

08-29-2002

Form PTO-1594
(Rev. 03/01)
OMB No. 0651-0027 (exp. 5/31/2002)
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U.S. DEPARTMENT OF COMMERCE
U.S. Patent and Trademark Office

To the Honorable Commissioner of Patents and Trademarks: Please record the attached original documents or copy thereof.

1. Name of conveying party(ies):
APEX PRODUCTS, LLC
A Kansas Limited Liability Company

08-26-02

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

Additional name(s) of conveying party(ies) attached? Yes No

3. Nature of conveyance:

- Assignment
- Security Agreement
- Other _____
- Merger
- Change of Name

Execution Date: June 28, 2002

2. Name and address of receiving party(ies)

Name: Heartland Corporation

Internal Address: _____

Street Address: 1061 Cudaby Place

City: San Diego State: CA Zip: 92110

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

If assignee is not domiciled in the United States, a domestic representative designation is attached: Yes No
(Designations must be a separate document from assignment)
Additional name(s) & address(es) attached? Yes No

4. Application number(s) or registration number(s):

A. Trademark Application No.(s)

B. Trademark Registration No.(s)

Additional number(s) attached Yes No

5. Name and address of party to whom correspondence concerning document should be mailed:

Name: Richard T. Clampitt

Internal Address: _____

Street Address: 101 West Broadway

Suite 1600

City: San Diego State: CA Zip: 92101

6. Total number of applications and registrations involved: 7

7. Total fee (37 CFR 3.41).....\$ 190

- Enclosed
- Authorized to be charged to deposit account

8. Deposit account number: _____

(Attach duplicate copy of this page if paying by deposit account)

DO NOT USE THIS SPACE

9. 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.

Richard T. Clampitt

Name of Person Signing

Signature

8/20/02
Date

11

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

Mail documents to be recorded with required cover sheet information to:
Commissioner of Patent & Trademarks, Box Assignments
Washington, D.C. 20231

OFFICE OF THE CLERK OF THE U.S. PATENT AND TRADEMARK OFFICE
FINANCE SECTION
2002 AUG 26 AM 8:02

ATTACHEMENT 4.
FORM PTO-1594

Trademark Application Numbers and Registration Numbers

<u>Mark</u>	<u>Reg. No./ App. No.</u>	<u>Reg. Date/ App. Date</u>	<u>Country</u>	<u>Status</u>	<u>Class</u>	<u>Comments</u>
CARPETAID+ (and design)	1,855,057	9/20/94	US	Registered	3	
DETAIL IT	76/182,377	12/18/00	US	Pending	21	
LIFTER 1 (and design)	76/336,770	11/13/01	US	Pending	21	
LIFTER 1 (and grid design)	1,993,303	08/13/96	US	Registered	3	
PETSAV'R	2,338,431	04/04/00	US	Registered	3	
PETSAV'R	2,505,106	11/06/01	US	Registered	5	
ROCK DOCTOR	76/183,135	12/19/00	US	Pending	3	

SECURITY AGREEMENT

This SECURITY AGREEMENT (this "Agreement") is made and entered into as of June 28, 2002 by APEX PRODUCTS, LLC, a Kansas limited liability company ("Grantor"), in favor of HEARTLAND CORPORATION, a Kansas corporation ("Secured Party"), with reference to the following:

RECITAL

Pursuant to the Asset Purchase and Sale Agreement dated as of June 28, 2002 by and among Grantor and Secured Party (as such agreement may from time to time be amended, the "Purchase Agreement"), Grantor has agreed to grant a security interest in certain trademarks to secure performance of certain obligations undertaken pursuant to the Purchase Agreement.

AGREEMENT

In consideration of the execution and delivery of the Purchase Agreement and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, Grantor hereby represents, warrants, covenants and agrees as follows:

1. Definitions. This Agreement is the Security Agreement referred to in the Purchase Agreement. Terms defined in the Purchase Agreement and not otherwise defined in this Agreement shall have the meanings defined for those terms in the Purchase Agreement. As used in this Agreement, the following terms shall have the meanings respectively set forth after each:

"Collateral" means and includes all of the following: (a) all of Grantor's right, title, and interest in and to the specific trademarks described in Schedule I hereto, including any of Grantor's rights in any related variations thereof; all prints and labels on which said trademarks, trade names, trade styles, and service marks appear, have appeared, or will appear, and all designs and general intangibles of a like nature, all registrations and recordings relating to the foregoing in the United States Patent and Trademark Office ("USPTO") or in any similar office or agency of the United States, any State thereof, or any political subdivision thereof, or in any other countries, and all reissues, extensions, and renewals thereof (collectively, the "Trademarks"); (b) the goodwill of the business symbolized by each of the Trademarks, and (c) any and all proceeds of any of the foregoing, including any claims by Grantor against third parties for past, present and future infringement of the Trademarks or any licenses with respect thereto.

