

10-28-2003



102585685

10-24-03

RECORDATION FORM COVER SHEET TRADEMARKS ONLY

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

Submission Type

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

Conveyance Type

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

Conveying Party

Mark if additional names of conveying parties attached

Name

Execution Date
Month Day Year

Formerly

- Individual General Partnership Limited Partnership Corporation Association
- Other

Citizenship/State of Incorporation/Organization

Receiving Party

Mark if additional names of receiving parties attached

Name

DBA/AKA/TA

Composed of

Address (line 1)

Address (line 2)

Address (line 3)

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

Corporation Association

Other

Citizenship/State of Incorporation/Organization

10/27/2003 6TOM11 00000042 2494356

FOR OFFICE USE ONLY

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

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

TRADEMARK
REEL: 002852 FRAME: 0101

Domestic Representative Name and Address

Enter for the first Receiving Party only.

Name

Address (line 1)

Address (line 2)

Address (line 3)

Address (line 4)

Correspondent Name and Address

Area Code and Telephone Number

Name

Address (line 1)

Address (line 2)

Address (line 3)

Address (line 4)

Pages

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

#

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

Mark if additional numbers attached

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

Trademark Application Number(s)

Registration Number(s)

<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text" value="2,494,356"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

Number of Properties

Enter the total number of properties involved.

#

Fee Amount

Fee Amount for Properties Listed (37 CFR 3.41):

\$

Method of Payment:

Enclosed

Deposit Account

Deposit Account

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

Deposit Account Number:

#

Authorization to charge additional fees:

Yes

No

Statement and Signature

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

Stewart L. Gitler

9/18/2003

Name of Person Signing

Signature

Date Signed

JAMES A. CARMODY, P.C.

**ATTORNEY & ARBITRATOR
6363 WOODWAY, SUITE 910
HOUSTON, TEXAS 77057**

OFFICE

**VOICE: (713) 346-9660
FAX: (713) 346-9663**

March 24, 2003

MOBILE

**VOICE: (713) 446-4234
FAX: (815) 461-5321
carmody@lawyer.com
www.lawyers.com/jacarmodypc**

VIA CERTIFIED U.S. MAIL, RETURN RECEIPT REQUESTED AND
FEDEX COURIER AND REGULAR FIRST CLASS U.S. MAIL

John J. Brady, Chief Executive Officer
Ana-Tech Corporation
302 S. Ash St.
Perryton, TX 79070

Re: Notification of Proposal to Accept Collateral in [Full] Strict Foreclosure
Debtor: Ana-Tech Corporation (the "Debtor")
Secured Party: Stephen J. Weiss, M.D., % undersigned counsel, (the Secured Party)
Collateral: As described in UCC-1 Financing Statement filed of record on January
19, 2001 (Exhibit A attached hereto) and in Security Agreement
(Accounts, Inventory, Equipment, Fixtures, General Intangibles, Other)
signed on January 18, 2001 (Exhibit B attached hereto)

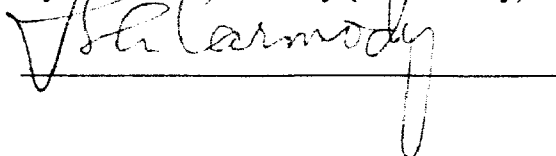
Dear Mr. Brady:

As you are well aware, the Debtor is in default under the Security Agreement referred to above granting Secured Party a security interest in the Collateral. The outstanding balance due from the Debtor to the Secured Party as of the date above is \$675,000 plus \$295.89 per diem interest since January 18, 2003 (the "Balance"). Pursuant to paragraph 6(b) of the Security Agreement and by the Texas Business and Commerce Code § 9.503, you are hereby directed to assemble the Collateral and make it available to the Secured Party at the Debtor's address as indicated above or at another place which is reasonably convenient to the parties.

The Secured Party shall accept the Collateral in full satisfaction of the Balance, and the obligations due shall be deemed fully discharged as a result. If you have any objection to the Secured Party's proposal to accept the Collateral in full satisfaction of the Balance, you must send an authenticated statement of your objection within twenty (20) days from the dated this notice was sent. If the undersigned has not received an authenticated objection within that time period, you will have been deemed to have consented to this proposal and will have no further right to object, and the Secured Party will retain the Collateral in full satisfaction of the Debtor's obligation, as described in this letter.

