

04-16-2003



Form PTO-1594 (Rev. 10/02) OMB No. 0651-0027 (exp. 6/30/2003) Tab settings

102420963

EET 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): Heartland Fragrance & Herb Company 4-1503
Individual(s) Association
General Partnership Limited Partnership
Corporation-State (Missouri)
Other
Additional name(s) of conveying party(ies) attached? Yes No

2. Name and address of receiving party(ies)
Name: Union Planters Bank, N.A.
Internal Address: ATTN: W. Keith McLaughlin
Street Address: 2401 Bernadette Dr.
City: Columbia State: MO Zip: 65203
Individual(s) citizenship
Association National Banking Association
General Partnership
Limited Partnership
Corporation-State
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

3. Nature of conveyance:
Assignment Merger
Security Agreement Change of Name
Other
Execution Date: 04/02/2003

4. Application number(s) or registration number(s):
A. Trademark Application No.(s) Please see attached.
B. Trademark Registration No.(s) Please see attached. 75586629
Additional number(s) attached Yes No

5. Name and address of party to whom correspondence concerning document should be mailed:
Name: Van Matre and Harrison, P.C.
Internal Address: ATTN: Matthew S. Volkert
Street Address: 1103 E. Broadway, Ste. 101
P. O. Box 1017
City: Columbia State: MO Zip: 65205-1017

6. Total number of applications and registrations involved: 8
7. Total fee (37 CFR 3.41) \$ 215.00
Enclosed
Authorized to be charged to deposit account
8. Deposit account number:

DO NOT USE THIS SPACE

9. Signature.
Matthew S. Volkert
Name of Person Signing
Signature
April 9, 2003
Date
Total number of pages including cover sheet, attachments, and document: 35

4/15 003 LMUELLER 00000143 75586629
FC-521 40.00 OP
FC-522 175.00 OP

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

TRADEMARK REEL: 002712 FRAME: 0348

(ATTACHMENT TO RECORDATION FORM COVER SHEET)

<b>Continuation of Item 4. Application number(s) or registration number(s)</b>	
<b>A. Trademark Application No(s).</b>	<b>B. Trademark Registration No(s).</b>
75586629 76363002	2337911 2389655 2453711 2491229 2614495 2617194

## SECURITY AGREEMENT

1. **Grant of Security Interest.** To secure the full and prompt payment and performance of Debtor's promissory note of even date herewith in the amount of \$350,000 and all of the Obligations of Heartland Fragrance & Herb Co., a Missouri corporation, Debtor, by this Security Agreement dated as of April 2, 2003 (this "Agreement"), unconditionally and irrevocably grants to Union Planters Bank, N.A., a national banking association ("Secured Party"), a Security Interest under the UCC, under any other applicable Law, and pursuant to this Agreement and the other Loan Documents, in all personal property and assets of the Debtor and all of Debtor's right, title and interest therein, in all cases, whether now or hereafter owned or acquired by or consigned to Debtor and wherever located, including without limitation the following (collectively the "Collateral"):

a. All Accounts, accounts receivable, deposit accounts, notes and other obligations owed to Debtor that arise from the sale, rental or lease of Inventory, goods or other property of Debtor or the rendering of services by Debtor, and all Chattel Paper, Instruments, Documents, drafts and acceptances and other forms of obligations (including but not limited to all obligations that may be characterized as General Intangibles or otherwise under the UCC) respecting the rights of Debtor to the payment of money from others, and all other rights to the payment of money;

b. All Goods and Inventory, including all inventories of raw materials, work-in-process, finished goods, and merchandise, and all other personal property of every kind and description held for sale, rental or lease or held to be furnished under contracts for services, or held for use in the processing, packaging, delivery or shipping of such property;

c. All Equipment, machinery, furniture, and fixtures of every sort and spare parts therefor, all storage media containing computer programs and data, and all tools, dies, and molds, and all motor vehicles, trailers, tractors, barges, and ships of every sort and spare parts therefor, whether or not titled or certificated;

d. All General Intangibles (including but not limited to all limited and general partnership interests and membership interests in limited liability companies), and all computer programs and data, leases, licenses, claims and causes of action against others (whether in litigation, settlement or otherwise), and tax refunds, and all summaries, compilations, mailing and customer lists, goodwill and other records relating to the business, assets, liabilities or capital of Debtor, and all disks, tapes, printouts, books, records, periodicals, directories, publications and other documents and media where the foregoing is stored or embodied, and all patents, patent applications, trademarks, trademark applications, trade secrets, trade names, service marks, trade styles, websites, internet domain names, and copyrights, in each case whether or not registered or filed, including without limitation the trademark and trademark applications listed on Exhibit A hereto;

e. All rights under all licenses, permits, leases, contracts, governmental approvals, franchises, applications for any of the foregoing, renewals of any of the foregoing, and similar rights or privileges;

f. (A) all dividends, cash, securities, instruments and other property from time to time paid, payable or otherwise distributed to Debtor in respect of or in exchange for any shares or other capital stock, or trust, partnership or limited liability company interests; (B) any and all distributions made to Debtor in respect of any such shares or capital stock, or trust, partnership or limited liability company interests, whether in cash or in kind, by way of dividends or stock splits, or pursuant to a merger or consolidation or otherwise, or any substitute security issued to Debtor upon conversion, reorganization or otherwise; and (C) any and all other property hereafter delivered to Debtor or Secured Party in substitution for or in addition to any of the foregoing (including without limitation all securities issued pursuant to any shareholder agreement, stock purchase agreement, partnership agreement, trust agreement or indenture, limited liability company operating agreement, stock purchase rights or other agreement to which Debtor may now or hereafter be a party, all certificates and instruments representing or evidencing such property and all cash, securities, interest, dividends, rights, and other property at any time and from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all thereof); and

g. All cash and non-cash proceeds of the foregoing, all proceeds from insurance on any of the foregoing, all goodwill associated with the foregoing, all additions and accessions to and replacements and substitutions for any of the foregoing, everything that becomes (or is held for the purpose of being) affixed to or installed in any of the foregoing, and all products, rents, income, dividends, and profits of or from any of the foregoing.

In consideration of the foregoing, the mutual agreements below and other sufficient consideration, the receipt of which is hereby acknowledged, the parties hereto hereby agree as follows:

2. **General.** Unless the context of this Agreement clearly requires otherwise, (i) references to the plural include the singular and vice versa, (ii) references to any Person include such Person's successors and assigns but, if applicable, only if such successors and assigns are permitted by this Agreement, (iii) references to one gender include all genders, (iv) "including" is not limiting, (v) "or" has the inclusive meaning represented by the phrase "and/or", (vi) the words "hereof", "herein", "hereby", "hereunder" and similar terms in this Agreement refer to this Agreement as a whole, including its Exhibits, and not to any particular provision of this Agreement, (vii) the word "Section" or "section" and "Page" or "page" refer to a section or page, respectively, of this Agreement unless it expressly refers to something else, (viii) reference to any agreement, document, or instrument, including this Agreement, any other Loan Document and any agreement, document or instrument defined herein, means such agreement, document, or instrument as it may have been or may be amended, restated, extended, renewed, replaced, or otherwise modified and in effect from time to time in accordance with the terms thereof and, if applicable, the terms hereof, and includes all attachments thereto and instruments incorporated therein, if any, and (ix) general and specific references to any Law means such Law as amended, modified, codified or reenacted, in whole or

in part, and in effect from time to time. Section captions are for convenience only and do not affect the interpretation or construction of this Agreement.

3. **Defined Terms.** All capitalized terms not otherwise defined herein have the meanings given them in the Loan Agreement by and between Debtor, Secured Party, and others dated April \_\_\_\_, 2003. Capitalized terms used and not otherwise defined herein or in the Loan Agreement have the meanings given them in the UCC.

4. **Certificate Regarding Collateral.** Whenever Secured Party so requires, Debtor will execute and deliver to Secured Party a certificate, in form and detail satisfactory to Secured Party and signed by a knowledgeable officer of Debtor, scheduling all Collateral, as Secured Party may reasonably require, together with such copies of invoices (with evidence of shipment attached), if available, original bills of lading, original warehouse receipts or similar documents of title, pertaining to Debtor's Accounts and Inventory as Secured Party may reasonably require.

5. **Securities as Collateral.** If any of the property which is part of the Collateral is, from time to time, a security:

a. With respect to Collateral existing on the date hereof, Debtor has delivered to Secured Party the certificates or other instruments representing the securities, together with stock powers or other instruments of transfer satisfactory to Secured Party executed in blank by Debtor for each such certificate or instrument, and with respect to Collateral arising after the date hereof or otherwise coming into existence after the date hereof, Debtor will within five (5) days of receipt thereof deliver to Secured Party the certificates or other instruments representing the securities, together with stock powers or other instruments of transfer satisfactory to Secured Party executed in blank by Debtor for each such certificate or instrument. In addition, in all cases, Debtor will promptly execute such pledge agreements as Secured Party may require.

b. Secured Party may transfer the security into its name or the name of its nominee for so long as the security remains part of the Collateral.

c. The issuer of any security which is part of the Collateral is hereby granted the authority to make the transfer into Secured Party's name or the name of Secured Party's nominee.

d. Secured Party has the sole right to vote any securities which are Collateral with regard to any proposed amendment to the Bylaws or Articles of Incorporation of the issuer of such security which would result in a change in the preferences, qualifications, limitations, restrictions, or the special or relative rights in respect of the securities. Otherwise, Debtor has the sole right to vote such securities until the occurrence of an Event of Default.

e. All income from the securities are to be paid and delivered to Debtor; provided, however, that any securities received by Debtor by reason of Debtor's ownership of the securities pledged hereunder are to be promptly delivered to Secured Party as part of the Collateral, as provided above.

6. **Possession of Collateral.** Until the occurrence of an Event of Default, Debtor will have possession of all Collateral except for Collateral which is in the possession of Secured Party or Collateral which Secured Party must possess in order to have a perfected first priority Security Interest therein, and Debtor may use each item of the Collateral in its possession in any lawful manner not inconsistent with this Agreement, the other Loan Documents or with any policy of insurance covering the same.

