

9/25/02

Form TO-1594 R  
Rev. 03/01  
OMB No. 0651-0027 (exp. 5/31/2002)  
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10-01-2002

U.S. DEPARTMENT OF COMMERCE  
U.S. Patent and Trademark Office



To the Honorable Commissioner of Patents and Trademarks **102237581** Original documents or copy thereof.

1. Name of conveying party(ies):  
  
Plastimayd Corporation  
  
 Individual(s)                       Association  
 General Partnership               Limited Partnership  
 Corporation-State Oregon  
 Other \_\_\_\_\_  
  
Additional name(s) of conveying party(ies) attached?  Yes  No

2. Name and address of receiving party(ies)  
Name: West Coast Bank  
Internal Address: West Metro Business Banking  
Street Address: 5000 S.W. Meadows Rd., #120  
City: Lake Oswego State: OR Zip: 97035  
  
 Individual(s) citizenship \_\_\_\_\_  
 Association \_\_\_\_\_  
 General Partnership \_\_\_\_\_  
 Limited Partnership \_\_\_\_\_  
 Corporation-State \_\_\_\_\_  
 Other Oregon state chartered bank corporation  
  
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

3. Nature of conveyance:  
  
 Assignment                               Merger  
 Security Agreement                       Change of Name  
 Other \_\_\_\_\_  
  
Execution Date: September 4, 2002

4. Application number(s) or registration number(s):  
A. Trademark Application No.(s) \_\_\_\_\_  
\_\_\_\_\_

B. Trademark Registration No.(s) 1,583,720;  
1,535,763; 1,522,286; 1,531,990  
Additional number(s) attached  Yes  No

5. Name and address of party to whom correspondence concerning document should be mailed:  
Name: Jennifer Mohrman  
Internal Address: \_\_\_\_\_  
\_\_\_\_\_  
Street Address: 111 S.W. Fifth Avenue  
Suite 3500  
City: Portland State: OR Zip: 97204

6. Total number of applications and registrations involved: 6  
7. Total fee (37 CFR 3.41).....\$ 165.00  
 Enclosed  
 Authorized to be charged to deposit account

8. Deposit account number: \_\_\_\_\_

**DO NOT USE THIS SPACE**

9. Signature.  
  
Erich W. Merrill, Jr.                      *Erich W. Merrill, Jr.*                      9/24/02  
Name of Person Signing                      Signature                      Date

Total number of pages including cover sheet, attachments, and document: 15

10/01/2002 TDI AZI 00000028 1583720  
01 FC:481 40.00 OP  
02 FC:482 125.00 OP

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

**Continuation of Item 4**

Registration Numbers:

1,554,684

2,437,246



Port #314795/Loan #26000296  
(Operating Line of Credit)  
Port #314795/Loan #26000297  
(Term Loan)

## SECURITY AGREEMENT

**THIS SECURITY AGREEMENT is entered into as of September 4, 2002 between PLASTIMAYD CORPORATION, an Oregon corporation, whose address is 14450 S.E. 98<sup>th</sup> Court, Clackamas, Oregon 97015 (referred to below as "Grantor"), and WEST COAST BANK (referred to below as "Lender").**

### WITNESSETH:

- A. Lender and Grantor are parties to a Credit Agreement of even date herewith, pursuant to which Lender provides to Grantor a term loan and a revolving loan.
- B. As a condition to extending the loans to Grantor, Lender requires that Grantor enter into a security agreement to secure the indebtedness.

NOW, THEREFORE, the parties agree as follows:

**For valuable consideration, Grantor grants to Lender a security interest in the Collateral to secure the Indebtedness and agrees that Lender shall have the rights stated in this Agreement with respect to the Collateral, in addition to all other rights which Lender may have by law. Grantor further assigns to Lender, subject to the license set forth in Section 3.16, all of Grantor's right, title and interest in the trademarks on Schedule 1. The parties further agree as follows:**

1. **DEFINITIONS.** The following words shall have the following meanings when used in this Agreement. Terms not otherwise defined in this Agreement shall have the meanings attributed to such terms in the Uniform Commercial Code or the Credit Agreement referred to below. All references to dollar amounts shall mean amounts in lawful money of the United States of America.

1.1 **Agreement.** The word "Agreement" means this Security Agreement, as this Security Agreement may be amended or modified from time to time, together with all exhibits and schedules attached to this Security Agreement from time to time.