Stephen J. Weiss, M.D. (Secured Party)

By: James A. Carmody (his attorney)



TRADEMARK

REEL: 002852 FRAME: 0103

SECURITY AGREEMENT
(Accounts, Inventory, Equipment,
Fixtures, General Intangibles, Other)

January 18, 2001

ANA-TECH CORPORATION, a Delaware corporation (hereinafter called "Debtor"), whose address is 1020 Holcombe, Suite 1304, Houston, Harris County, Texas, for value received, the receipt and sufficiency of which is hereby acknowledged, hereby grants to **STEPHEN J. WEISS, M.D.**, a Texas resident (hereinafter called "Secured Party"), whose address is 7907 Oakington Drive, Houston, Texas 77071, the security interest hereinafter set forth and agrees with Secured Party as follows:

1. **Security Interest.** Debtor hereby grants to Secured Party a security interest in, and agrees that Secured Party has and shall continue to have a security interest in, the following property, including without limitation the items described on Exhibits, if any, attached hereto and made a part hereof, to-wit (all such property described below referred to as the "Collateral"):

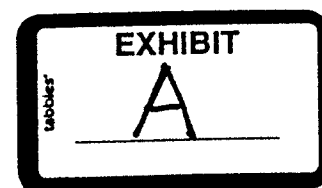
A. **Accounts.** All accounts now owned or existing as well as any and all that may hereafter arise or be acquired by Debtor, and all the proceeds and products thereof, including without limitation, all notes, draft acceptances, instruments and chattel paper arising therefrom, and all returned or repossessed goods arising from or relating to any such accounts, or other proceeds or any sale or other disposition of inventory;

B. **Inventory.** All of Debtor's inventory, including all goods, merchandise, raw materials, goods in process, finished goods and other tangible personal property now owned or hereafter acquired and held for sale or lease or furnished or to be furnished under contracts for service or used or consumed in Debtor's business and all additions and accessions thereto and contracts with respect thereto and all documents of title evidencing or representing any part thereof, and all products and proceeds thereof, including, without limitation, all of such which is now or hereafter located at 1020 Holcombe, Suite 1304, Houston, Texas;

C. **Fixtures.** All of Debtor's fixtures and appurtenances thereto, and such other goods, chattels, fixtures, equipment and personal property affixed or in any manner attached to the real estate and/or building(s) or structure(s), including all additions and accessions thereto and replacements thereof and articles in substitution therefor, howsoever attached or affixed, located on the property commonly known as 1020 Holcombe, Suite 1304, Houston, Texas, and being more particularly on Exhibit "A" attached hereto and made a part hereof for all purposes;

The record owner of the real estate is Philips Fannin, L.P.

Security Agreement
Page 1 of 10



TRADEMARK
REEL: 002852 FRAME: 0104

D. **Equipment.** All equipment of every nature and description whatsoever now owned or hereafter acquired by Debtor including all appurtenances and additions thereto and substitutions therefor, wheresoever located, including tools, parts and accessories used in connection therewith;

E. **General Intangibles.** All other personal property now owned or hereafter acquired by Debtor (other than goods, accounts, chattel paper, documents and instruments), specifically including, but not limited to, all intellectual property rights of Debtor in U.S. Patent Nos. 5,332,398 and 4,813,442, the product known as the OsteoPort and in any other patents, copyrights, trademarks, or other intellectual property of the Debtor;

F. **Chattel Paper.** All of Debtor's interest under lease agreements and other instruments or documents, whether now existing or owned by Debtor or hereafter arising or acquired by Debtor, evidencing both a debt and security interest in or lease of specific goods; and accessions, additions and attachments to the foregoing and the proceeds and products of the foregoing, including without limitations, all cash, general intangibles, accounts, inventory, equipment, fixtures, farm products, notes, drafts, acceptances, instruments and chattel paper or other property, benefits or rights arising therefrom, and in and to all returned or repossessed goods from or relating to any of the collateral described herein or other proceeds of any sale or other disposition of such collateral; and

G. **Other Property.** All other tangible and intangible property of Debtor not described above. All of Debtor's rights and interests in all tangible or intangible property now owned or hereafter acquired and the products and proceeds thereof, whether or not specifically described above.