7. **Business Purpose.** Debtor represents and warrants that the Collateral is not, and will not be, used for personal, family or household purposes.

8. **Insurance.** Debtor will keep the Collateral insured in accordance with the terms of the Loan Agreement.

9. **Condition of Collateral; Disposal of Collateral.** Debtor will keep the Collateral in the condition required under the terms of the Loan Agreement. Debtor will not transfer, convey or otherwise dispose of any Collateral (or any interest therein) unless and only to the extent permitted by the Loan Agreement.

10. **Taxes; Security Interests.** Debtor will pay and discharge all taxes assessed on the Collateral in accordance with the terms of the Loan Agreement. Debtor will keep the Collateral free of all Security Interests and Encumbrances other than the Security Interest of Secured Party and the Permitted Security Interests.

11. **Inspection.** Secured Party and any of its authorized agents may examine and inspect the Collateral in accordance with the terms of the Loan Agreement.

12. **Disbursement Directly to Seller of Collateral.** To the extent, if any, that Debtor has advised Secured Party that any of the Collateral is being acquired with proceeds of any loan, advance or other financial accommodation from Secured Party, such proceeds may be disbursed by Secured Party directly to the seller of such Collateral.

13. **Collateral Not to Become Fixtures.** Without first making arrangements satisfactory to Secured Party to protect its Security Interest, Debtor will not allow the Collateral to become affixed to or installed in any property except other items of the Collateral.

14. **Location of Collateral.** Unless Secured Party otherwise consents in writing, all of the tangible Collateral will be kept at Debtor's chief executive office or such other places of business described in the Loan Agreement, including Collateral which is movable when the same is not in use; and without Debtor first making arrangements satisfactory to Secured Party to protect Secured Party's Security Interest therein, Debtor will not place any of the Collateral in any other location. If Debtor intends to change its name, change its structure, change the location of Debtor's chief executive office, create new or otherwise amend its trade names or trademarks, or open other places of business, Debtor will, prior to taking any such action, provide Secured Party no less than thirty (30) days prior written notice of the same and, prior to taking any such action, will promptly execute such additional documents as Secured Party may reasonably request in order to maintain a fully

perfected first priority Security Interest in favor of Secured Party in the Collateral, subject only to the Permitted Security Interests.

15. **Adverse Conditions Affecting Collateral.** Debtor will notify Secured Party immediately in writing of any material adverse fact or condition of which Debtor is aware or should be aware which bears upon the value of the Collateral including any adverse fact or condition, or the occurrence of any event, which (i) bears upon the collectibility of any material Account including the ability of any Account Debtor to perform under any agreement evidencing any material Account (including the bankruptcy, insolvency or failure of any Account Debtor to pay its debts as they become due), or (ii) causes material loss or depreciation in the value of any item of the Collateral and the amount of such loss or depreciation. Debtor will provide such additional information to Secured Party regarding the amount of any loss or depreciation in value of the Collateral as Secured Party may reasonably request from time to time.

16. **Protection of Security Interest.** Secured Party may, at Debtor's sole cost, file a copy of this Agreement, or a financing statement executed by Secured Party as agent for Debtor, in any public office deemed necessary by Secured Party to perfect or continue its Security Interest in the Collateral, and Debtor hereby authorizes Secured Party to do the same. Debtor will execute or cause the execution of such additional financing statements and other documents (and pay the cost of filing or recording the same in all public offices deemed necessary by Secured Party) and do such other acts and things, including execution of applications and certificates of title naming Secured Party as a secured party and delivery of same to Secured Party, as Secured Party may from time to time request or deem necessary to establish and maintain a valid and perfected Security Interest in the Collateral, subject only to the Permitted Security Interests. If any of the property which is part of the Collateral is a security, at Secured Party's request, Debtor will send written notices to advise any registrar, paying agent, trust or like Person of the existence of the Security Interest granted hereunder in the securities and to instruct any such Person to make payments, disbursements and distributions in respect of the securities to Secured Party when and as contemplated by this Agreement. Debtor will, immediately upon Secured Party's reasonable request, place a durable notice of the existence of Secured Party's Security Interest, in form and by means reasonably acceptable to Secured Party, upon such items of the Collateral as are designated by Secured Party. Debtor will place a notice of the existence of Secured Party's Security Interest in the Collateral, in form and by means acceptable to Secured Party, upon those writings evidencing the Collateral and the books and records of Debtor pertaining to the Collateral.

17. **Preservation of Collateral.** After first giving notice to Debtor, Secured Party may perform any obligation of Debtor hereunder or under any other Loan Document which Debtor fails to perform; provided, however that after the occurrence of an Event of Default, Secured Party will not be obligated to provide Debtor with any such notice. After first giving notice to Debtor, Secured Party may, at any time, take any other action which it reasonably deems necessary for the maintenance or preservation of any of the Collateral or the Security Interest of Secured Party therein, including the payment and discharge of taxes, Security Interests and Encumbrances of any kind against the Collateral, or the procurement of insurance; provided, however that after the occurrence of an Event of Default, Secured Party will not be obligated to provide Debtor with any such notice. Any actions taken by Secured Party pursuant to this Section will not be deemed a waiver of any

Default or Event of Default. After first giving notice to Debtor, Secured Party may adjust, settle or cancel claims under any policy of insurance covering items of the Collateral and endorse any draft received in connection therewith in payment of a loss or otherwise; provided, however that after the occurrence of an Event of Default, Secured Party will not be obligated to provide Debtor with any such notice. Debtor agrees to reimburse Secured Party on demand for all costs and expenses incurred or paid by Secured Party pursuant to this Section, together with interest thereon at the highest default or post-maturity rate provided in the Loan Agreement. Any amounts, until so reimbursed to Secured Party, will, without further action by Secured Party or Debtor, be added to and become a part of the Secured Obligations. Secured Party may, for the foregoing purposes, act in its own name or that of Debtor. Debtor hereby grants to Secured Party its power of attorney, irrevocable so long as any of the Secured Obligations are outstanding, to take any of the actions described or permitted by this Section. Secured Party is not obligated to exercise its rights under this Section and will not be liable to Debtor for any failure to do so. Secured Party will be deemed to have exercised reasonable care in the custody and preservation of any Collateral in its possession (even if it fails to sell or convert Collateral which is falling in market value) if Secured Party treats such Collateral in substantially the same way that Secured Party treats the collateral of its other customers when dealing with similar types of collateral under similar circumstances. The failure of Secured Party to preserve or protect any rights with respect to any of the Collateral against other parties will not be deemed a failure to exercise reasonable care in the custody or preservation of such Collateral.

18. **Remedies.** Upon the occurrence of an Event of Default, Secured Party will have and may exercise any or all of its rights and remedies as provided in the Loan Agreement and/or treat all of Debtor's property in Secured Party's possession as part of the Collateral to secure payment of the Secured Obligations.

19. **No Release or Impairment of Collateral.** Secured Party's Security Interest hereunder and Secured Party's rights in connection therewith will continue unimpaired notwithstanding that Secured Party takes or releases other security, releases any Person primarily or secondarily liable for any of the Secured Obligations, grants or allows extensions, renewals, modifications, rearrangements, restructures, replacements or refinancings thereof, whether or not the same involve modifications to interest rates or other payment terms thereof, or indulgences with respect to the Secured Obligations. Secured Party may apply to the Secured Obligations in such order as Secured Party determines, any proceeds or other amounts received on account of the Collateral pursuant hereto by the exercise of any right permitted under this Agreement, regardless of whether there is any other security for the Secured Obligations.

20. **Releases.** In the event all of the Secured Obligations have been fully and indefeasibly paid, all of the Commitments have been canceled or terminated, and Secured Party has no other commitment to extend credit or make advances to or for the account of Debtor, and Secured Party has received a written request from Debtor in connection therewith to execute and deliver all applicable UCC termination statements and releases with respect to the Collateral (collectively, the "Releases"), Secured Party will, at Debtor's sole cost and expense (and Debtor will promptly reimburse Secured Party for any fees and expenses, including legal fees and expenses, incurred in connection with the preparation, review, filing or recording of any such releases or terminations)



execute and deliver such Releases to the Person and address designated by Debtor in its notice within a commercially reasonable time after Secured Party's receipt of such notice.

21. **Survival of Provisions.** All representations, warranties, and covenants of Debtor contained herein survive the execution and delivery of this Agreement, and terminate only upon the full and indefeasible payment of all of the Secured Obligations, cancellation or termination of all of the Commitments, and when Secured Party has no other commitment to extend credit or make advances to or for the account of Debtor.