1.2 **Collateral.** The word "Collateral" means the following described property of Grantor, whether now owned or hereafter acquired, whether now existing or hereafter arising, and wherever located: All accounts, chattel paper, general intangibles, goods, instruments, documents, contract rights, investment property, deposit accounts, letter of credit rights, equipment leases, inventory, equipment, fixtures, furnishings, and all tradenames, trademarks, patents, copyrights, and related goodwill, including without limitation the intangible assets listed on Schedule 1 attached hereto.

In addition, the word "Collateral" includes all the following, whether now owned or hereafter acquired, whether now existing or hereafter arising, and wherever located:

(a) All attachments, accessions, accessories, tools, parts, supplies, increases, and additions to and all replacements of and substitutions for any property described above.

(b) All products and produce of any of the property described in this Collateral section.

(c) All accounts, contract rights, general intangibles, instruments, rents, monies, payments, and all other rights, arising out of a sale, lease, or other disposition of any of the property described in this Collateral section.

(d) All proceeds (including insurance proceeds) from the sale, destruction, loss, or other disposition of any of the property described in this Collateral section.

(e) All records and data relating to any of the property described in this Collateral section, whether in the form of a writing, photograph, microfilm, microfiche, or electronic media, together with all of Grantor's right, title, and interest in and to all computer software required to utilize, create, maintain, and process any such records or data on electronic media.

1.3 **Credit Agreement.** The words "Credit Agreement" means the Credit Agreement of even date herewith between Grantor and Lender, together with all renewals of, extensions of, modifications of, refinancings of, consolidations of and substitutions for the Credit Agreement, including all increases of Indebtedness under the Credit Agreement.

1.4 **Event of Default.** The words "Event of Default" mean and include any of the Events of Default set forth below in the section titled "Events of Default."

1.5 **Grantor.** The word "Grantor" means the entities described above and each of their successors and assigns.

1.6 **Guarantor.** The word "Guarantor" means and includes without limitation, each and all of the guarantors, sureties, and accommodation parties in connection with the Indebtedness.

1.7 **Indebtedness.** The word "Indebtedness" means all the "Obligations," as that term is defined in the Credit Agreement, including all principal and interest, together with all other indebtedness and costs and expenses for which Grantor is responsible under this Agreement or under any of the Related Documents.

1.8 **Lender.** The word "Lender" means West Coast Bank, its successors and permitted assigns.

1.9 **Related Documents.** The words "Related Documents" mean and include without limitation all promissory notes, credit agreements, loan agreements, guaranties, security agreements, mortgages, deeds of trust, letter of credit documents, and all other instruments,

agreements and documents, whether now or hereafter existing, executed in connection with the Credit Agreement.

2. **RIGHT OF SETOFF.** Grantor hereby grants Lender a contractual possessory security interest in and hereby assigns, conveys, delivers, pledges, and transfers to Lender, for security, all of Grantor's right, title and interest in and to Grantor's accounts with Lender (whether checking, savings, or some other account and including the deposit account described in Section 3.17 herein), including all accounts held jointly with someone else and all accounts Grantor may open in the future, excluding however all IRA, Keogh, tax deposit, and trust accounts. Grantor authorizes Lender, to the extent permitted by applicable law, to charge or setoff all Indebtedness against any and all such accounts.

3. **OBLIGATIONS OF GRANTOR.** Grantor warrants and covenants to Lender as follows:

3.1 **Perfection of Security Interest.** Grantor hereby authorizes Lender to file such financing statements as Lender deems necessary to perfect and continue Lender's security interest in the Collateral. Upon request of Lender, Grantor will deliver to Lender any and all of the documents evidencing or constituting the Collateral, and Grantor will note Lender's interest upon any and all chattel paper if not delivered to Lender for possession by Lender. Grantor hereby appoints Lender as its irrevocable attorney-in-fact for the purpose of executing any documents necessary to perfect or to continue the security interest granted in this Agreement. Lender may at any time, and without further authorization from Grantor, file a carbon, photographic or other reproduction of any financing statement or of this Agreement for use as a financing statement. Grantor will reimburse Lender for all expenses reasonably incurred for the perfection and the continuation of the perfection of Lender's security interest in the Collateral. Grantor promptly will notify Lender before any change in Grantor's name. This is a continuing Security Agreement and will continue in effect even though all or any part of the Indebtedness is paid in full and even though for a period of time Grantor may not be indebted to Lender.

3.2 **No Violation.** The execution and delivery of this Agreement will not violate any law or agreement governing Grantor or to which Grantor is a party, and its articles of incorporation and bylaws do not prohibit any term or condition of this Agreement.