"License Agreement" means the Heartland Corporation License Agreement dated June 28, 2002.

"Obligations" means obligations for payment of the Secured Note issued by Grantor to Secured Party dated June 28, 2002 (the "Note").

2. Security Interest. For valuable consideration, Grantor hereby grants and assigns to Secured Party a security interest to secure the prompt and indefeasible payment and performance of the Obligations, in and to all of the Collateral. This Agreement is a continuing and irrevocable agreement and all the rights, powers, privileges and remedies hereunder shall apply to any and all Obligations, notwithstanding the bankruptcy of Grantor or any other person or any other event or proceeding affecting any person.

3. Covenants Relating to the Collateral.

(a) Grantor shall not assign, sell, mortgage, lease, transfer, pledge, hypothecate, grant a security interest in or lien upon, encumber, grant an exclusive or nonexclusive license or sublicense relating thereto, except as permitted herein or in the Purchase Agreement or License Agreement, or otherwise dispose of any of the Collateral without the prior written consent of Secured Party. Nothing in this Agreement shall be deemed a consent by Secured Party to any such action, except as such action is expressly permitted hereunder.

(b) Grantor authorizes Secured Party to modify this Agreement by amending Schedule 1 to include as additional Collateral any new trademark or service mark and any trademark or service mark renewal of Grantor applied for and obtained hereafter to the extent such new trademark or other right would have been Collateral as of the date hereof; and Grantor shall, upon request of Secured Party from time to time, execute and deliver to Secured Party any and all agreements, instruments, documents, and such other papers as may be requested by Secured Party to evidence the grant of a security interest to Secured Party of each such trademark or service mark.

(c) Grantor will render any reasonable assistance, at Secured Party's sole expense, to Secured Party in any proceeding before the USPTO, any federal or state court, or any similar office or agency in the United States, or any State therein, or any other country, to maintain and protect Secured Party's security interest in the Trademarks.

(d) Grantor retains all responsibility and liability arising from the use of the Trademarks.

(e) Grantor shall, at its sole expense, do, make, execute and deliver all such additional reasonable and further acts, things, deeds, assurances, and instruments, in each case in form and substance satisfactory to Secured Party, relating to the creation, validity, or perfection of the security interests provided for in this Agreement under 15 U.S.C. Section 1051 et seq., the Uniform Commercial Code or other Law of the United States, the State of Kansas, or of any countries or other States as Secured Party may from time to time reasonably request, and shall take all such other action as the Secured Party may reasonably require to more completely vest in and assure to Secured Party its rights hereunder or its security interest in any of the Collateral.

4. Inspection. Grantor hereby grants to Secured Party and its representatives at Secured Party's sole cost and expense, reasonable access during normal business hours to inspect Grantor's properties wherein the Trademarks are used and the products and records relating thereto.

5. Rights and Remedies Upon Default. Upon the occurrence and during the continuance of breach of this Agreement or other failure of Grantor or any other party to the Purchase Agreement to satisfy any Obligation (hereinafter referred to as an "Event of Default"), and at any time thereafter, in addition to all other rights and remedies of Secured Party, whether provided under law, the Purchase Agreement or otherwise, Secured Party shall have the following rights and remedies, which may be exercised upon 30 days prior written notice to Grantor with an opportunity to cure in which case there will be no Event of Default.

(a) Secured Party may use any of the Trademarks for the sale of goods, completion of work in process, or rendering of services in connection with enforcing any security interest granted to Secured Party by Grantor.

(b) Secured Party may enforce its security interest in the Collateral, or any part thereof, either with or without special conditions or stipulations, and take all actions permitted by law in connection with such enforcement, *except* that Secured Party agrees to provide Grantor with thirty (30) days' prior written notice of any proposed disposition of the Collateral. The requirement of sending notice conclusively shall be met if such notice is mailed, first class mail, postage prepaid, to Grantor. Secured Party shall have the power to buy the Collateral, or any part thereof, and Secured Party shall also have the power to execute assurances and perform all other acts which Secured Party may, in Secured Party's sole discretion, deem appropriate or proper in connection with the Collateral. In any such event, Grantor shall be liable for any deficiency.