22. **Miscellaneous.**

a. **Notices.** All notices, consents, requests and demands to or upon the respective parties hereto must be in writing, and will be deemed to have been given or made when delivered in person to those Persons listed on the signature pages of the Loan Agreement or when deposited in the United States mail, postage prepaid, or, in the case of telegraphic notice, or the overnight courier services, when delivered to the telegraph company or overnight courier service, or in the case of telex or telecopy notice, when sent, verification received, in each case addressed as set forth on the signature pages of the Loan Agreement, or to such other address as either party may designate by notice to the other in accordance with the terms of this Section. No notice given to or demand made on Debtor by Secured Party in any instance entitles Debtor to notice or demand in any other instance.

b. **Amendments and Waivers.** No amendment to, waiver of, or departure from full compliance with any provision of this Agreement, or consent to any departure by Debtor herefrom, will be effective unless it is in writing and signed by authorized officers of Debtor and Secured Party; provided, however, that any such waiver or consent will be effective only in the specific instance and for the purpose for which given. No failure by Secured Party to exercise, and no delay by Secured Party in exercising, any right, remedy, power or privilege hereunder will operate as a waiver thereof, nor will any single or partial exercise by Secured Party of any right, remedy, power or privilege hereunder preclude any other exercise thereof, or the exercise of any other right, remedy, power or privilege.

c. **Rights Cumulative.** Each of the rights and remedies of Secured Party under this Agreement is in addition to all of its other rights and remedies under applicable Law, and nothing in this Agreement may be construed as limiting any such rights or remedies.

d. **Successors and Assigns.** This Agreement binds Debtor and its successors and assigns and inures to the benefit of Secured Party and Secured Party's successors, transferees, participants and assignees. Debtor may not delegate or transfer any of its obligations under this Agreement without the prior written consent of Secured Party. With respect to Debtor's successors and assigns, such successors and assigns include any receiver, trustee or debtor-in-possession of or for Debtor.

e. **Severability.** Any provision of this Agreement which is prohibited, unenforceable or not authorized in any jurisdiction is, as to such jurisdiction, ineffective to

the extent of such prohibition, unenforceability or nonauthorization without invalidating the remaining provisions hereof or affecting the validity, enforceability or legality of such provision in any other jurisdiction unless the ineffectiveness of such provision would result in such a material change as to cause completion of the transactions contemplated hereby to be unreasonable.

f. Governing Law; No Third Party Rights. This Agreement is to be governed by and construed and interpreted in accordance with the internal Laws of the State of Missouri applicable to contracts made and to be performed wholly within such state, without regard to choice or conflicts of law principles. This Agreement is solely for the benefit of the parties hereto and their respective successors and assigns, and no other Person has any right, benefit, priority or interest under, or because of the existence of, this Agreement.

g. Counterparts. This Agreement may be executed by the parties hereto on any number of separate counterparts, and all such counterparts taken together constitute one and the same instrument. It is not necessary in making proof of this Agreement to produce or account for more than one counterpart signed by the party to be charged.

h. Counterpart Facsimile Execution. For purposes of this Agreement, a document (or signature page thereto) signed and transmitted by facsimile machine or telecopier is to be treated as an original document. The signature of any Person thereon, for purposes hereof, is to be considered as an original signature, and the document transmitted is to be considered to have the same binding effect as an original signature on an original document. At the request of any party hereto, any facsimile or telecopy document is to be re-executed in original form by the Persons who executed the facsimile or telecopy document. No party hereto may raise the use of a facsimile machine or telecopier or the fact that any signature was transmitted through the use of a facsimile or telecopier machine as a defense to the enforcement of this Agreement or any amendment or other document executed in compliance with this Section.

i. Final Expression; No Course of Dealing. This Agreement, together with the Loan Agreement, the other Loan Documents and any other agreement executed in connection herewith or therewith, is intended by the parties as a final expression of their agreement and is intended as a complete and exclusive statement of the terms and conditions thereof. Acceptance of or acquiescence in a course of performance or course of dealing rendered or taken under or with respect to this Agreement, the Loan Agreement or the other Loan Documents will not be relevant to determine the meaning of this Agreement, the Loan Agreement or the other Loan Documents even though the accepting or acquiescing party had knowledge of the nature of the performance and opportunity for objection.

j. Negotiated Transaction. Debtor and Secured Party each represent to the other that in the negotiation and drafting of this Agreement each has been represented by and has relied upon the advice of counsel of its choice. Each of Debtor and Secured Party affirm that its counsel has had a substantial role in the drafting and negotiation of this Agreement; therefore, this Agreement will be deemed drafted by each of Debtor and Secured Party, and

the rule of construction to the effect that any ambiguities are to be resolved against the drafter will not be employed in the interpretation of this Agreement.

k. Attorneys' Fees and Other Costs. Debtor will reimburse Secured Party for all expenses incurred by Secured Party in seeking to collect or enforce the Secured Obligations and any other rights under this Agreement or any of the other Loan Documents or under any other instrument, document or agreement evidencing or executed in connection with any of the Secured Obligations, including reasonable attorneys' fees and actual attorneys' expenses (whether or not there is litigation), court costs and all costs in connection with any proceedings under the United States Bankruptcy Code, and any expenses incurred on account of damage to any property to which any of the Collateral may be affixed.

l. Assignment By Secured Party. To the extent permitted in the Loan Agreement, Secured Party may grant a participation interest in or assign or transfer to another Person any instrument, document or agreement evidencing any of the Secured Obligations and Secured Party's rights under this Agreement, and may deliver all the property which is part of the Collateral and in its possession to the participant, assignee or transferee or to any Person acting as agent for Secured Party.

m. Choice of forum. Subject only to the exception in the next sentence, Debtor and Secured Party hereby agree to the exclusive jurisdiction of the federal court of the Western District of Missouri and the state courts of Missouri located in Boone County and waive any objection based on venue or forum non conveniens with respect to any action instituted therein, and agree that any dispute concerning the relationship between Debtor and Secured Party or the conduct of either of them in connection with this Agreement or otherwise may be heard only in the courts described above. Notwithstanding the foregoing: (i) Secured Party has the right to bring any action or proceeding against Debtor or its property in any courts of any other jurisdiction Secured Party deems necessary or appropriate in order to realize on the Collateral or other security for the Secured Obligations, and (ii) each of the parties hereto acknowledges that any appeals from the courts described in the immediately preceding sentence may have to be heard by a court located outside those jurisdictions.


n. Service of Process. Debtor hereby waives personal service of any and all process upon it and consents that all such service of process may be made by registered mail (return receipt requested) directed to Debtor at its address set forth on the signature page hereof, and service so made will be deemed to be completed five (5) days after the same has so deposited in the U.S. Mails, certified or registered; or at Secured Party's option, by service upon CT Corporation, which Debtor irrevocably appoints as Debtor's agent for the purpose of accepting service of process within the State of Missouri. Secured Party will promptly forward by registered mail any process so served upon said agent to Debtor at its address on the signature page hereof. Nothing in this Section affects the right of Secured Party to serve legal process in any other manner permitted by Law.

o. WAIVER OF JURY TRIAL. DEBTOR AND SECURED PARTY HEREBY WAIVE ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION (I) ARISING UNDER THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT, OR (II) IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF THE PARTIES HERETO OR EITHER OF THEM IN RESPECT OF THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT, OR THE TRANSACTIONS RELATED HERETO OR THERETO, IN EACH CASE WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER SOUNDING IN CONTRACT OR TORT OR OTHERWISE. DEBTOR AND SECURED PARTY AGREE AND CONSENT THAT ANY SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION WILL BE DECIDED BY COURT TRIAL WITHOUT A JURY AND THAT EITHER MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS AGREEMENT WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF THE PARTIES HERETO TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY.

p. Reinstatement. This Agreement and any and all Security Interests created or evidenced hereby will continue to be effective or be reinstated, as the case may be, as though such payments had not been made, if at any time any amount received by Secured Party in respect of the Secured Obligations is rescinded or must otherwise be restored or returned by Secured Party, including upon the insolvency, bankruptcy, dissolution, liquidation or reorganization of Debtor or upon the appointment of any intervenor or conservator of, or trustee or similar official for, Debtor, any substantial part of its assets, or otherwise.

IN WITNESS WHEREOF, this Agreement has been duly executed as of the date first above written.

**Heartland Fragrance & Herb Co.**

By:   
Name: Theresa A. Hollingsworth  
Title: President

**Union Planters Bank, N.A.**

By:   
W. Keith McLaughlin, Senior Vice  
President

**Exhibit A**

<b>Trademark</b>	<b>Serial No.</b>	<b>Registration No.</b>	<b>Owner</b>
ASHLEY PARKE	75-610,520	2337911	Heartland Fragrance & Herb Company
BATH IN PROGRESS	76-363,002		Heartland Fragrance & Herb Company
COWBOY GOURMET	75-673,525	2491229	Heartland Fragrance & Herb Company
ENOBE	76-207,049	2617194	Heartland Fragrance & Herb Company
ESSENTIAL MOMENTS	75-611,014	2453711	Heartland Fragrance & Herb Company
LOVE NOTES	75-740,850	2389655	Heartland Fragrance & Herb Company
STOLEN MOMENTS	75,586,629		Heartland Fragrance & Herb Company
THE NATURE OF BEING	76-207,161	2614495	Heartland Fragrance & Herb Company

## SECURITY AGREEMENT

1. **Grant of Security Interest.** To secure the full and prompt payment and performance of Debtor's promissory note of even date herewith in the amount of \$250,000 and all of the Obligations of Heartland Fragrance & Herb Co., a Missouri corporation, Debtor, by this Security Agreement dated as of April 2, 2003 (this "Agreement"), unconditionally and irrevocably grants to Union Planters Bank, N.A., a national banking association ("Secured Party"), a Security Interest under the UCC, under any other applicable Law, and pursuant to this Agreement and the other Loan Documents, in all personal property and assets of the Debtor and all of Debtor's right, title and interest therein, in all cases, whether now or hereafter owned or acquired by or consigned to Debtor and wherever located, including without limitation the following (collectively the "Collateral"):

a. All Accounts, accounts receivable, deposit accounts, notes and other obligations owed to Debtor that arise from the sale, rental or lease of Inventory, goods or other property of Debtor or the rendering of services by Debtor, and all Chattel Paper, Instruments, Documents, drafts and acceptances and other forms of obligations (including but not limited to all obligations that may be characterized as General Intangibles or otherwise under the UCC) respecting the rights of Debtor to the payment of money from others, and all other rights to the payment of money;

b. All Goods and Inventory, including all inventories of raw materials, work-in-process, finished goods, and merchandise, and all other personal property of every kind and description held for sale, rental or lease or held to be furnished under contracts for services, or held for use in the processing, packaging, delivery or shipping of such property;

c. All Equipment, machinery, furniture, and fixtures of every sort and spare parts therefor, all storage media containing computer programs and data, and all tools, dies, and molds, and all motor vehicles, trailers, tractors, barges, and ships of every sort and spare parts therefor, whether or not titled or certificated;