The security interest granted hereby is to secure the full and faithful payment and performance by the Debtor to Secured Party of: (a) all liabilities, obligations, and indebtedness of Debtor under that one Agreement of even date herewith between Debtor and Secured Party with respect to the loaning of funds by Secured Party to Debtor and related matters (the "Agreement"); (b) all liabilities, obligations, and indebtedness of Debtor under that one certain Convertible Secured Promissory Note of even date herewith in the original principal amount of SIX HUNDRED THOUSAND AND NO/100 DOLLARS (\$600,000.00) executed by Debtor and payable to Secured Party (the "Note"); (c) all indebtedness, obligations and liabilities arising pursuant to any security agreement or other instruments creating liens or security interests securing, among other things, the indebtedness evidenced by the Note or the Agreement, including, without limitation, this Agreement; (d) any and all indebtedness of the Debtor to Secured Party, whether direct or indirect, now owing or hereafter arising, liquidated or unliquidated, and including, specifically, without limitation, any and all indebtedness of the Debtor to third parties heretofore or hereafter acquired by Secured Party; and (e) any and all renewals or extensions of all or any part of the indebtedness, obligations and liabilities described

or referred to in Subsections 1(a), 1(b), and 1(c) and 1(d) preceding (all of which shall hereinafter be referred to as the "Obligations"). Debtor acknowledges that the security interest hereby granted shall secure all future advances as well as any and all other obligations and liabilities of Debtor to Secured Party whether now in existence or hereafter arising and it is currently contemplated that Secured Party will be making future advances to Debtor.

2. ***Representations, Warranties and Covenants of Debtor.***

(a) Except for the security interest granted hereby, the Debtor is, and as to the Collateral acquired after the date hereof which is included within the security interest specified in Section 1 hereof, Debtor will be the owner of all such Collateral free from all adverse claims, security interests and encumbrances (other than those held by Philips Fannin, L.P. as Landlord under its lease with the Debtor, if any).

(b) There is no Financing Statement now on file in any public office covering any part of the Collateral (other than those filed by Philips Fannin, L.P. or its predecessor-in-interest as Landlord under its lease with the Debtor, if any).

(c) Subject to any limitation stated therein or in connection therewith, all information furnished to Secured Party concerning the Collateral and proceeds thereof, or otherwise for the purpose of obtaining credit or an extension of credit, is or will be at the time the same is furnished, accurate and correct in all material respects.

(d) The Collateral will be used by the Debtor primarily for business purposes.

(e) Except as herein provided and in the ordinary course of business, Debtor will not remove the Collateral from the county or counties designated at the beginning of this Agreement without the written consent of the Secured Party. The address of Debtor designated at the beginning of this Agreement is Debtor's place of business if Debtor has only one place of business; Debtor's chief executive office, if Debtor has more than one place of business; or Debtor's residence, if Debtor has no place of business. Debtor agrees to notify Secured Party in writing of any change of such address.

3. ***Provisions Regarding Accounts.*** The following provisions shall apply to all accounts included within the Collateral:

(a) The term "account", as used in this Security Agreement, shall have the same meaning as set forth in the Uniform Commercial Code of Texas in effect as of the date of execution hereof, and as set forth in any amendment to the Uniform Commercial Code of Texas to become effective after the date of execution hereof, and also shall include all present and future notes, instruments, documents, general intangibles, drafts, and acceptances of Debtor, and the proceeds thereof. As of the time any account becomes

subject to such security interest, Debtor shall be deemed to have warranted as to each and all of such accounts (i) that each account and all papers and documents relating thereto are genuine in all respects, are what they purport to be, and (ii) that each account is valid and subsisting and arises out of a bona fide sale of goods sold and delivered to, or out of and for services theretofore actually rendered by the Debtor to, the account debtor named in the account, (iii) that the amount of the account represented as owing is the correct amount actually and unconditionally owing except for normal cash discounts and is not subject to any set-offs, credits, deductions or countercharges, (iv) that the Debtor is the owner thereof free and clear of all liens, encumbrances and security interests of any and every nature whatsoever.

