or foreign law, ordinance, rule, regulation, or order that regulates or is intended to protect

public health or the environment or that establishes liability for the investigation, removal, or cleanup of, or damage caused by, any environmental contamination, including, without limitation, any law, ordinance, rule, regulation, or order that regulates (collectively, "Environmental Laws") or prescribes requirements for air quality, water quality, or the disposition, transportation, or management of waste materials or toxic substances. Debtor will store, operate, and maintain the Collateral in compliance with all such laws and regulations.

(e) Debtor's address set forth on the first page of this Agreement is the location of either (i) Debtor's sole place of business, or (ii) if Debtor has more than one place of business, Debtor's chief executive office.

(f) Any part of the Collateral consisting of accounts or chattel paper does and will evidence bona fide sales or leases to the parties named in Debtor's books, and no defense to any account or chattel paper does or will exist.

(g) All information that Debtor has furnished or in the future furnishes to Bank concerning Debtor or the Collateral, including, without limitation, all financial statements and all information concerning the value, condition or quality of the Collateral, is and will be correct and complete in all material respects.

4. Agreements of Debtor. Debtor agrees that:

(a) Debtor will not cause or permit any lien, security interest, or encumbrance to be placed on any Collateral, except Permitted Liens as defined in the Loan Agreement, and Debtor will not sell, assign, or transfer any Collateral or permit any Collateral to be transferred by operation of law, except that, until Maturity of any of the Indebtedness, (i) Debtor may sell inventory in the ordinary course of Debtor's business and (ii) Debtor may dispose, in the ordinary course of business, assets which have become obsolete, unsuitable, or unnecessary for its business, provided that the Debtor must pay to Bank the net proceeds of sale or disposition of such assets to the extent those proceeds are not applied to acquire additional or substitute assets. A sale in the ordinary course of business does not include a transfer in partial or complete satisfaction of a debt.

(b) Debtor will maintain all records concerning the Collateral at Debtor's address appearing on the first page of this Agreement and will keep all tangible Collateral (other than any vehicle being operated in the ordinary course of business) at the present location or locations of the Collateral.

(c) Debtor will furnish Bank with all information regarding the Collateral that Bank shall from time to time request (including without limitation, the names and addresses of Debtor's account debtors and the amount owed by each) and will allow Bank at any reasonable time to inspect the Collateral and Debtor's books and records regarding the Collateral.

(d) Debtor will sign, file, record, or obtain from third persons, all financing statements, subordination agreements, and other documents, and take all other action, that Bank may consider necessary to perfect, to continue perfection of, or to maintain first priority of, Bank's security interest in the Collateral subject to any Permitted Liens, and Debtor will place upon the Collateral and/or documents evidencing the Collateral such notice of Bank's security interest as Bank may from time to time require.

(e) Bank may file a photocopy of this Agreement as a financing statement evidencing Bank's security interest in the Collateral.

(f) Debtor will immediately notify Bank in writing (i) of any change in Debtor's name, identity or corporate structure, (ii) if Debtor now has only one place of business, of any change in its location and of the location of each additional place of business established by Debtor, and (iii) if Debtor now or in the future has more than one place of business, of any change in the location of Debtor's chief executive office.

(g) Debtor will maintain all tangible Collateral in good condition and repair and maintain fire and extended coverage insurance covering all tangible Collateral in amounts and against risks that Bank shall require. Debtor shall cause each insurance policy to provide that its proceeds will be payable to Bank to the extent of Bank's interest in the Collateral and that the policy will not be canceled, and the coverage will not lapse (including, without limitation, any lapse due to non-payment of premiums) or be reduced, without at least 30 days' prior written notice by the insurer to Bank. Debtor will provide Bank with evidence of that insurance coverage. Debtor agrees that Bank may act as agent for Debtor in obtaining, adjusting, and settling the insurance and endorsing any draft evidencing proceeds of the insurance.

(h) Debtor will pay, before they become delinquent, all taxes and assessments upon the Collateral or for its use or operation, and pay and perform when due all indebtedness and obligations under all leases, land contracts, or other agreements under which Debtor has possession of any real property upon which any of the Collateral shall at any time be located and under any mortgage or mortgages at any time covering the real property, other than such matters being contested in good faith by appropriate proceedings.