(c) In addition to the foregoing, in order to implement the assignment, sale or other disposition of any of the Collateral pursuant to Section 5(b) hereof, Secured Party may, at any time, execute and deliver, on behalf of Grantor pursuant to the authority granted in powers of attorney, one or more instruments of assignment of the Trademarks (or any application, registration, or recording relating thereto), in form suitable for filing, recording, or registration. Grantor agrees to pay Secured Party, on demand, all costs incurred in any such transfer of the Collateral, *including*, without limitation, any taxes, fees, and reasonable attorneys' fees.

(d) Secured Party may first apply the proceeds actually received from any such use, sale, or other disposition of Collateral to the reasonable costs and expenses thereof, *including*, without limitation, reasonable attorneys' fees which may be incurred by Secured Party. Thereafter, Secured Party may apply any remaining proceeds to the Obligations. Grantor shall remain liable to Secured Party for any expenses or Obligations remaining unpaid after the application of such proceeds, and Grantor will pay Secured Party, on demand, any such unpaid amount, together with interest at the rate set forth in the Note.

Nothing contained herein shall be construed as requiring Secured Party to take any such action at any time. All of Secured Party's rights and remedies, whether provided under law, the Purchase Agreement, this Agreement, or otherwise shall be cumulative, and none is exclusive of any right or remedy otherwise provided herein or in any other agreement, at law or in equity. Such rights and remedies may be enforced alternatively, successively, or concurrently.

6. Waivers and Consents. Grantor acknowledges that the liens created or granted herein will or may secure Obligations of persons other than Grantor and, in full recognition of that fact, Grantor consents and agrees that Secured Party may, at any time and from time to time, without notice or demand, and without affecting the enforceability or security hereof: (a) accept new or additional instruments, documents or agreements in exchange for or relative to the Obligations or any part thereof; (b) accept partial payments on the Obligations; (c) receive and hold additional security or guaranties for the Obligations or any part thereof; (d) release, reconvey, terminate, waive, abandon, fail to perfect, subordinate, exchange, substitute, transfer and/or enforce any security or guaranties, and apply any security and direct the order or manner of sale thereof as Secured Party in its sole and absolute discretion may determine; (e) release any person from any personal liability with respect to the Obligations or any part thereof; (f) settle, release on terms satisfactory to Secured Party or by operation of applicable laws or otherwise liquidate or enforce any Obligations and any security or guaranty in any manner, consent to the transfer of any security and bid and purchase at any sale; and/or (g) consent to the merger, change or any other restructuring or termination of the corporate or other existence of Grantor or any other person, and correspondingly restructure the Obligations, and any such merger, change, restructuring or termination shall not affect the liability of Grantor or the continuing existence of any lien hereunder or the enforceability hereof with respect to all or any part of the Obligations.

Upon the occurrence and during the continuance of any Event of Default, Secured Party may enforce this Agreement independently of any other remedy or security Secured Party at any time may have or hold in connection with the Obligations secured hereby, and it shall not be necessary for Secured Party to marshal assets in favor of Grantor or any other person or to proceed upon or against and/or exhaust any other security or remedy before proceeding to enforce this Agreement. Grantor expressly waives any right to require Secured Party to marshal assets in favor of Grantor or any other person or to proceed against Grantor, and agrees that Secured Party may proceed against Grantor and/or the Collateral in such order as it shall determine in its sole and absolute discretion. Secured Party may file a separate action or actions against Grantor, whether action is brought or prosecuted with respect to any other security or against any other person, or whether any other person is joined in any such action or actions. Grantor agrees that Secured Party and other persons may deal with each other in connection with the Obligations or otherwise, or alter any contracts or agreements now or hereafter existing between any of them, in any manner whatsoever, all without in any way altering or affecting the security of this Agreement. Secured Party's rights hereunder shall be reinstated and revived, and the enforceability of this Agreement shall continue, with respect to any amount at any time paid on account of the Obligations which thereafter shall be required to be restored or returned by Secured Party upon the bankruptcy, insolvency or reorganization of Grantor or otherwise, all as though such amount had not been paid. The liens created or granted herein and the enforceability of this Agreement at all times shall

remain effective to secure the full amount of all the Obligations even though the Obligations, including any part thereof or any other security or guaranty therefor, may be or hereafter may become invalid or otherwise unenforceable as against Grantor or any other party and whether or not Grantor or any other party shall have any personal liability with respect thereto. Grantor expressly waives all presentments, demands for payment or performance, notices of nonpayment or nonperformance, protests, notices of protest, notices of dishonor and all other notices or demands of any kind or nature whatsoever with respect to the Obligations, and all notices of acceptance of this Agreement or of the existence, creation or incurring of new or additional Obligations.