3.3 **Enforceability of Collateral.** To the extent the Collateral consists of accounts, contract rights, chattel paper, or general intangibles, the Collateral is enforceable in accordance with its terms, is genuine, and complies in all material respects with applicable laws concerning form, content and manner of preparation and execution, and, to the best of Grantor's knowledge, all persons appearing to be obligated on the Collateral have authority and capacity to contract and are in fact obligated as they appear to be on the Collateral.

3.4 **No Reincorporation.** Without limiting any prohibitions in the Credit Agreement, Grantor shall not reincorporate or reorganize itself under the laws of any jurisdiction other than the jurisdiction in which it is incorporated as of the date hereof without the prior written consent of Lender.

3.5 **Transactions Involving Collateral.** Except as otherwise provided in the Credit Agreement and except for inventory sold or accounts collected in the ordinary course of Grantor's business or the disposition of used equipment in the ordinary course of Grantor's

business, Grantor shall not sell, offer to sell, or otherwise transfer or dispose of the Collateral. Grantor shall not pledge, mortgage, encumber or otherwise permit the Collateral to be subject to any lien, security interest, encumbrance, or charge, other than (a) the security interest provided for in this Agreement, (b) Permitted Liens and (c) liens securing the obligations under the Subordinated Loan Agreement without the prior written consent of Lender. This includes security interests even if junior in right to the security interests granted under this Agreement. Unless waived by Lender, all proceeds from any disposition of the Collateral (for whatever reason) shall be held in trust for Lender and shall not be commingled with any other funds; provided however, this requirement shall not constitute consent by Lender to any sale or other disposition. Upon receipt, Grantor shall immediately deliver any such proceeds to Lender.

**3.6 Title.** Grantor represents and warrants to Lender that it holds title to the Collateral, free and clear of all liens and encumbrances, except for (a) the lien of this Agreement, (b) Permitted Liens and (c) liens securing the obligations under the Subordinated Loan Agreement. Grantor shall defend Lender's rights in the Collateral against the claims and demands of all other persons.

**3.7 Collateral Schedules and Locations.** Insofar as the Collateral consists of equipment, Grantor shall deliver to Lender, as often as Lender shall reasonably require (but in any event not more frequently than quarterly in the absence of the existence of an Event of Default), such lists, descriptions, and designations of such Collateral as Lender may require to identify the nature, extent, and location of such Collateral.

**3.8 Maintenance and Inspection of Collateral.** Grantor shall maintain all tangible Collateral in good condition and repair. Grantor will not commit or permit damage to or destruction of any material part of the Collateral. Lender and its designated representatives and agents shall have the right at all reasonable times (and, in the absence of the existence of an Event of Default, on reasonable advance notice) to examine, inspect, and audit the Collateral wherever located. Grantor shall immediately notify Lender of all cases involving the return, rejection, repossession, loss or damage of or to any material part of the Collateral; of any request for credit or adjustment or of any other dispute arising with respect to the Collateral in excess of \$75,000; and generally of all happenings and events materially affecting the Collateral or the value or the amount of the Collateral.

**3.9 Taxes, Assessments and Liens.** Grantor will pay before delinquency all taxes, assessments and liens upon the Collateral, its use or operation, upon this Agreement, upon any promissory note or notes evidencing the Indebtedness, or upon any of the other Related Documents. Grantor may withhold any such payment or may elect to contest any lien if Grantor is in good faith conducting an appropriate proceeding to contest the obligation to pay and so long as Lender's interest in the Collateral is not materially jeopardized in Lender's reasonable judgment. If the Collateral is subjected to a lien which is not a Permitted Lien and which is not discharged or the enforcement of which is not stayed within thirty (30) days, Grantor shall deposit with Lender cash, a sufficient corporate surety bond or other security satisfactory to Lender in an amount adequate to provide for the discharge of the lien plus any interest, costs, attorneys' fees or other charges that could accrue as a result of foreclosure or sale of the Collateral. In any contest Grantor shall defend itself and Lender and shall satisfy any final adverse judgment before enforcement against the Collateral. Grantor shall name Lender as an additional obligee under any surety bond furnished in the contest proceedings.

**3.10 Compliance With Governmental Requirements.** Grantor shall comply promptly in all material respects with all laws, ordinances and regulations of all governmental authorities applicable to the production, disposition, or use of the Collateral. Grantor may contest in good faith any such law, ordinance or regulation and withhold compliance during any proceeding, including appropriate appeals, so long as Lender's interest in the Collateral, in Lender's opinion, is not materially jeopardized.