5. Collection of Proceeds.

(a) Debtor agrees to use commercially reasonable efforts to collect and enforce payment of all Accounts until the Bank shall direct Debtor to the contrary and, from and after this direction, Debtor agrees to fully and promptly cooperate and assist the Bank (or any other person as the Bank shall designate) in the collection and enforcement of all Accounts.

(b) Debtor irrevocably authorizes the Bank or any employee or agent of the Bank to endorse the name of Debtor upon any checks or other items which are received in payment of any Account or for any inventory, and to do any and all things necessary in order to reduce these items to money.

(c) The Bank shall have no duty as to the collection or protection of Collateral or the proceeds of it, nor as to the preservation of any related rights, beyond the use of reasonable care in the custody and preservation of Collateral in the possession of the Bank. Debtor agrees to take all steps necessary to preserve rights against prior parties with respect to Debtor's Property in Possession of the Bank.

(d) For the purpose of calculating interest on the Indebtedness, Debtor agrees that the Bank may, at the Bank's option, make such credits only when payments are actually collected by the Bank in immediately available funds. Any credit of payment by the Bank prior to receipt by the Bank of immediately available funds is conditional upon the Bank's receipt of those funds. For the purpose of calculating the principal amount which Debtor may request to borrow from the Bank under any borrowing arrangements with the Bank, Debtor understands that the Bank may, at the Bank's option, use a method different from that used for the purpose of calculating interest.

(e) Unless Bank otherwise agrees in writing, Debtor shall at its sole expense establish and maintain, during the entire term of this Agreement (or until Bank acting in its sole discretion shall notify Debtor that the Indebtedness is no longer required to be on a Remittance Basis) a United States post office lock box (the "Lock Box"), to which Bank shall have exclusive access, and to which Debtor shall have no access. Debtor expressly authorizes Bank, from time to time, to remove all contents from the Lock Box, for disposition in accordance with this Agreement. Debtor agrees to notify all account debtors and other parties obligated to it that all payments made on any account, invoice or other collateral (other than payments by electronic funds) shall be remitted, for the credit of Debtor, to the Lock Box, and Debtor shall include a like statement on all invoices. Payments made by electronic funds transfer shall be made directly to the Bank's Collateral Account (defined below), and Debtor shall so instruct its account debtors and other parties obligated to it. Debtor shall execute all documents, authorizations and other agreements necessary to establish the Lock Box, and Bank's exclusive access thereto.

(f) Whether or not Debtor is required by Bank to maintain a Lock Box under this paragraph, any and all cash, checks, drafts and other instruments for the payment of money received by Debtor at any time, in full or partial payment of any of the Collateral shall forthwith, upon receipt, be transmitted and delivered to Bank (properly endorsed, where required, so that such items may be collected by Bank). Any such items received by Debtor shall not be commingled with any other of Debtor's funds or property, but will be held separate and apart from Debtor's own funds or property, and upon express trust for the benefit of Bank until delivery is made to Bank.

(g) All items or amounts which are remitted to the Lock Box or otherwise delivered by or for the benefit of Debtor to Bank on account of partial or full payment of, or any other amount payable with respect to, any of the Collateral shall, at Bank's option, (i) be applied to the payment of the Indebtedness, whether then due or not, in such order of application as Bank may determine in its sole discretion, or, (ii) shall be deposited to the credit of a non-interest bearing deposit account in the name of the Bank for the benefit of Debtor (the "Bank's Collateral Account") to be established by Debtor with Bank pursuant to this paragraph, as security for payment of the Indebtedness. Debtor shall have no right whatsoever to withdraw any funds so deposited. Debtor further grants to Bank a first security interest in and lien on all funds on deposit in such account. To the extent collected funds remain at any time on deposit in the Bank's Collateral Account after payment and discharge in full of the Indebtedness (provided there is then no Default hereunder), Bank shall release such surplus collected funds to Debtor. Debtor hereby irrevocably authorizes and directs Bank to endorse all items received for deposit to the Bank's Collateral Account, notwithstanding the inclusion on any such item of a restrictive notation, e.g., "paid in full", "balance of account", or other restriction.