(b) Secured Party shall have the right in its own name or in the name of the Debtor, after default of the Debtor, to demand, collect, receive, receipt for, sue for, compound and give acquittal for, any and all amounts due or to become due on the accounts and to endorse the name of the Debtor on all commercial paper given in payment or part payment thereof, and in its discretion to file any claim or take any other action or proceeding which Secured Party may deem necessary or appropriate to protect and preserve and realize upon the Security Interest of Secured Party in the Collateral.

(c) Debtor will from time to time execute such further instruments and do such further acts and things as Secured Party may reasonably require by way of further assurance to Secured Party by an assignment or other form of identification in the form required by Secured Party of all accounts at any time, together with such other evidence of the existence and identity of such accounts as Secured Party may reasonably require; and Debtor will mark its books and records to reflect the assignment of any such accounts, or other accounts which are included within the Security Interest specified in Section 1 hereof.

4. *Provisions Regarding Inventory.* The following provisions shall apply to all inventory included within the Collateral:

(a) Debtor shall immediately notify Secured Party of any event causing loss or depreciation in value of the Collateral of more than \$5,000.00, and the amount of such loss or depreciation.

(b) Debtor will promptly notify Secured Party in writing of any addition to, change in or discontinuance of its place(s) of business as shown in this Agreement, the places at which inventory is located as shown herein, the location of its chief executive office and the location of the office where it keeps its records as set forth herein. All Collateral will be located at the place(s) of business shown at the beginning of this Agreement and in Section 1 as modified by any notice(s) given pursuant hereto.

(c) Until default, Debtor may use the inventory in any lawful manner not inconsistent with this Agreement or with the terms or conditions of any policy of insurance thereon and may also sell that part of the Collateral consisting of inventory provided that all of such sales are in the ordinary course of business. A sale in the ordinary course of business does not include a transfer in partial or total satisfaction of a debt. Until default, Debtor may also use and consume any raw materials or supplies, the use and consumption of which are necessary in order to carry on Debtor's business.

(d) All accounts which are proceeds of the inventory collateral covered hereby shall be subject to all of the terms and provisions hereof pertaining to accounts.

5. *General Covenants.*

(a) Upon the request of Secured Party, Debtor will furnish to Secured Party a landlord's waiver of all liens with respect to any Collateral covered by this Security Agreement which is or may be located upon leased premises, such landlord's waiver to be in the form acceptable to counsel for Secured Party.

(b) Debtor agrees to execute and deliver such Financing Statement or Statements, or amendments thereof, or supplements thereto, or other instruments as Secured Party may from time to time require in order to comply with the Texas Uniform Commercial Code (or other applicable State law of the jurisdiction where any of the Collateral is located) and to preserve and protect the security interest hereby granted.

(c) Secured Party may, at its option, whether before or after default, but without obligation to the Debtor, discharge taxes, liens or security interests or other encumbrances at any time levied or placed upon the Collateral, and may place and pay for insurance thereon, or pay for the repair, improvement, maintenance and preservation of the Collateral and pay any filing or recording fees necessary to preserve and protect the security interest hereby granted. The Debtor agrees to reimburse Secured Party pursuant to the foregoing authorization and such amount shall constitute additional obligations of Debtor which shall be secured by and entitled to the benefits of this Security Agreement. Debtor agrees to pay interest on such amounts at the rate of the promissory note referred to in Section 1 from the date such are incurred by Secured Party until paid by Debtor.

(d) Secured Party shall have the right at any time, in its own name or in the name of Debtor, after default by Debtor, to notify any and all account debtors to make payment thereof directly to Secured Party and to demand, collect, receive, receipt for, sue for, compound for and give acquittal for, any and all amounts due or to become due on the accounts and to endorse the name of the Debtor on all commercial paper given in payment or part payment thereof, and in its discretion to file any claim or take any other action or proceeding which Secured Party may deem necessary or appropriate to protect

and preserve and realize upon the security interest of Secured Party in the Collateral; but to the extent Secured Party does not so elect, Debtor shall continue to collect the accounts.