d. All General Intangibles (including but not limited to all limited and general partnership interests and membership interests in limited liability companies), and all computer programs and data, leases, licenses, claims and causes of action against others (whether in litigation, settlement or otherwise), and tax refunds, and all summaries, compilations, mailing and customer lists, goodwill and other records relating to the business, assets, liabilities or capital of Debtor, and all disks, tapes, printouts, books, records, periodicals, directories, publications and other documents and media where the foregoing is stored or embodied, and all patents, patent applications, trademarks, trademark applications, trade secrets, trade names, service marks, trade styles, websites, internet domain names, and copyrights, in each case whether or not registered or filed, including without limitation the trademark and trademark applications listed on Exhibit A hereto;

e. All rights under all licenses, permits, leases, contracts, governmental approvals, franchises, applications for any of the foregoing, renewals of any of the foregoing, and similar rights or privileges;

f. (A) all dividends, cash, securities, instruments and other property from time to time paid, payable or otherwise distributed to Debtor in respect of or in exchange for any shares or other capital stock, or trust, partnership or limited liability company interests; (B) any and all distributions made to Debtor in respect of any such shares or capital stock, or trust, partnership or limited liability company interests, whether in cash or in kind, by way of dividends or stock splits, or pursuant to a merger or consolidation or otherwise, or any substitute security issued to Debtor upon conversion, reorganization or otherwise; and (C) any and all other property hereafter delivered to Debtor or Secured Party in substitution for or in addition to any of the foregoing (including without limitation all securities issued pursuant to any shareholder agreement, stock purchase agreement, partnership agreement, trust agreement or indenture, limited liability company operating agreement, stock purchase rights or other agreement to which Debtor may now or hereafter be a party, all certificates and instruments representing or evidencing such property and all cash, securities, interest, dividends, rights, and other property at any time and from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all thereof); and

g. All cash and non-cash proceeds of the foregoing, all proceeds from insurance on any of the foregoing, all goodwill associated with the foregoing, all additions and accessions to and replacements and substitutions for any of the foregoing, everything that becomes (or is held for the purpose of being) affixed to or installed in any of the foregoing, and all products, rents, income, dividends, and profits of or from any of the foregoing.

In consideration of the foregoing, the mutual agreements below and other sufficient consideration, the receipt of which is hereby acknowledged, the parties hereto hereby agree as follows:

2. **General.** Unless the context of this Agreement clearly requires otherwise, (i) references to the plural include the singular and vice versa, (ii) references to any Person include such Person's successors and assigns but, if applicable, only if such successors and assigns are permitted by this Agreement, (iii) references to one gender include all genders, (iv) "including" is not limiting, (v) "or" has the inclusive meaning represented by the phrase "and/or", (vi) the words "hereof", "herein", "hereby", "hereunder" and similar terms in this Agreement refer to this Agreement as a whole, including its Exhibits, and not to any particular provision of this Agreement, (vii) the word "Section" or "section" and "Page" or "page" refer to a section or page, respectively, of this Agreement unless it expressly refers to something else, (viii) reference to any agreement, document, or instrument, including this Agreement, any other Loan Document and any agreement, document or instrument defined herein, means such agreement, document, or instrument as it may have been or may be amended, restated, extended, renewed, replaced, or otherwise modified and in effect from time to time in accordance with the terms thereof and, if applicable, the terms hereof, and includes all attachments thereto and instruments incorporated therein, if any, and (ix) general and specific references to any Law means such Law as amended, modified, codified or reenacted, in whole or

in part, and in effect from time to time. Section captions are for convenience only and do not affect the interpretation or construction of this Agreement.

3. **Defined Terms.** All capitalized terms not otherwise defined herein have the meanings given them in the Loan Agreement by and between Debtor, Secured Party, and others dated April 2, 2003. Capitalized terms used and not otherwise defined herein or in the Loan Agreement have the meanings given them in the UCC.

4. **Certificate Regarding Collateral.** Whenever Secured Party so requires, Debtor will execute and deliver to Secured Party a certificate, in form and detail satisfactory to Secured Party and signed by a knowledgeable officer of Debtor, scheduling all Collateral, as Secured Party may reasonably require, together with such copies of invoices (with evidence of shipment attached), if available, original bills of lading, original warehouse receipts or similar documents of title, pertaining to Debtor's Accounts and Inventory as Secured Party may reasonably require.

5. **Securities as Collateral.** If any of the property which is part of the Collateral is, from time to time, a security:

a. With respect to Collateral existing on the date hereof, Debtor has delivered to Secured Party the certificates or other instruments representing the securities, together with stock powers or other instruments of transfer satisfactory to Secured Party executed in blank by Debtor for each such certificate or instrument, and with respect to Collateral arising after the date hereof or otherwise coming into existence after the date hereof, Debtor will within five (5) days of receipt thereof deliver to Secured Party the certificates or other instruments representing the securities, together with stock powers or other instruments of transfer satisfactory to Secured Party executed in blank by Debtor for each such certificate or instrument. In addition, in all cases, Debtor will promptly execute such pledge agreements as Secured Party may require.

b. Secured Party may transfer the security into its name or the name of its nominee for so long as the security remains part of the Collateral.

c. The issuer of any security which is part of the Collateral is hereby granted the authority to make the transfer into Secured Party's name or the name of Secured Party's nominee.

d. Secured Party has the sole right to vote any securities which are Collateral with regard to any proposed amendment to the Bylaws or Articles of Incorporation of the issuer of such security which would result in a change in the preferences, qualifications, limitations, restrictions, or the special or relative rights in respect of the securities. Otherwise, Debtor has the sole right to vote such securities until the occurrence of an Event of Default.

e. All income from the securities are to be paid and delivered to Debtor; provided, however, that any securities received by Debtor by reason of Debtor's ownership of the securities pledged hereunder are to be promptly delivered to Secured Party as part of the Collateral, as provided above.



6. **Possession of Collateral.** Until the occurrence of an Event of Default, Debtor will have possession of all Collateral except for Collateral which is in the possession of Secured Party or Collateral which Secured Party must possess in order to have a perfected first priority Security Interest therein, and Debtor may use each item of the Collateral in its possession in any lawful manner not inconsistent with this Agreement, the other Loan Documents or with any policy of insurance covering the same.

7. **Business Purpose.** Debtor represents and warrants that the Collateral is not, and will not be, used for personal, family or household purposes.

8. **Insurance.** Debtor will keep the Collateral insured in accordance with the terms of the Loan Agreement.

9. **Condition of Collateral; Disposal of Collateral.** Debtor will keep the Collateral in the condition required under the terms of the Loan Agreement. Debtor will not transfer, convey or otherwise dispose of any Collateral (or any interest therein) unless and only to the extent permitted by the Loan Agreement.

10. **Taxes; Security Interests.** Debtor will pay and discharge all taxes assessed on the Collateral in accordance with the terms of the Loan Agreement. Debtor will keep the Collateral free of all Security Interests and Encumbrances other than the Security Interest of Secured Party and the Permitted Security Interests.

11. **Inspection.** Secured Party and any of its authorized agents may examine and inspect the Collateral in accordance with the terms of the Loan Agreement.

12. **Disbursement Directly to Seller of Collateral.** To the extent, if any, that Debtor has advised Secured Party that any of the Collateral is being acquired with proceeds of any loan, advance or other financial accommodation from Secured Party, such proceeds may be disbursed by Secured Party directly to the seller of such Collateral.

13. **Collateral Not to Become Fixtures.** Without first making arrangements satisfactory to Secured Party to protect its Security Interest, Debtor will not allow the Collateral to become affixed to or installed in any property except other items of the Collateral.

14. **Location of Collateral.** Unless Secured Party otherwise consents in writing, all of the tangible Collateral will be kept at Debtor's chief executive office or such other places of business described in the Loan Agreement, including Collateral which is movable when the same is not in use; and without Debtor first making arrangements satisfactory to Secured Party to protect Secured Party's Security Interest therein, Debtor will not place any of the Collateral in any other location. If Debtor intends to change its name, change its structure, change the location of Debtor's chief executive office, create new or otherwise amend its trade names or trademarks, or open other places of business, Debtor will, prior to taking any such action, provide Secured Party no less than thirty (30) days prior written notice of the same and, prior to taking any such action, will promptly execute such additional documents as Secured Party may reasonably request in order to maintain a fully

perfected first priority Security Interest in favor of Secured Party in the Collateral, subject only to the Permitted Security Interests.

15. **Adverse Conditions Affecting Collateral.** Debtor will notify Secured Party immediately in writing of any material adverse fact or condition of which Debtor is aware or should be aware which bears upon the value of the Collateral including any adverse fact or condition, or the occurrence of any event, which (i) bears upon the collectibility of any material Account including the ability of any Account Debtor to perform under any agreement evidencing any material Account (including the bankruptcy, insolvency or failure of any Account Debtor to pay its debts as they become due), or (ii) causes material loss or depreciation in the value of any item of the Collateral and the amount of such loss or depreciation. Debtor will provide such additional information to Secured Party regarding the amount of any loss or depreciation in value of the Collateral as Secured Party may reasonably request from time to time.

16. **Protection of Security Interest.** Secured Party may, at Debtor's sole cost, file a copy of this Agreement, or a financing statement executed by Secured Party as agent for Debtor, in any public office deemed necessary by Secured Party to perfect or continue its Security Interest in the Collateral, and Debtor hereby authorizes Secured Party to do the same. Debtor will execute or cause the execution of such additional financing statements and other documents (and pay the cost of filing or recording the same in all public offices deemed necessary by Secured Party) and do such other acts and things, including execution of applications and certificates of title naming Secured Party as a secured party and delivery of same to Secured Party, as Secured Party may from time to time request or deem necessary to establish and maintain a valid and perfected Security Interest in the Collateral, subject only to the Permitted Security Interests. If any of the property which is part of the Collateral is a security, at Secured Party's request, Debtor will send written notices to advise any registrar, paying agent, trust or like Person of the existence of the Security Interest granted hereunder in the securities and to instruct any such Person to make payments, disbursements and distributions in respect of the securities to Secured Party when and as contemplated by this Agreement. Debtor will, immediately upon Secured Party's reasonable request, place a durable notice of the existence of Secured Party's Security Interest, in form and by means reasonably acceptable to Secured Party, upon such items of the Collateral as are designated by Secured Party. Debtor will place a notice of the existence of Secured Party's Security Interest in the Collateral, in form and by means acceptable to Secured Party, upon those writings evidencing the Collateral and the books and records of Debtor pertaining to the Collateral.