**3.11 Hazardous Substances.** Except for matters previously disclosed to Lender by Grantor, Grantor represents and warrants that the Collateral never has, to Grantor's actual knowledge, been, and never will be so long as this Agreement remains a lien on the Collateral, used, except in material compliance with all Environmental Laws (as defined below), for the generation, manufacture, storage, transportation, treatment, disposal, release or threatened release of any hazardous waste or substance, as those terms are defined in the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, 42 U.S.C. Section 9601, et seq. ("CERCLA"), the Superfund Amendments and Reauthorization Act of 1986, Pub. L. No. 99-499 ("SARA"), the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801, et seq., the Resource Conservation and Recovery Act, 49 U.S.C. Section 6901, et seq., or other applicable state or Federal laws, rules, or regulations adopted pursuant to any of the foregoing or intended to protect human health or the environment ("Environmental Laws"). The terms "hazardous waste" and "hazardous substance" shall also include, without limitation, petroleum and petroleum by-products or any fraction thereof and asbestos. The representations and warranties contained herein are based on Grantor's knowledge after due diligence in investigating the Collateral for hazardous wastes and substances. Grantor hereby agrees to indemnify and hold harmless Lender against any and all claims and losses resulting from a breach of this provision of this Agreement, or as a result of a violation of any Environmental Laws, other than claims resulting from the gross negligence or willful misconduct of Lender. This obligation to indemnify shall survive the payment of the Indebtedness and the satisfaction of this Agreement.

**3.12 Maintenance of Casualty Insurance.** Grantor shall procure and maintain all risks insurance, including without limitation fire, theft and liability coverage together with such other insurance as Lender may reasonably require with respect to the Collateral, in form, amounts, coverages and basis reasonably acceptable to Lender and issued by a company or companies reasonably acceptable to Lender. Grantor, upon request of Lender, will deliver to Lender from time to time the policies or certificates of insurance in form satisfactory to Lender, including stipulations that coverages will not be cancelled or diminished without at least thirty (30) days' prior written notice to Lender and not including any disclaimer of the insurer's liability for failure to give such a notice. In connection with all policies covering assets in which Lender holds or is offered a security interest, Grantor will provide Lender with such loss payable or other endorsements as Lender may reasonably require. If Grantor at any time fails to obtain or maintain any insurance as required under this Agreement, Lender may (but shall not be obligated to), after three business day's notice to Grantor, obtain such insurance as Lender deems appropriate, including if it so chooses "single interest insurance," which will cover only Lender's interest in the Collateral. The following notice is given pursuant to ORS 746.201:

## WARNING

Unless Grantor provides Lender with evidence of the insurance coverage as required herein, Lender may purchase insurance at Grantor's expense to protect Lender's interest. This insurance may, but need not, also protect Grantor's interest. If the collateral becomes damaged, the coverage Lender purchases may not pay any claim Grantor makes or any claim made against Grantor. Grantor may later cancel this coverage by providing evidence that Grantor has obtained property coverage elsewhere.

Grantor is responsible for the cost of any insurance purchased by Lender. The cost of this insurance may be added to the indebtedness secured hereby. If the cost is added to the indebtedness secured hereby, the interest rate on the indebtedness secured hereby will apply to this added amount. The effective date of coverage may be the date the prior coverage lapsed or the date Grantor failed to provide proof of coverage.

The coverage Lender purchases may be considerably more expensive than insurance Grantor can obtain on Grantor's own and may not satisfy any need for property damage coverage or any mandatory liability insurance requirements imposed by applicable law.

**3.13 Application of Insurance Proceeds.** Grantor shall promptly notify Lender of any loss or damage to any material portion of the Collateral. Lender may make proof of loss if Grantor fails to do so within thirty (30) days of the casualty. All proceeds of any insurance on the Collateral, including accrued proceeds thereon, shall be subject to Lender's security interest as part of the Collateral. So long as no Event of Default exists, Lender shall pay the proceeds to Grantor.

**3.14 Insurance Reserves.** If Grantor has failed to maintain insurance as required herein, Lender may require Grantor to maintain with Lender reserves for payment of insurance premiums, which reserves shall be created by monthly payments from Grantor of a sum estimated by Lender to be sufficient to produce, at least twenty (20) days before the premium due date, amounts at least equal to the insurance premiums to be paid and Lender shall pay such premiums on behalf of Grantor. If twenty (20) days before payment is due, the reserve funds are insufficient, Grantor shall upon demand pay any deficiency to Lender. The reserve funds shall be held by Lender as a general deposit and shall constitute a non-interest bearing account which Lender may satisfy by payment of the insurance premiums required to be paid by Grantor as they become due. Lender does not hold the reserve funds in trust for Grantor, and Lender is not the agent of Grantor for payment of the insurance premiums required to be paid by Grantor.