(e) Debtor shall at all reasonable times allow Secured Party by or through any of its officers, agent, attorneys or accountants, to examine or inspect the Collateral wherever located and to examine, inspect and make extracts from Debtor's books and records. Debtor shall do, make, execute and deliver all such additional and further acts, things, deeds, insurances, instruments as Secured Party may require to more completely vest in and assure to Secured Party its rights hereunder and in or to the Collateral.

(f) Debtor shall have and maintain insurance at all times with respect to all tangible collateral covered hereby insuring against risks of fire (including so-called extended coverage), theft and other risks as Secured Party may reasonably require, containing such terms, in such form and amounts and written by such companies as may be reasonably satisfactory to Secured Party as its interest may appear. All policies of insurance shall provide for ten (10) days written minimum cancellation notice to Secured Party and at request of Secured Party shall be delivered to and held by it. Secured Party is hereby authorized to act as attorney for Debtor in obtaining, adjusting, settling and canceling such insurance and endorsing any drafts or instruments. Secured Party shall be authorized to apply the proceeds from any insurance to the Obligations secured hereby whether or not such Obligations are then due and payable.

(g) Without prior notice to or demand upon the Debtor, Secured Party may, at anytime whether or not a default has occurred, exercise its rights granted above. Additionally, Secured Party may exercise its other rights and remedies at law and equity (all of which are cumulative) at any time when a default has occurred.

6. *Events of Default.*

(a) Debtor shall be in default under this Security Agreement, upon the happening of any of the following events or conditions (herein sometimes called an "Event of Default"): (i) the Debtor fails to pay any interest on the Note when it is due and payable, and the failure continues for a period of 10 days after the provision of written notice thereof by the Secured Party to the Debtor; (ii) the Debtor fails to pay the principal of the Note at its maturity or fails to observe or perform any obligation or covenant hereunder, and the failure continues for a period of 10 days after the provision of written notice thereof by the Secured Party to the Debtor; (iii) any default or breach of Debtor under the Agreement and such default or breach continues for a period of 10 days after the provision of written notice thereof by the Secured Party to the Debtor; (iv) the Debtor commences any voluntary proceeding under any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, receivership, dissolution, or liquidation law or statute, of any jurisdiction, whether now or subsequently in effect; or the Debtor is adjudicated

insolvent or bankrupt by a court of competent jurisdiction; or the Debtor petitions or applies for, acquiesces in, or consents to, the appointment of any receiver or trustee of the Debtor or for all or substantially all of its property or assets; or the Debtor makes an assignment for the benefit of its creditors; or the Debtor admits in writing its inability to pay its debts as they mature; or (v) there is commenced against the Debtor any proceeding relating to the Debtor under any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, receivership, dissolution, or liquidation law or statute, of any jurisdiction, whether now or subsequently in effect, and the proceeding remains undismitted for a period of 60 days or the Debtor by any act indicates its consent to, approval of, or acquiescence in, the proceeding; or a receiver or trustee is appointed for the Debtor or for all or substantially all of its property or assets, and the receivership or trusteeship remains undischarged for a period of 60 days; or a warrant of attachment, execution or similar process is issued against any substantial part of the property or assets of the Debtor, and the warrant or similar process is not dismissed or bonded within 60 days after the levy.

(b) Upon the occurrence of an Event of Default, and at any time thereafter Secured Party, may, at its option, without demand, notice of intention to accelerate, notice of acceleration, notice of nonpayment, presentment, protest, notice of dishonor, or any other notice whatsoever, to the Debtor, declare all Obligations secured hereby immediately due and payable and Secured Party shall thereupon have the rights and remedies of a secured party under the Texas Uniform Commercial Code and as otherwise granted herein or under any applicable law or in any other agreement executed by Debtor (all of which rights and remedies shall be cumulative), including without limitations the right to sell, lease or otherwise dispose of any or all the Collateral and to apply the proceeds thereof toward payment of any cost and expenses and attorney's fees and legal expenses thereby incurred by the Secured Party and toward payment of the Obligations in such order or manner as the Secured Party may elect. Secured Party shall have the right to take immediate possession of the Collateral, and for that purpose Secured Party may enter upon any premises on which the Collateral or any part hereof may be situated and remove the same therefrom, so long as such taking is lawful and does not constitute a breach of the peace. Secured Party may require Debtor to assemble the Collateral and make it available to Secured Party at a place to be designated by the Secured Party which is reasonably convenient to both parties. Unless the Collateral is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market Secured Party will send Debtor reasonable notice of the time and place of any public sale thereof or of the time after which any private sale or other disposition thereof is to be made. The requirement of sending a reasonable notice shall be met if such notice is mailed, postage prepaid, to Debtor at the address designated at the beginning of this Security Agreement at least five (5) days before the time of the sale or disposition. Expenses, including but not limited to legal expenses, plus interest thereon at a rate per annum at all times equal to the highest lawful contract rate permitted by applicable usury laws, shall constitute