17. **Preservation of Collateral.** After first giving notice to Debtor, Secured Party may perform any obligation of Debtor hereunder or under any other Loan Document which Debtor fails to perform; provided, however that after the occurrence of an Event of Default, Secured Party will not be obligated to provide Debtor with any such notice. After first giving notice to Debtor, Secured Party may, at any time, take any other action which it reasonably deems necessary for the maintenance or preservation of any of the Collateral or the Security Interest of Secured Party therein, including the payment and discharge of taxes, Security Interests and Encumbrances of any kind against the Collateral, or the procurement of insurance; provided, however that after the occurrence of an Event of Default, Secured Party will not be obligated to provide Debtor with any such notice. Any actions taken by Secured Party pursuant to this Section will not be deemed a waiver of any

Default or Event of Default. After first giving notice to Debtor, Secured Party may adjust, settle or cancel claims under any policy of insurance covering items of the Collateral and endorse any draft received in connection therewith in payment of a loss or otherwise; provided, however that after the occurrence of an Event of Default, Secured Party will not be obligated to provide Debtor with any such notice. Debtor agrees to reimburse Secured Party on demand for all costs and expenses incurred or paid by Secured Party pursuant to this Section, together with interest thereon at the highest default or post-maturity rate provided in the Loan Agreement. Any amounts, until so reimbursed to Secured Party, will, without further action by Secured Party or Debtor, be added to and become a part of the Secured Obligations. Secured Party may, for the foregoing purposes, act in its own name or that of Debtor. Debtor hereby grants to Secured Party its power of attorney, irrevocable so long as any of the Secured Obligations are outstanding, to take any of the actions described or permitted by this Section. Secured Party is not obligated to exercise its rights under this Section and will not be liable to Debtor for any failure to do so. Secured Party will be deemed to have exercised reasonable care in the custody and preservation of any Collateral in its possession (even if it fails to sell or convert Collateral which is falling in market value) if Secured Party treats such Collateral in substantially the same way that Secured Party treats the collateral of its other customers when dealing with similar types of collateral under similar circumstances. The failure of Secured Party to preserve or protect any rights with respect to any of the Collateral against other parties will not be deemed a failure to exercise reasonable care in the custody or preservation of such Collateral.

18. **Remedies.** Upon the occurrence of an Event of Default, Secured Party will have and may exercise any or all of its rights and remedies as provided in the Loan Agreement and/or treat all of Debtor's property in Secured Party's possession as part of the Collateral to secure payment of the Secured Obligations.

19. **No Release or Impairment of Collateral.** Secured Party's Security Interest hereunder and Secured Party's rights in connection therewith will continue unimpaired notwithstanding that Secured Party takes or releases other security, releases any Person primarily or secondarily liable for any of the Secured Obligations, grants or allows extensions, renewals, modifications, rearrangements, restructures, replacements or refinancings thereof, whether or not the same involve modifications to interest rates or other payment terms thereof, or indulgences with respect to the Secured Obligations. Secured Party may apply to the Secured Obligations in such order as Secured Party determines, any proceeds or other amounts received on account of the Collateral pursuant hereto by the exercise of any right permitted under this Agreement, regardless of whether there is any other security for the Secured Obligations.

20. **Releases.** In the event all of the Secured Obligations have been fully and indefeasibly paid, all of the Commitments have been canceled or terminated, and Secured Party has no other commitment to extend credit or make advances to or for the account of Debtor, and Secured Party has received a written request from Debtor in connection therewith to execute and deliver all applicable UCC termination statements and releases with respect to the Collateral (collectively, the "Releases"), Secured Party will, at Debtor's sole cost and expense (and Debtor will promptly reimburse Secured Party for any fees and expenses, including legal fees and expenses, incurred in connection with the preparation, review, filing or recording of any such releases or terminations)

execute and deliver such Releases to the Person and address designated by Debtor in its notice within a commercially reasonable time after Secured Party's receipt of such notice.

21. **Survival of Provisions.** All representations, warranties, and covenants of Debtor contained herein survive the execution and delivery of this Agreement, and terminate only upon the full and indefeasible payment of all of the Secured Obligations, cancellation or termination of all of the Commitments, and when Secured Party has no other commitment to extend credit or make advances to or for the account of Debtor.

22. **Miscellaneous.**

a. **Notices.** All notices, consents, requests and demands to or upon the respective parties hereto must be in writing, and will be deemed to have been given or made when delivered in person to those Persons listed on the signature pages of the Loan Agreement or when deposited in the United States mail, postage prepaid, or, in the case of telegraphic notice, or the overnight courier services, when delivered to the telegraph company or overnight courier service, or in the case of telex or telecopy notice, when sent, verification received, in each case addressed as set forth on the signature pages of the Loan Agreement, or to such other address as either party may designate by notice to the other in accordance with the terms of this Section. No notice given to or demand made on Debtor by Secured Party in any instance entitles Debtor to notice or demand in any other instance.

b. **Amendments and Waivers.** No amendment to, waiver of, or departure from full compliance with any provision of this Agreement, or consent to any departure by Debtor herefrom, will be effective unless it is in writing and signed by authorized officers of Debtor and Secured Party; provided, however, that any such waiver or consent will be effective only in the specific instance and for the purpose for which given. No failure by Secured Party to exercise, and no delay by Secured Party in exercising, any right, remedy, power or privilege hereunder will operate as a waiver thereof, nor will any single or partial exercise by Secured Party of any right, remedy, power or privilege hereunder preclude any other exercise thereof, or the exercise of any other right, remedy, power or privilege.

c. **Rights Cumulative.** Each of the rights and remedies of Secured Party under this Agreement is in addition to all of its other rights and remedies under applicable Law, and nothing in this Agreement may be construed as limiting any such rights or remedies.

d. **Successors and Assigns.** This Agreement binds Debtor and its successors and assigns and inures to the benefit of Secured Party and Secured Party's successors, transferees, participants and assignees. Debtor may not delegate or transfer any of its obligations under this Agreement without the prior written consent of Secured Party. With respect to Debtor's successors and assigns, such successors and assigns include any receiver, trustee or debtor-in-possession of or for Debtor.

e. **Severability.** Any provision of this Agreement which is prohibited, unenforceable or not authorized in any jurisdiction is, as to such jurisdiction, ineffective to

the extent of such prohibition, unenforceability or nonauthorization without invalidating the remaining provisions hereof or affecting the validity, enforceability or legality of such provision in any other jurisdiction unless the ineffectiveness of such provision would result in such a material change as to cause completion of the transactions contemplated hereby to be unreasonable.

f. Governing Law; No Third Party Rights. This Agreement is to be governed by and construed and interpreted in accordance with the internal Laws of the State of Missouri applicable to contracts made and to be performed wholly within such state, without regard to choice or conflicts of law principles. This Agreement is solely for the benefit of the parties hereto and their respective successors and assigns, and no other Person has any right, benefit, priority or interest under, or because of the existence of, this Agreement.

g. Counterparts. This Agreement may be executed by the parties hereto on any number of separate counterparts, and all such counterparts taken together constitute one and the same instrument. It is not necessary in making proof of this Agreement to produce or account for more than one counterpart signed by the party to be charged.

h. Counterpart Facsimile Execution. For purposes of this Agreement, a document (or signature page thereto) signed and transmitted by facsimile machine or telecopier is to be treated as an original document. The signature of any Person thereon, for purposes hereof, is to be considered as an original signature, and the document transmitted is to be considered to have the same binding effect as an original signature on an original document. At the request of any party hereto, any facsimile or telecopy document is to be re-executed in original form by the Persons who executed the facsimile or telecopy document. No party hereto may raise the use of a facsimile machine or telecopier or the fact that any signature was transmitted through the use of a facsimile or telecopier machine as a defense to the enforcement of this Agreement or any amendment or other document executed in compliance with this Section.

i. Final Expression; No Course of Dealing. This Agreement, together with the Loan Agreement, the other Loan Documents and any other agreement executed in connection herewith or therewith, is intended by the parties as a final expression of their agreement and is intended as a complete and exclusive statement of the terms and conditions thereof. Acceptance of or acquiescence in a course of performance or course of dealing rendered or taken under or with respect to this Agreement, the Loan Agreement or the other Loan Documents will not be relevant to determine the meaning of this Agreement, the Loan Agreement or the other Loan Documents even though the accepting or acquiescing party had knowledge of the nature of the performance and opportunity for objection.

j. Negotiated Transaction. Debtor and Secured Party each represent to the other that in the negotiation and drafting of this Agreement each has been represented by and has relied upon the advice of counsel of its choice. Each of Debtor and Secured Party affirm that its counsel has had a substantial role in the drafting and negotiation of this Agreement; therefore, this Agreement will be deemed drafted by each of Debtor and Secured Party, and

the rule of construction to the effect that any ambiguities are to be resolved against the drafter will not be employed in the interpretation of this Agreement.

k. Attorneys' Fees and Other Costs. Debtor will reimburse Secured Party for all expenses incurred by Secured Party in seeking to collect or enforce the Secured Obligations and any other rights under this Agreement or any of the other Loan Documents or under any other instrument, document or agreement evidencing or executed in connection with any of the Secured Obligations, including reasonable attorneys' fees and actual attorneys' expenses (whether or not there is litigation), court costs and all costs in connection with any proceedings under the United States Bankruptcy Code, and any expenses incurred on account of damage to any property to which any of the Collateral may be affixed.

l. Assignment By Secured Party. To the extent permitted in the Loan Agreement, Secured Party may grant a participation interest in or assign or transfer to another Person any instrument, document or agreement evidencing any of the Secured Obligations and Secured Party's rights under this Agreement, and may deliver all the property which is part of the Collateral and in its possession to the participant, assignee or transferee or to any Person acting as agent for Secured Party.