7. Understanding with Respect to Waivers and Consents. Grantor warrants and agrees that each of the waivers and consents set forth herein are made after consultation with legal counsel and with full knowledge of their significance and consequences, with the understanding that events giving rise to any defense or right waived may diminish, destroy or otherwise adversely affect rights which Grantor otherwise may have against Secured Party or others, and that, under the circumstances, the waivers and consents herein given are reasonable and not contrary to public policy or law. If any of the waivers or consents herein are determined to be contrary to any applicable law or public policy, such waivers and consents shall be effective to the maximum extent permitted by law.

8. Costs and Expenses.

(a) Grantor will pay any and all charges, costs and taxes incurred in implementing this Agreement, including, without limitation, recording and filing fees, appraisal fees, stamp taxes, and reasonable fees and disbursements of Secured Party's counsel incurred by Secured Party in connection with this Agreement, and in the enforcement of this Agreement and in the enforcement or foreclosure of any liens, security interests or other rights of the Secured Party under this Agreement, or under any other documentation heretofore, now, or hereafter given to Secured Party in furtherance of the transactions contemplated hereby.

(b) Grantor agrees to reimburse Secured Party for and indemnify it against, any and all losses, expenses and liabilities (including liabilities for penalties) of whatever kind or nature sustained and reasonably incurred in connection with any claim, demand, suit or legal or arbitration proceeding relating to this Agreement, or the exercise of any rights or powers hereunder, including reasonable attorneys' fees and disbursements, except losses, expenses and liabilities arising out of Secured Party's own gross negligence or misconduct.

9. Miscellaneous.

(a) Grantor and Secured Party may from time to time agree in writing to the release of certain of the Collateral from the security interest created hereby.

(b) This Agreement and all rights and obligations hereunder, including matters of construction, validity and performance, shall be governed by the

Laws of the United States, and, to the extent that the Laws of the United States are not applicable, by the Laws of the State of Kansas applicable to contracts executed and performed in the State of Kansas.

(c) Any notice, request, demand or other communication required or permitted under this Agreement shall be in writing and shall be deemed to be properly given if done in accordance with Section 9.14 of the Purchase Agreement.

(d) The provisions of this Agreement may not be modified, amended, restated or supplemented, whether or not the modification, amendment, restatement or supplement is supported by new consideration, except by a written instrument duly executed and delivered by Secured Party and Grantor.

(e) Except as otherwise set forth in the Purchase Agreement or this Agreement, any waiver of the terms and conditions of this Agreement, or any Event of Default and its consequences hereunder or thereunder, and any consent or approval required or permitted by this Agreement to be given, may be made or given with, but only with, the written consent of Secured Party on such terms and conditions as specified in the written instrument granting such waiver, consent or approval.

(f) Any failure or delay by Secured Party to require strict performance by Grantor of any of the provisions, warranties, terms, and conditions contained herein, or in any other agreement, document, or instrument, shall not affect Secured Party's right to demand strict compliance and performance therewith, and any waiver of any default shall not waive or affect any other default, whether prior or subsequent thereto, and whether of the same or of a different type. None of the warranties, conditions, provisions, and terms contained herein, or in any other agreement, document, or instrument, shall be deemed to have been waived by any act or knowledge of Secured Party, its agents, officers, or employees, but only by an instrument in writing, signed by an officer of Secured Party and directed to Grantor, specifying such waiver.

(g) If any term or provision of this Agreement conflicts with any term or provision of the Purchase Agreement, the term or provision of the Purchase Agreement shall control.

(h) If any provision hereof shall be deemed to be invalid by any court, such invalidity shall not affect the remainder of this Agreement.

(i) This Agreement shall be binding upon, and for the benefit of, the parties hereto and their respective legal representatives, successors, and assigns.