6. Bank's Right to Perform. If Debtor fails to perform any obligation of Debtor under this Agreement, Bank may, without giving notice to or obtaining the consent of Debtor, perform that obligation on behalf of Debtor. (This may include, for example, obtaining insurance coverage for Collateral, paying off liens on Collateral, or cleaning up environmental contamination of, or caused by, Collateral.) Debtor will reimburse Bank on demand for any expense that Bank incurs in performing the obligation and will pay to Bank interest on the amount of the expense, from the date the expense was incurred by Bank, at an annual rate equal to the Overdue Rate as defined in the Loan Agreement. Bank is not required to perform an obligation that Debtor has failed to perform.

7. Bank's Rights and Remedies. Bank shall have all rights and remedies of a secured party under applicable laws. Without limiting these rights and remedies:

(a) If all or any part of the Indebtedness is not paid at Maturity, then (i) without notice or demand to Debtor, Bank shall be entitled to notify Debtor's account debtors and obligors to make all payments directly to Bank, and Bank shall have the right to take all actions that Bank considers necessary or desirable to collect upon the Collateral, including, without limitation, prosecuting actions against, or settling or compromising disputes and claims with, Debtor's account debtors and obligors, (ii) without notice or demand to Debtor, Bank may receive, open, dispose of, and notify the postal authorities to change the address of, mail directed to Debtor, and (iii) upon demand by Bank, Debtor shall immediately deliver to Bank, at the place that Bank shall designate, all proceeds of the Collateral and all books, records, agreements, leases, documents, and instruments evidencing or relating to the Collateral.

(b) If all or any part of the Indebtedness is not paid at Maturity, Debtor, upon demand by Bank, shall deliver the Collateral and proceeds of Collateral to Bank at the place that Bank shall designate, and Bank may dispose of the Collateral in any commercially reasonable manner. Any notification required to be given by Bank to Debtor regarding any sale or other disposition of Collateral shall be considered reasonable if mailed at least 10 days before the sale or other disposition.

(c) If all or any part of the Indebtedness is not paid at Maturity, Bank shall have the right (but no obligation) to continue or complete the manufacturing or processing of, or other operations in connection with, any part of the Collateral, and, for that purpose, to enter and remain upon or in any land or buildings that are possessed by Debtor or that Debtor has the right to possess. Debtor will reimburse Bank on demand for any expense that Bank incurs in connection with those activities and will pay to Bank interest on the amount of the expense, from the date the expense was incurred by Bank, at the rate specified in Paragraph 5 of this Agreement.

(d) The proceeds of any collection or disposition of Collateral shall be applied first to Bank's attorney fees and expenses, as provided in Paragraph 7 of this Agreement, and then to the Indebtedness, and Debtor shall be liable for any deficiency remaining.

All rights and remedies of Bank shall be cumulative and may be exercised from time to time.

8. Expenses. Debtor shall reimburse Bank on demand for all reasonable attorney fees, legal expenses, and other expenses that Bank incurs in protecting and enforcing its rights under this Agreement. This includes fees and expenses incurred in trying to take possession of Collateral from Debtor, a trustee or receiver in bankruptcy, or any other person. Bank may apply any proceeds of collection or disposition of Collateral to Bank's reasonable attorney fees, legal expenses and other expenses.

9. Amendments and Waivers. No provision of this Agreement may be modified or waived except by a written agreement signed by Bank. Bank will continue to have all of its rights under this Agreement even if it does not fully and promptly exercise them on all occasions.

10. Notices. Any notice to Debtor or to Bank shall be considered to be given if and when mailed, with postage prepaid, to the respective address of Debtor or Bank appearing on the first page of this Agreement, or if and when delivered personally.

11. Other. In this Agreement, "Maturity" of any of the Indebtedness means the time when that Indebtedness has become due and payable, for whatever reason. This Agreement shall be binding upon and inure to the benefit of Debtor and Bank and their respective successors and assigns.

IN WITNESS WHEREOF, Debtor and Bank have signed this Security Agreement as of the date first written above.

ASPEN SURGICAL PRODUCTS, INC.

By: 

Daniel Bowen

Its: President and CEO

OLD KENT BANK

By: 

Frederick C. Lake

Its: Vice President

GRLIB:391874.4\066153-00028

EXHIBIT A

U.S. TRADEMARK REGISTRATIONS

Trademark No.

Mark

1,730,491

Dr. Fog

1,485,173

Microhone

890,563

Dispos-A-Pak