m. Choice of forum. Subject only to the exception in the next sentence, Debtor and Secured Party hereby agree to the exclusive jurisdiction of the federal court of the Western District of Missouri and the state courts of Missouri located in Boone County and waive any objection based on venue or forum non conveniens with respect to any action instituted therein, and agree that any dispute concerning the relationship between Debtor and Secured Party or the conduct of either of them in connection with this Agreement or otherwise may be heard only in the courts described above. Notwithstanding the foregoing: (i) Secured Party has the right to bring any action or proceeding against Debtor or its property in any courts of any other jurisdiction Secured Party deems necessary or appropriate in order to realize on the Collateral or other security for the Secured Obligations, and (ii) each of the parties hereto acknowledges that any appeals from the courts described in the immediately preceding sentence may have to be heard by a court located outside those jurisdictions.


n. Service of Process. Debtor hereby waives personal service of any and all process upon it and consents that all such service of process may be made by registered mail (return receipt requested) directed to Debtor at its address set forth on the signature page hereof, and service so made will be deemed to be completed five (5) days after the same has so deposited in the U.S. Mails, certified or registered; or at Secured Party's option, by service upon CT Corporation, which Debtor irrevocably appoints as Debtor's agent for the purpose of accepting service of process within the State of Missouri. Secured Party will promptly forward by registered mail any process so served upon said agent to Debtor at its address on the signature page hereof. Nothing in this Section affects the right of Secured Party to serve legal process in any other manner permitted by Law.

o. WAIVER OF JURY TRIAL. DEBTOR AND SECURED PARTY HEREBY WAIVE ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION (I) ARISING UNDER THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT, OR (II) IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF THE PARTIES HERETO OR EITHER OF THEM IN RESPECT OF THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT, OR THE TRANSACTIONS RELATED HERETO OR THERETO, IN EACH CASE WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER SOUNDING IN CONTRACT OR TORT OR OTHERWISE. DEBTOR AND SECURED PARTY AGREE AND CONSENT THAT ANY SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION WILL BE DECIDED BY COURT TRIAL WITHOUT A JURY AND THAT EITHER MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS AGREEMENT WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF THE PARTIES HERETO TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY.

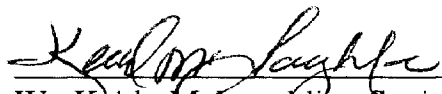
p. Reinstatement. This Agreement and any and all Security Interests created or evidenced hereby will continue to be effective or be reinstated, as the case may be, as though such payments had not been made, if at any time any amount received by Secured Party in respect of the Secured Obligations is rescinded or must otherwise be restored or returned by Secured Party, including upon the insolvency, bankruptcy, dissolution, liquidation or reorganization of Debtor or upon the appointment of any intervenor or conservator of, or trustee or similar official for, Debtor, any substantial part of its assets, or otherwise.

IN WITNESS WHEREOF, this Agreement has been duly executed as of the date first above written.

**Heartland Fragrance & Herb Co.**

By:   
Name: Theresa A. Hollingsworth  
Title: President

**Union Planters Bank, N.A.**

By:   
W. Keith McLaughlin, Senior Vice  
President

**Exhibit A**

<b>Trademark</b>	<b>Serial No.</b>	<b>Registration No.</b>	<b>Owner</b>
ASHLEY PARKE	75-610,520	2337911	Heartland Fragrance & Herb Company
BATH IN PROGRESS	76-363,002		Heartland Fragrance & Herb Company
COWBOY GOURMET	75-673,525	2491229	Heartland Fragrance & Herb Company
ENOBE	76-207,049	2617194	Heartland Fragrance & Herb Company
ESSENTIAL MOMENTS	75-611,014	2453711	Heartland Fragrance & Herb Company
LOVE NOTES	75-740,850	2389655	Heartland Fragrance & Herb Company
STOLEN MOMENTS	75,586,629		Heartland Fragrance & Herb Company
THE NATURE OF BEING	76-207,161	2614495	Heartland Fragrance & Herb Company



## SECURITY AGREEMENT

1. **Grant of Security Interest.** To secure the full and prompt payment and performance of all of the Obligations of Heartland Fragrance & Herb Co., a Missouri corporation, Debtor, by this Security Agreement dated as of April 2, 2003 (this "Agreement"), unconditionally and irrevocably grants to Union Planters Bank, N.A., a national banking association ("Secured Party"), a Security Interest under the UCC, under any other applicable Law, and pursuant to this Agreement and the other Loan Documents, in all personal property and assets of the Debtor and all of Debtor's right, title and interest therein, in all cases, whether now or hereafter owned or acquired by or consigned to Debtor and wherever located, including without limitation the following (collectively the "Collateral"):

a. All Accounts, accounts receivable, deposit accounts, notes and other obligations owed to Debtor that arise from the sale, rental or lease of Inventory, goods or other property of Debtor or the rendering of services by Debtor, and all Chattel Paper, Instruments, Documents, drafts and acceptances and other forms of obligations (including but not limited to all obligations that may be characterized as General Intangibles or otherwise under the UCC) respecting the rights of Debtor to the payment of money from others, and all other rights to the payment of money;

b. All Goods and Inventory, including all inventories of raw materials, work-in-process, finished goods, and merchandise, and all other personal property of every kind and description held for sale, rental or lease or held to be furnished under contracts for services, or held for use in the processing, packaging, delivery or shipping of such property;

c. All Equipment, machinery, furniture, and fixtures of every sort and spare parts therefor, all storage media containing computer programs and data, and all tools, dies, and molds, and all motor vehicles, trailers, tractors, barges, and ships of every sort and spare parts therefor, whether or not titled or certificated;

d. All General Intangibles(including but not limited to all limited and general partnership interests and membership interests in limited liability companies), and all computer programs and data, leases, licenses, claims and causes of action against others (whether in litigation, settlement or otherwise), and tax refunds, and all summaries, compilations, mailing and customer lists, goodwill and other records relating to the business, assets, liabilities or capital of Debtor, and all disks, tapes, printouts, books, records, periodicals, directories, publications and other documents and media where the foregoing is stored or embodied, and all patents, patent applications, trademarks, trademark applications, trade secrets, trade names, service marks, trade styles, websites, internet domain names, and copyrights, in each case whether or not registered or filed, including without limitation the trademark and trademark applications listed on Exhibit A hereto;

e. All rights under all licenses, permits, leases, contracts, governmental approvals, franchises, applications for any of the foregoing, renewals of any of the foregoing, and similar rights or privileges;

f. (A) all dividends, cash, securities, instruments and other property from time to time paid, payable or otherwise distributed to Debtor in respect of or in exchange for any shares or other capital stock, or trust, partnership or limited liability company interests; (B) any and all distributions made to Debtor in respect of any such shares or capital stock, or trust, partnership or limited liability company interests, whether in cash or in kind, by way of dividends or stock splits, or pursuant to a merger or consolidation or otherwise, or any substitute security issued to Debtor upon conversion, reorganization or otherwise; and (C) any and all other property hereafter delivered to Debtor or Secured Party in substitution for or in addition to any of the foregoing (including without limitation all securities issued pursuant to any shareholder agreement, stock purchase agreement, partnership agreement, trust agreement or indenture, limited liability company operating agreement, stock purchase rights or other agreement to which Debtor may now or hereafter be a party, all certificates and instruments representing or evidencing such property and all cash, securities, interest, dividends, rights, and other property at any time and from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all thereof); and

g. All cash and non-cash proceeds of the foregoing, all proceeds from insurance on any of the foregoing, all goodwill associated with the foregoing, all additions and accessions to and replacements and substitutions for any of the foregoing, everything that becomes (or is held for the purpose of being) affixed to or installed in any of the foregoing, and all products, rents, income, dividends, and profits of or from any of the foregoing.

In consideration of the foregoing, the mutual agreements below and other sufficient consideration, the receipt of which is hereby acknowledged, the parties hereto hereby agree as follows:

2. **General.** Unless the context of this Agreement clearly requires otherwise, (i) references to the plural include the singular and vice versa, (ii) references to any Person include such Person's successors and assigns but, if applicable, only if such successors and assigns are permitted by this Agreement, (iii) references to one gender include all genders, (iv) "including" is not limiting, (v) "or" has the inclusive meaning represented by the phrase "and/or", (vi) the words "hereof", "herein", "hereby", "hereunder" and similar terms in this Agreement refer to this Agreement as a whole, including its Exhibits, and not to any particular provision of this Agreement, (vii) the word "Section" or "section" and "Page" or "page" refer to a section or page, respectively, of this Agreement unless it expressly refers to something else, (viii) reference to any agreement, document, or instrument, including this Agreement, any other Loan Document and any agreement, document or instrument defined herein, means such agreement, document, or instrument as it may have been or may be amended, restated, extended, renewed, replaced, or otherwise modified and in effect from time to time in accordance with the terms thereof and, if applicable, the terms hereof, and includes all attachments thereto and instruments incorporated therein, if any, and (ix) general and specific references to any Law means such Law as amended, modified, codified or reenacted, in whole or

in part, and in effect from time to time. Section captions are for convenience only and do not affect the interpretation or construction of this Agreement.

3. **Defined Terms.** All capitalized terms not otherwise defined herein have the meanings given them in the Loan Agreement by and between Debtor, Secured Party, and others dated April \_\_\_\_, 2003. Capitalized terms used and not otherwise defined herein or in the Loan Agreement have the meanings given them in the UCC.

4. **Certificate Regarding Collateral.** Whenever Secured Party so requires, Debtor will execute and deliver to Secured Party a certificate, in form and detail satisfactory to Secured Party and signed by a knowledgeable officer of Debtor, scheduling all Collateral, as Secured Party may reasonably require, together with such copies of invoices (with evidence of shipment attached), if available, original bills of lading, original warehouse receipts or similar documents of title, pertaining to Debtor's Accounts and Inventory as Secured Party may reasonably require.