**3.15 Insurance Reports.** Not more frequently than quarterly, Grantor, upon request of Lender, shall furnish to Lender reports on each existing policy of insurance showing such information as Lender may reasonably request including the following: (a) the name of the insurer; (b) the risks insured; (c) the amount of the policy; (d) the property insured; (e) the then current value on the basis of which insurance has been obtained and the manner of determining that value; and (f) the expiration date of the policy. In addition, Grantor shall upon request by Lender (however not more often than once every three years) have an independent appraiser satisfactory to Lender determine, as applicable, the cash value of replacement cost of the Collateral. The cost of such appraisal shall not exceed \$10,000.



**3.16 Intangible Assets.** Lender hereby grants to Grantor a license to control and manage the trademarks in the same manner and with the same effect as if this Agreement had not been entered into, so long as no Event of Default, as defined in Section 6, occurs and remains uncured. Grantor warrants and covenants as follows:

(a) a true and complete schedule setting forth all federal and/or state trademarks, service marks, trade name or brand name registrations, and domain names owned or controlled by Grantor or licensed to Grantor, together with a summary description and full information in respect of the filing, registration, or issuance thereof and expiration dates is set forth on Schedule 1;

(b) each of the trademark registrations, and domain name registrations is valid and enforceable, and Grantor is not presently aware of any past, present, or prospective claim by any third party that any of the trademark registrations, or domain name registrations are invalid or unenforceable, or that the use of any trademarks or domain names violates the rights of any third person, or of any basis for any such claims;

(c) Grantor has used and will continue to use proper statutory notice in connection with its use of each of the registered trademarks, and registered domain names;

(d) Grantor has used and will continue to use consistent standards of high quality (which may be consistent with Grantor's past practices) in the manufacture, sale, and delivery of products and services sold or delivered under or in connection with the trademarks, including, to the extent applicable, in the operation and maintenance of its merchandising operations, and will continue to maintain the validity of the trademarks;

(e) if Grantor shall obtain rights to any new trademarks or domain names, the provisions of this Agreement shall automatically apply thereto; and

(f) Grantor shall commence and diligently prosecute in its own name, as the real party in interest, for its own benefit, and its own expense, such suits, administrative proceedings, or other actions for infringement or other damages as are in its reasonable business judgment necessary to protect the Collateral. Grantor shall provide to Lender any information with respect thereto requested by Lender. Lender shall provide at Grantor's expense all necessary cooperation in connection with any such suit, proceeding, or action, including, without limitation, joining as a necessary party.

**3.17 Deposit Account.** Within 24 hours of receipt, Grantor shall deposit the proceeds of all accounts and other items of Collateral in a deposit account with Lender, to be solely controlled by Lender.

**4. POSSESSION OF COLLATERAL.** If Lender at any time has possession of any Collateral, whether before or after an Event of Default, Lender shall be deemed to have exercised reasonable care in the custody and preservation of the Collateral if Lender takes such action for that purpose as Grantor shall request or as Lender would afford to its own property, but failure to honor any request by Grantor shall not of itself be deemed to be a failure to exercise reasonable care. Lender shall not be required to take any steps necessary to preserve any rights in the

Collateral against prior parties, nor to protect, preserve or maintain any security interest given to secure the Collateral.

5. **EXPENDITURES BY LENDER.** If not discharged or paid when due, Lender may (but shall not be obligated to) discharge or pay any amounts required to be discharged or paid by Grantor under this Agreement, including without limitation all taxes, liens, security interests, encumbrances, and other claims, at any time levied or placed on the Collateral. Lender also may (but shall not be obligated to) pay all reasonable costs for insuring, maintaining and preserving the Collateral. All such expenditures incurred or paid by Lender for such purposes will then bear interest at the rate charged under the Credit Agreement from the date incurred or paid by Lender to the date of repayment by Grantor. All such expenses shall become a part of the Indebtedness and, at Lender's option, will (a) be payable on demand, (b) be added to the balance of the Credit Agreement and be apportioned among and be payable with any installment payments to become due during either (i) the term of any applicable insurance policy or (ii) the remaining term of the Credit Agreement, or (c) be treated as a balloon payment which will be due and payable at the Credit Agreement's maturity. This Agreement also will secure payment of these amounts. Such right shall be in addition to all other rights and remedies to which Lender may be entitled upon the occurrence of an Event of Default.