(j) This Agreement may be executed in one or more counterparts, each of which shall be deemed an original and all of which, taken together, shall constitute one and the same agreement.

10. Continuing Effect. This Agreement shall remain in full force and effect and continue to be effective should any petition be filed by or against Grantor for liquidation or

reorganization, should any Grantor become insolvent or make an Agreement for the benefit of creditors or should a receiver or trustee be appointed for all or any significant part of any Grantor's assets.

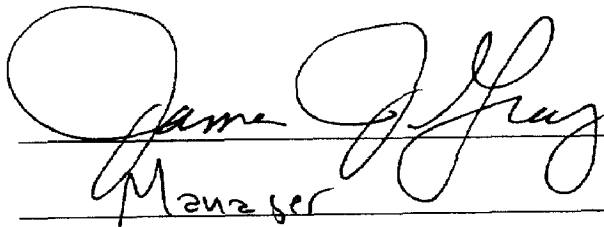
11. Release of Grantor. This Agreement and all Obligations of Grantor hereunder shall be released when all Obligations have been paid in full in cash or otherwise performed in full. Upon such release of Grantor's Obligations hereunder, Secured Party shall return any Collateral to Grantor and shall endorse, execute, deliver, record and file all instruments and documents, and do all other acts and things, reasonably required for the return of the Collateral to Grantor and to evidence or document the release of Secured Party's interests arising under this Agreement, all as reasonably requested by, and at the sole expense of, Grantor.

12. Additional Powers and Authorizations. Notwithstanding anything contained herein to the contrary, Secured Party may employ agents, trustees, or attorneys-in-fact and may vest any of them with any property (including, without limitation, any Collateral assigned hereunder), title, right or power deemed necessary for the purposes of such appointment.

IN WITNESS WHEREOF, Grantor has executed this Agreement by its duly authorized officer as of the date first written above.

"GRANTOR"

APEX PRODUCTS, LLC,
a Kansas limited liability company

By  _____
Manzer

ACCEPTED AND AGREED AS OF THE DATE FIRST ABOVE WRITTEN:

"SECURED PARTY"

HEARTLAND CORPORATION,
a Kansas corporation

By: _____
Garry O. Ridge, President

reorganization, should any Grantor become insolvent or make an Agreement for the benefit of creditors or should a receiver or trustee be appointed for all or any significant part of any Grantor's assets.

11. Release of Grantor. This Agreement and all Obligations of Grantor hereunder shall be released when all Obligations have been paid in full in cash or otherwise performed in full. Upon such release of Grantor's Obligations hereunder, Secured Party shall return any Collateral to Grantor and shall endorse, execute, deliver, record and file all instruments and documents, and do all other acts and things, reasonably required for the return of the Collateral to Grantor and to evidence or document the release of Secured Party's interests arising under this Agreement, all as reasonably requested by, and at the sole expense of, Grantor.

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IN WITNESS WHEREOF, Grantor has executed this Agreement by its duly authorized officer as of the date first written above.

"GRANTOR"


APEX PRODUCTS, LLC,
a Kansas limited liability company

By _____

ACCEPTED AND AGREED AS OF THE DATE FIRST ABOVE WRITTEN:

"SECURED PARTY"

HEARTLAND CORPORATION,
a Kansas corporation

By: 
Garry O. Ridge, President

SCHEDULE 1

Trademarks Granted as Security

Trademarks Owned by Apex Products, LLC

<u>Mark</u>	<u>Reg. No./ App. No.</u>	<u>Reg. Date/ App. Date</u>	<u>Country</u>	<u>Status</u>	<u>Class</u>	<u>Comments</u>
CARPETAID+ (and design)	1,855,057	9/20/94	US	Registered	3	
DETAIL IT	76/182,377	12/18/00	US	Pending	21	
LIFTER 1 (and design)	4297082	7/23/99	JP	Registered	1,3	
LIFTER 1 (and design)	000573329	07/18/97	EU	Registered	1,3,5	
LIFTER 1 (and design)	2261141	01/06/00	AR	Pending	1	
LIFTER 1 (and design)	2261142	01/06/00	AR	Pending	3	
LIFTER 1 (and design)	467359	11/16/99	CL	Pending	1	
LIFTER 1 (and design)	467360	11/16/99	CL	Pending	3	
LIFTER 1 (and design)	569708	12/11/97	MX	Registered	3	
LIFTER 1 (and design)	76/336,770	11/13/01	US	Pending	21	
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