5. **Securities as Collateral.** If any of the property which is part of the Collateral is, from time to time, a security:

a. With respect to Collateral existing on the date hereof, Debtor has delivered to Secured Party the certificates or other instruments representing the securities, together with stock powers or other instruments of transfer satisfactory to Secured Party executed in blank by Debtor for each such certificate or instrument, and with respect to Collateral arising after the date hereof or otherwise coming into existence after the date hereof, Debtor will within five (5) days of receipt thereof deliver to Secured Party the certificates or other instruments representing the securities, together with stock powers or other instruments of transfer satisfactory to Secured Party executed in blank by Debtor for each such certificate or instrument. In addition, in all cases, Debtor will promptly execute such pledge agreements as Secured Party may require.

b. Secured Party may transfer the security into its name or the name of its nominee for so long as the security remains part of the Collateral.

c. The issuer of any security which is part of the Collateral is hereby granted the authority to make the transfer into Secured Party's name or the name of Secured Party's nominee.

d. Secured Party has the sole right to vote any securities which are Collateral with regard to any proposed amendment to the Bylaws or Articles of Incorporation of the issuer of such security which would result in a change in the preferences, qualifications, limitations, restrictions, or the special or relative rights in respect of the securities. Otherwise, Debtor has the sole right to vote such securities until the occurrence of an Event of Default.

e. All income from the securities are to be paid and delivered to Debtor; provided, however, that any securities received by Debtor by reason of Debtor's ownership of the securities pledged hereunder are to be promptly delivered to Secured Party as part of the Collateral, as provided above.

6. **Possession of Collateral.** Until the occurrence of an Event of Default, Debtor will have possession of all Collateral except for Collateral which is in the possession of Secured Party or Collateral which Secured Party must possess in order to have a perfected first priority Security Interest therein, and Debtor may use each item of the Collateral in its possession in any lawful manner not inconsistent with this Agreement, the other Loan Documents or with any policy of insurance covering the same.

7. **Business Purpose.** Debtor represents and warrants that the Collateral is not, and will not be, used for personal, family or household purposes.

8. **Insurance.** Debtor will keep the Collateral insured in accordance with the terms of the Loan Agreement.

9. **Condition of Collateral; Disposal of Collateral.** Debtor will keep the Collateral in the condition required under the terms of the Loan Agreement. Debtor will not transfer, convey or otherwise dispose of any Collateral (or any interest therein) unless and only to the extent permitted by the Loan Agreement.

10. **Taxes; Security Interests.** Debtor will pay and discharge all taxes assessed on the Collateral in accordance with the terms of the Loan Agreement. Debtor will keep the Collateral free of all Security Interests and Encumbrances other than the Security Interest of Secured Party and the Permitted Security Interests.

11. **Inspection.** Secured Party and any of its authorized agents may examine and inspect the Collateral in accordance with the terms of the Loan Agreement.

12. **Disbursement Directly to Seller of Collateral.** To the extent, if any, that Debtor has advised Secured Party that any of the Collateral is being acquired with proceeds of any loan, advance or other financial accommodation from Secured Party, such proceeds may be disbursed by Secured Party directly to the seller of such Collateral.

13. **Collateral Not to Become Fixtures.** Without first making arrangements satisfactory to Secured Party to protect its Security Interest, Debtor will not allow the Collateral to become affixed to or installed in any property except other items of the Collateral.

14. **Location of Collateral.** Unless Secured Party otherwise consents in writing, all of the tangible Collateral will be kept at Debtor's chief executive office or such other places of business described in the Loan Agreement, including Collateral which is movable when the same is not in use; and without Debtor first making arrangements satisfactory to Secured Party to protect Secured Party's Security Interest therein, Debtor will not place any of the Collateral in any other location. If Debtor intends to change its name, change its structure, change the location of Debtor's chief executive office, create new or otherwise amend its trade names or trademarks, or open other places of business, Debtor will, prior to taking any such action, provide Secured Party no less than thirty (30) days prior written notice of the same and, prior to taking any such action, will promptly execute such additional documents as Secured Party may reasonably request in order to maintain a fully

perfected first priority Security Interest in favor of Secured Party in the Collateral, subject only to the Permitted Security Interests.

15. **Adverse Conditions Affecting Collateral.** Debtor will notify Secured Party immediately in writing of any material adverse fact or condition of which Debtor is aware or should be aware which bears upon the value of the Collateral including any adverse fact or condition, or the occurrence of any event, which (i) bears upon the collectibility of any material Account including the ability of any Account Debtor to perform under any agreement evidencing any material Account (including the bankruptcy, insolvency or failure of any Account Debtor to pay its debts as they become due), or (ii) causes material loss or depreciation in the value of any item of the Collateral and the amount of such loss or depreciation. Debtor will provide such additional information to Secured Party regarding the amount of any loss or depreciation in value of the Collateral as Secured Party may reasonably request from time to time.

16. **Protection of Security Interest.** Secured Party may, at Debtor's sole cost, file a copy of this Agreement, or a financing statement executed by Secured Party as agent for Debtor, in any public office deemed necessary by Secured Party to perfect or continue its Security Interest in the Collateral, and Debtor hereby authorizes Secured Party to do the same. Debtor will execute or cause the execution of such additional financing statements and other documents (and pay the cost of filing or recording the same in all public offices deemed necessary by Secured Party) and do such other acts and things, including execution of applications and certificates of title naming Secured Party as a secured party and delivery of same to Secured Party, as Secured Party may from time to time request or deem necessary to establish and maintain a valid and perfected Security Interest in the Collateral, subject only to the Permitted Security Interests. If any of the property which is part of the Collateral is a security, at Secured Party's request, Debtor will send written notices to advise any registrar, paying agent, trust or like Person of the existence of the Security Interest granted hereunder in the securities and to instruct any such Person to make payments, disbursements and distributions in respect of the securities to Secured Party when and as contemplated by this Agreement. Debtor will, immediately upon Secured Party's reasonable request, place a durable notice of the existence of Secured Party's Security Interest, in form and by means reasonably acceptable to Secured Party, upon such items of the Collateral as are designated by Secured Party. Debtor will place a notice of the existence of Secured Party's Security Interest in the Collateral, in form and by means acceptable to Secured Party, upon those writings evidencing the Collateral and the books and records of Debtor pertaining to the Collateral.

17. **Preservation of Collateral.** After first giving notice to Debtor, Secured Party may perform any obligation of Debtor hereunder or under any other Loan Document which Debtor fails to perform; provided, however that after the occurrence of an Event of Default, Secured Party will not be obligated to provide Debtor with any such notice. After first giving notice to Debtor, Secured Party may, at any time, take any other action which it reasonably deems necessary for the maintenance or preservation of any of the Collateral or the Security Interest of Secured Party therein, including the payment and discharge of taxes, Security Interests and Encumbrances of any kind against the Collateral, or the procurement of insurance; provided, however that after the occurrence of an Event of Default, Secured Party will not be obligated to provide Debtor with any such notice. Any actions taken by Secured Party pursuant to this Section will not be deemed a waiver of any

Default or Event of Default. After first giving notice to Debtor, Secured Party may adjust, settle or cancel claims under any policy of insurance covering items of the Collateral and endorse any draft received in connection therewith in payment of a loss or otherwise; provided, however that after the occurrence of an Event of Default, Secured Party will not be obligated to provide Debtor with any such notice. Debtor agrees to reimburse Secured Party on demand for all costs and expenses incurred or paid by Secured Party pursuant to this Section, together with interest thereon at the highest default or post-maturity rate provided in the Loan Agreement. Any amounts, until so reimbursed to Secured Party, will, without further action by Secured Party or Debtor, be added to and become a part of the Secured Obligations. Secured Party may, for the foregoing purposes, act in its own name or that of Debtor. Debtor hereby grants to Secured Party its power of attorney, irrevocable so long as any of the Secured Obligations are outstanding, to take any of the actions described or permitted by this Section. Secured Party is not obligated to exercise its rights under this Section and will not be liable to Debtor for any failure to do so. Secured Party will be deemed to have exercised reasonable care in the custody and preservation of any Collateral in its possession (even if it fails to sell or convert Collateral which is falling in market value) if Secured Party treats such Collateral in substantially the same way that Secured Party treats the collateral of its other customers when dealing with similar types of collateral under similar circumstances. The failure of Secured Party to preserve or protect any rights with respect to any of the Collateral against other parties will not be deemed a failure to exercise reasonable care in the custody or preservation of such Collateral.

18. **Remedies.** Upon the occurrence of an Event of Default, Secured Party will have and may exercise any or all of its rights and remedies as provided in the Loan Agreement and/or treat all of Debtor's property in Secured Party's possession as part of the Collateral to secure payment of the Secured Obligations.

19. **No Release or Impairment of Collateral.** Secured Party's Security Interest hereunder and Secured Party's rights in connection therewith will continue unimpaired notwithstanding that Secured Party takes or releases other security, releases any Person primarily or secondarily liable for any of the Secured Obligations, grants or allows extensions, renewals, modifications, rearrangements, restructures, replacements or refinancings thereof, whether or not the same involve modifications to interest rates or other payment terms thereof, or indulgences with respect to the Secured Obligations. Secured Party may apply to the Secured Obligations in such order as Secured Party determines, any proceeds or other amounts received on account of the Collateral pursuant hereto by the exercise of any right permitted under this Agreement, regardless of whether there is any other security for the Secured Obligations.

20. **Releases.** In the event all of the Secured Obligations have been fully and indefeasibly paid, all of the Commitments have been canceled or terminated, and Secured Party has no other commitment to extend credit or make advances to or for the account of Debtor, and Secured Party has received a written request from Debtor in connection therewith to execute and deliver all applicable UCC termination statements and releases with respect to the Collateral (collectively, the "Releases"), Secured Party will, at Debtor's sole cost and expense (and Debtor will promptly reimburse Secured Party for any fees and expenses, including legal fees and expenses, incurred in connection with the preparation, review, filing or recording of any such releases or terminations)

execute and deliver such Releases to the Person and address designated by Debtor in its notice within a commercially reasonable time after Secured Party's receipt of such notice.