6. **EVENTS OF DEFAULT.** Each of the following shall constitute an Event of Default under this Agreement.

6.1 **Cross-Default.** The occurrence and continuation of an "Event of Default" under the Credit Agreement.

6.2 **Other Defaults.** Failure (after any required notice or applicable cure period) of Grantor to comply with or to perform any term, obligation, covenant or condition contained in this Agreement or in any of the Related Documents. If any such default is curable and if Grantor has not been given a prior notice of a breach of the same provision of this Agreement, it may be cured (and no Event of Default will have occurred) if Grantor, after Lender sends written notice demanding cure of such default, (a) cures the default within thirty (30) days; or (b) if the cure requires more than thirty (30) days, immediately initiates steps which Lender deems in the exercise of its reasonable judgment to be sufficient to cure the default and thereafter continues and completes all reasonable and necessary steps sufficient to produce compliance as soon as reasonably practical.

6.3 **False Statements.** Any warranty, representation or statement made or furnished to Lender by or on behalf of Grantor under this Agreement is false or misleading in any material respect, either now or at the time made or furnished.

7. **RIGHTS AND REMEDIES ON DEFAULT.** If an Event of Default occurs and is continuing (subject to cure periods) under this Agreement, at any time thereafter, Lender shall have all the rights of a secured party under the Oregon Uniform Commercial Code. In addition and without limitation, Lender may exercise any one or more of the following rights and remedies if an Event of Default occurs and is continuing (subject to cure periods):

7.1 **Assemble Collateral.** Lender may require Grantor to deliver to Lender all or any portion of the Collateral and any and all certificates of title and other documents relating to the Collateral. Lender may require Grantor to assemble the Collateral and make it available to

Lender at a place to be designated by Lender. Lender also shall have full power to enter upon the property of Grantor to take possession of and remove the Collateral. If the Collateral contains other goods not covered by this Agreement at the time of repossession, Grantor agrees Lender may take such other goods, provided that Lender makes reasonable efforts to return them to Grantor after repossession.

**7.2 Sell the Collateral.** Lender shall have full power to sell, lease, transfer, or otherwise deal with the Collateral or proceeds thereof in its own name or that of Grantor. Lender may sell the Collateral at public auction or private sale. Unless the Collateral threatens to decline speedily in value or is of a type customarily sold on a recognized market, Lender will give Grantor reasonable notice of the time after which any private sale or any other intended disposition of the Collateral is to be made unless Grantor has signed, after an Event of Default occurs, a statement renouncing or modifying Grantor's right to notification of sale. The requirements of reasonable notice shall be met if such notice is given at least ten (10) days before the time of the sale or disposition. All expenses relating to the disposition of the Collateral, including without limitation the expenses of retaking, holding, insuring, preparing for sale and selling the Collateral, shall become a part of the Indebtedness secured by this Agreement and shall be payable on demand, with interest at the Credit Agreement rate from date of expenditure until repaid.

**7.3 Appoint Receiver.** To the extent permitted by applicable law, Lender shall have the following rights and remedies regarding the appointment of a receiver: (a) Lender may have a receiver appointed as a matter of right, (b) the receiver may be an employee of Lender and may serve without bond, and (c) all fees of the receiver and his or her attorney shall become part of the Indebtedness secured by this Agreement and shall be payable on demand, with interest at the Credit Agreement rate from date of expenditure until repaid.

**7.4 Collect Revenues, Apply Accounts.** Lender, either itself or through a receiver, may collect the payments, rents, income, and revenues from the Collateral. Lender may at any time in its discretion transfer any Collateral into its own name or that of its nominee and receive the payments, rents, income, and revenues therefrom and hold the same as security for the Indebtedness or apply it to payment of the Indebtedness in such order of preference as Lender may determine. Insofar as the Collateral consists of accounts, general intangibles, insurance policies, instruments, chattel paper, choses in action, or similar property, Lender may demand, collect, receipt for, settle, compromise, adjust, sue for, foreclose, or realize on the Collateral as Lender may determine, whether or not Indebtedness or Collateral is then due. For these purposes, Lender may, on behalf of and in the name of Grantor, receive, open and dispose of mail addressed to Grantor; change any address to which mail and payments are to be sent; and endorse notes, checks, drafts, money orders, documents of title, instruments and items pertaining to payment, shipment, or storage of any Collateral. To facilitate collection, Lender may notify account debtors and obligors on any Collateral to make payments directly to Lender.

**7.5 Terminate License.** Lender shall have the right to terminate the license to control and manage the trademarks granted in Section 3.16 herein.