21. **Survival of Provisions.** All representations, warranties, and covenants of Debtor contained herein survive the execution and delivery of this Agreement, and terminate only upon the full and indefeasible payment of all of the Secured Obligations, cancellation or termination of all of the Commitments, and when Secured Party has no other commitment to extend credit or make advances to or for the account of Debtor.

22. **Miscellaneous.**

a. **Notices.** All notices, consents, requests and demands to or upon the respective parties hereto must be in writing, and will be deemed to have been given or made when delivered in person to those Persons listed on the signature pages of the Loan Agreement or when deposited in the United States mail, postage prepaid, or, in the case of telegraphic notice, or the overnight courier services, when delivered to the telegraph company or overnight courier service, or in the case of telex or telecopy notice, when sent, verification received, in each case addressed as set forth on the signature pages of the Loan Agreement, or to such other address as either party may designate by notice to the other in accordance with the terms of this Section. No notice given to or demand made on Debtor by Secured Party in any instance entitles Debtor to notice or demand in any other instance.

b. **Amendments and Waivers.** No amendment to, waiver of, or departure from full compliance with any provision of this Agreement, or consent to any departure by Debtor herefrom, will be effective unless it is in writing and signed by authorized officers of Debtor and Secured Party; provided, however, that any such waiver or consent will be effective only in the specific instance and for the purpose for which given. No failure by Secured Party to exercise, and no delay by Secured Party in exercising, any right, remedy, power or privilege hereunder will operate as a waiver thereof, nor will any single or partial exercise by Secured Party of any right, remedy, power or privilege hereunder preclude any other exercise thereof, or the exercise of any other right, remedy, power or privilege.

c. **Rights Cumulative.** Each of the rights and remedies of Secured Party under this Agreement is in addition to all of its other rights and remedies under applicable Law, and nothing in this Agreement may be construed as limiting any such rights or remedies.

d. **Successors and Assigns.** This Agreement binds Debtor and its successors and assigns and inures to the benefit of Secured Party and Secured Party's successors, transferees, participants and assignees. Debtor may not delegate or transfer any of its obligations under this Agreement without the prior written consent of Secured Party. With respect to Debtor's successors and assigns, such successors and assigns include any receiver, trustee or debtor-in-possession of or for Debtor.

e. **Severability.** Any provision of this Agreement which is prohibited, unenforceable or not authorized in any jurisdiction is, as to such jurisdiction, ineffective to

the extent of such prohibition, unenforceability or nonauthorization without invalidating the remaining provisions hereof or affecting the validity, enforceability or legality of such provision in any other jurisdiction unless the ineffectiveness of such provision would result in such a material change as to cause completion of the transactions contemplated hereby to be unreasonable.

f. Governing Law; No Third Party Rights. This Agreement is to be governed by and construed and interpreted in accordance with the internal Laws of the State of Missouri applicable to contracts made and to be performed wholly within such state, without regard to choice or conflicts of law principles. This Agreement is solely for the benefit of the parties hereto and their respective successors and assigns, and no other Person has any right, benefit, priority or interest under, or because of the existence of, this Agreement.

g. Counterparts. This Agreement may be executed by the parties hereto on any number of separate counterparts, and all such counterparts taken together constitute one and the same instrument. It is not necessary in making proof of this Agreement to produce or account for more than one counterpart signed by the party to be charged.

h. Counterpart Facsimile Execution. For purposes of this Agreement, a document (or signature page thereto) signed and transmitted by facsimile machine or telecopier is to be treated as an original document. The signature of any Person thereon, for purposes hereof, is to be considered as an original signature, and the document transmitted is to be considered to have the same binding effect as an original signature on an original document. At the request of any party hereto, any facsimile or telecopy document is to be re-executed in original form by the Persons who executed the facsimile or telecopy document. No party hereto may raise the use of a facsimile machine or telecopier or the fact that any signature was transmitted through the use of a facsimile or telecopier machine as a defense to the enforcement of this Agreement or any amendment or other document executed in compliance with this Section.

i. Final Expression; No Course of Dealing. This Agreement, together with the Loan Agreement, the other Loan Documents and any other agreement executed in connection herewith or therewith, is intended by the parties as a final expression of their agreement and is intended as a complete and exclusive statement of the terms and conditions thereof. Acceptance of or acquiescence in a course of performance or course of dealing rendered or taken under or with respect to this Agreement, the Loan Agreement or the other Loan Documents will not be relevant to determine the meaning of this Agreement, the Loan Agreement or the other Loan Documents even though the accepting or acquiescing party had knowledge of the nature of the performance and opportunity for objection.

j. Negotiated Transaction. Debtor and Secured Party each represent to the other that in the negotiation and drafting of this Agreement each has been represented by and has relied upon the advice of counsel of its choice. Each of Debtor and Secured Party affirm that its counsel has had a substantial role in the drafting and negotiation of this Agreement; therefore, this Agreement will be deemed drafted by each of Debtor and Secured Party, and



the rule of construction to the effect that any ambiguities are to be resolved against the drafter will not be employed in the interpretation of this Agreement.

k. Attorneys' Fees and Other Costs. Debtor will reimburse Secured Party for all expenses incurred by Secured Party in seeking to collect or enforce the Secured Obligations and any other rights under this Agreement or any of the other Loan Documents or under any other instrument, document or agreement evidencing or executed in connection with any of the Secured Obligations, including reasonable attorneys' fees and actual attorneys' expenses (whether or not there is litigation), court costs and all costs in connection with any proceedings under the United States Bankruptcy Code, and any expenses incurred on account of damage to any property to which any of the Collateral may be affixed.

l. Assignment By Secured Party. To the extent permitted in the Loan Agreement, Secured Party may grant a participation interest in or assign or transfer to another Person any instrument, document or agreement evidencing any of the Secured Obligations and Secured Party's rights under this Agreement, and may deliver all the property which is part of the Collateral and in its possession to the participant, assignee or transferee or to any Person acting as agent for Secured Party.

m. Choice of forum. Subject only to the exception in the next sentence, Debtor and Secured Party hereby agree to the exclusive jurisdiction of the federal court of the Western District of Missouri and the state courts of Missouri located in Boone County and waive any objection based on venue or forum non conveniens with respect to any action instituted therein, and agree that any dispute concerning the relationship between Debtor and Secured Party or the conduct of either of them in connection with this Agreement or otherwise may be heard only in the courts described above. Notwithstanding the foregoing: (i) Secured Party has the right to bring any action or proceeding against Debtor or its property in any courts of any other jurisdiction Secured Party deems necessary or appropriate in order to realize on the Collateral or other security for the Secured Obligations, and (ii) each of the parties hereto acknowledges that any appeals from the courts described in the immediately preceding sentence may have to be heard by a court located outside those jurisdictions.

n. Service of Process. Debtor hereby waives personal service of any and all process upon it and consents that all such service of process may be made by registered mail (return receipt requested) directed to Debtor at its address set forth on the signature page hereof, and service so made will be deemed to be completed five (5) days after the same has so deposited in the U.S. Mails, certified or registered; or at Secured Party's option, by service upon CT Corporation, which Debtor irrevocably appoints as Debtor's agent for the purpose of accepting service of process within the State of Missouri. Secured Party will promptly forward by registered mail any process so served upon said agent to Debtor at its address on the signature page hereof. Nothing in this Section affects the right of Secured Party to serve legal process in any other manner permitted by Law.

o. WAIVER OF JURY TRIAL. DEBTOR AND SECURED PARTY HEREBY WAIVE ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION (I) ARISING UNDER THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT, OR (II) IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF THE PARTIES HERETO OR EITHER OF THEM IN RESPECT OF THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT, OR THE TRANSACTIONS RELATED HERETO OR THERETO, IN EACH CASE WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER SOUNDING IN CONTRACT OR TORT OR OTHERWISE. DEBTOR AND SECURED PARTY AGREE AND CONSENT THAT ANY SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION WILL BE DECIDED BY COURT TRIAL WITHOUT A JURY AND THAT EITHER MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS AGREEMENT WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF THE PARTIES HERETO TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY.

p. Reinstatement. This Agreement and any and all Security Interests created or evidenced hereby will continue to be effective or be reinstated, as the case may be, as though such payments had not been made, if at any time any amount received by Secured Party in respect of the Secured Obligations is rescinded or must otherwise be restored or returned by Secured Party, including upon the insolvency, bankruptcy, dissolution, liquidation or reorganization of Debtor or upon the appointment of any intervenor or conservator of, or trustee or similar official for, Debtor, any substantial part of its assets, or otherwise.

IN WITNESS WHEREOF, this Agreement has been duly executed as of the date first above written.

**Heartland Fragrance & Herb Co.**

By: *Theresa A. Hollingsworth*  
Name: Theresa A. Hollingsworth  
Title: President

**Union Planters Bank, N.A.**

By: *W. Keith McLaughlin*  
W. Keith McLaughlin, Senior Vice  
President

**Exhibit A**

<b>Trademark</b>	<b>Serial No.</b>	<b>Registration No.</b>	<b>Owner</b>
ASHLEY PARKE	75-610,520	2337911	Heartland Fragrance & Herb Company
BATH IN PROGRESS	76-363,002		Heartland Fragrance & Herb Company
COWBOY GOURMET	75-673,525	2491229	Heartland Fragrance & Herb Company
ENOBE	76-207,049	2617194	Heartland Fragrance & Herb Company
ESSENTIAL MOMENTS	75-611,014	2453711	Heartland Fragrance & Herb Company
LOVE NOTES	75-740,850	2389655	Heartland Fragrance & Herb Company
STOLEN MOMENTS	75,586,629		Heartland Fragrance & Herb Company
THE NATURE OF BEING	76-207,161	2614495	Heartland Fragrance & Herb Company