**7.6 Obtain Deficiency.** If Lender chooses to sell any or all of the Collateral, Lender may obtain a judgment against Grantor for any deficiency remaining on the Indebtedness due to Lender after application of all amounts received from the exercise of the rights provided in this

Agreement. Grantor shall be liable for a deficiency even if the transaction described in this subsection is a sale of accounts or chattel paper.

**7.7 Other Rights and Remedies.** Except as may be expressly set forth to the contrary herein, Lender shall have all the rights and remedies of a secured creditor under the provisions of the Uniform Commercial Code, as may be amended from time to time. In addition, Lender shall have and may exercise any or all other rights and remedies it may have available at law, in equity, or otherwise.

**7.8 Cumulative Remedies.** All of Lender's rights and remedies, whether evidenced by this Agreement or the Related Documents or by any other writing, shall be cumulative and may be exercised singularly or concurrently. Election by Lender to pursue any remedy shall not exclude pursuit of any other remedy, and an election to make expenditures or to take action to perform an obligation of Grantor under this Agreement, after Grantor's failure to perform, shall not affect Lender's right to declare a default and to exercise its remedies.

**8. MISCELLANEOUS PROVISIONS.** The following miscellaneous provisions are a part of this Agreement:

**8.1 Amendments.** This Agreement, together with any Related Documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Agreement. No alteration of or amendment to this Agreement shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.

**8.2 Applicable Law.** This Agreement has been delivered to Lender and accepted by Lender in the State of Oregon. If there is a lawsuit, Grantor agrees upon Lender's request to submit to the jurisdiction of the courts sitting in Multnomah County, State of Oregon. Subject to the provisions on arbitration, this Agreement shall be governed by and construed in accordance with the laws of the State of Oregon.

**8.3 Arbitration.** All disputes, claims, counterclaims, and defenses relating to this Agreement are subject to the arbitration provisions of Section 8.8 of the Credit Agreement.

**8.4 Attorneys' Fees; Expenses.** Grantor agrees to pay upon demand all of Lender's costs and expenses, including reasonable attorneys' fees and Lender's legal expenses, incurred in connection with the enforcement of this Agreement. Lender may pay someone else to help enforce this Agreement, and Grantor shall pay the reasonable costs and expenses of such enforcement. Costs and expenses include Lender's reasonable attorneys' fees and legal expenses whether or not there is a lawsuit, including reasonable attorneys' fees and legal expenses for bankruptcy proceedings (and including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection services. Grantor also shall pay all court costs and such additional fees as may be directed by the court.

**8.5 Caption Headings.** Caption headings in this Agreement are for convenience purposes only and are not to be used to interpret or define the provisions of this Agreement.

**8.6 Notices.** All notices required to be given under this Agreement shall be given in the manner specified in the Credit Agreement.

8.7 **Power of Attorney.** Grantor hereby appoints Lender as its true and lawful attorney-in-fact, irrevocably, with full power of substitution to do the following: (a) during the existence of an Event of Default, to demand, collect, receive, receipt for, sue and recover all sums of money or other property which may now or hereafter become due, owing or payable from the Collateral; (b) to execute, sign and endorse any and all claims, instruments, receipts, checks, drafts or warrants issued in payment for the Collateral; (c) to settle or compromise any and all claims arising under the Collateral, and, in the place and stead of Grantor, to execute and deliver its release and settlement for the claim; and (d) to file any claim or claims or to take any action or institute or take part in any proceedings, either in its own name or in the name of Grantor, or otherwise, which in the discretion of Lender may seem to be necessary or advisable. This power is given as security for the Indebtedness, and the authority hereby conferred is and shall be irrevocable and shall remain in full force and effect until renounced by Lender.

8.8 **Preference Payments.** Any monies Lender pays because of an asserted preference claim in Borrower's bankruptcy will become a part of the Indebtedness and, at Lender's option, shall be payable by Borrower as provided in Section 5 above.

8.9 **Severability.** If a court of competent jurisdiction finds any provision of this Agreement to be invalid or unenforceable as to any person or circumstance, such finding shall not render that provision invalid or unenforceable as to any other persons or circumstances. If feasible, any such offending provision shall be deemed to be modified to be within the limits of enforceability or validity; however, if the offending provision cannot be so modified, it shall be stricken and all other provisions of this Agreement in all other respects shall remain valid and enforceable.

8.10 **Successor Interests.** Subject to the limitations set forth above on transfer of the Collateral, this Agreement shall be binding upon and inure to the benefit of the parties, their successors and permitted assigns.

8.11 **Waiver.** Lender shall not be deemed to have waived any rights under this Agreement unless such waiver is given in writing and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver by Lender of a provision of this Agreement shall not prejudice or constitute a waiver of Lender's right otherwise to demand strict compliance with that provision or any other provision of this Agreement. No prior waiver by Lender, nor any course of dealing between Lender and Grantor, shall constitute a waiver of any of Lender's rights or of any of Grantor's obligations as to any future transactions. Whenever the consent of Lender is required under this Agreement, the granting of such consent by Lender in any instance shall not constitute continuing consent to subsequent instances where such consent is required and in all cases such consent may be granted or withheld in the sole discretion of Lender.

8.12 **SBA Notice.** The term loan secured by this lien was made under a United States Small Business Administration (SBA) nationwide program which uses tax dollars to assist small business owners. If the United States is seeking to enforce this document, then under SBA regulations:

a. When SBA is the holder of the note evidencing the term loan, this document and all documents evidencing or securing the term loan will be construed in accordance with federal law.


b. Lender or SBA may use local or state procedures for purposes such as filing papers, recording documents, giving notice, foreclosing liens, and other purposes. By using these procedures, SBA does not waive any federal immunity from local or state control, penalty, tax or liability. No borrower or guarantor may claim or assert against SBA any local or state law to deny any obligation of Borrower, or default any claim of SBA with respect to the term loan.

Any clause in this document requiring arbitration is not enforceable when SBA is the holder of the term loan note secured by this instrument.

IN WITNESS WHEREOF, the parties have duly executed this Agreement as of the day and year first above written.

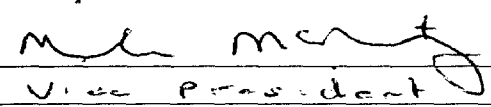
GRANTOR:

PLASTIMAYD CORPORATION

By:   
Its: Fred President

LENDER:

WEST COAST BANK

By:   
Its: Mike Vice President

# SCHEDULE 1

## INTANGIBLE ASSETS

### FEDERAL MARKS

#### Registered Trademarks

<b>Federal Marks</b>	<b>Reg. No.</b>	<b>Serial No.</b>	<b>Filing Date</b>	<b>Reg. Date</b>
PLASTIMAYD (class 22)	1,583,720	73/738,044	7/5/88	2/20/90
PLASTIMAYD (class 37)	1,535,763	73/736,745	6/27/88	4/18/89
PLASTIMAYD (class 1)	1,522,286	73/736,620	6/27/88	1/31/89
SPACE ARENA	1,531,990	73/736,546	6/27/88	3/28/89
UNIFLEX	1,554,684	73/769,076	12/12/88	9/5/89
ULTRA-MAYD	2,437,246	76/035,806	4/26/00	3/20/01

#### Unregistered Trademarks

PERMABAYD 25  
UNWELD  
TEX-TRED  
PERMAWALL  
POOL PATCH  
VINYL LIQUID WELD  
SUPER FIT  
SURE FIT

#### Domain Names

<b>Name</b>	<b>Expiration Date</b>
PLASTIMAYD.COM	December 8, 2003
PLASTIMAYD.NET	May 25, 2003

DS

**Miller Nash LLP**  
3500 U.S. Bancorp Tower  
111 S.W. Fifth Avenue  
Portland, OR 97204-3638  
(503) 224-5858  
(503) 224-0155 fax

4400 Two Union Square  
601 Union Street  
Seattle, WA 98101-2352  
(206) 622-8484  
(206) 622-7485 fax

500 E. Broadway, Suite 400  
Post Office Box 694  
Vancouver, WA 98666-0694  
(360) 699-4771  
(360) 694-6413 fax



Erich W. Merrill, Jr.  
emerrill@millernash.com  
(503) 205-2504 direct line

September 24, 2002

**VIA FEDERAL EXPRESS**

Commissioner of Patents and Trademarks  
Box ASSIGNMENTS  
Washington, D.C. 20231

Subject: Recordation of Trademark Assignment  
Conveying Party: Plastimayd Corporation  
Receiving Party: West Coast Bank

Dear Sir or Madam:

Enclosed on behalf of West Coast Bank are:

1. Recordation form cover sheet;
2. A copy of the security agreement between conveying and receiving party;
3. A check for \$165.00 for the filing fee for six marks; and
4. A postcard to acknowledge receipt of this request for recordation.

Any additional fees should be charged to deposit account no. 50-1531. Please direct all correspondence to me at the above address.

Very truly yours,

Erich W. Merrill, Jr.