additional Obligations of Debtor which shall be due on demand and which shall be secured by and entitled to the benefits of this Security Agreement. If the proceeds of any sale or other lawful disposition by Secured Party of the Collateral following its retaking, are insufficient to pay the expenses of retaking, preparing, holding, repairing the Collateral for sale, selling it and the like, to satisfy the Obligations to Secured Party, then Debtor agrees to pay any deficiency, but Debtor shall be entitled to any surplus if one results after lawful application of all such proceeds.

(c) Secured Party may remedy any default and may waive any default without waiving the default remedied or without waiving any other prior or subsequent default.

(d) It is the intention of the parties hereto to comply with applicable usury laws; accordingly, it is agreed that notwithstanding any provision to the contract in this Security Agreement or in any of the documents evidencing the Obligations or otherwise relating thereto, no such provision shall require the payment or permit the collection of interest in excess of the maximum permitted by such laws. If any excess of interest in such respect is provided for, or shall be adjudicated to be so provided for, in this Security Agreement, or in any of the documents evidencing the Obligations or otherwise relating thereto, then in such event (a) the provisions of this paragraph shall govern and control; (b) neither the Debtor hereof nor his heirs, legal representatives, successors or assigns or any other party liable for the payment hereof, shall be obligated to pay the amount of such interest to the extent that it is in excess of the maximum amount permitted by such laws; (c) any such excess which may have been collected shall be, at the option of the holder of the instrument evidencing the Obligations, either applied as a credit against the then unpaid principal amount thereof or refunded to the Maker thereof; and (d) the effective rate of interest shall be automatically subject to reduction to the maximum lawful rate allowed to be lawfully contracted for by Debtor under applicable usury laws as now or hereafter construed by the courts having jurisdiction.

(e) The remedies of Secured Party hereunder are cumulative, and the exercise of any one or more of the remedies provided herein shall not be construed a waiver of any of the other remedies of Secured Party.

7. General.

(a) Any provision hereof found to be invalid under the law of the State of Texas, or any other State having jurisdiction or other applicable law, shall be invalid only with respect to the offending provision. All words used herein shall be construed to be of such gender or number as the circumstances require. If this Agreement is executed by more than one Debtor, the obligations of all such Debtors shall be joint and several. This Agreement shall be binding upon the respective heirs, personal representatives, successors

or assigns of the parties hereto. The law of the State of Texas shall apply to this Agreement and its construction and interpretation.

(b) Any carbon, photographic or other reproduction of any financing statement signed by Debtor is sufficient as a financing statement for all purposes, including without limitation, filing in any state as may be permitted by the provision of the Uniform Commercial Code of such state.

(c) This Agreement and the security interest herein granted are in addition to, and not in substitution, novation or discharge of, any and all prior or contemporaneous security agreements and security interests in favor of Secured Party or assigned to Secured Party by others. All rights, powers and remedies of Secured Party in all such security agreements are cumulative, but in the event of actual conflict in terms and conditions, the terms and conditions of the latest security agreement shall govern and control.

(d) The security interest hereby granted and all the terms and provisions hereof shall be deemed a continuing security agreement and shall continue in full force and effect, and all the terms and provisions hereof shall remain effective as between the parties, until first to occur of the following: (i) the expiration of four (4) years from the last to occur of the maturity of the Note or date of payment of Debtor's last Obligation to Secured Party; or (ii) repayment and performance by Debtor of all Obligations secured hereby and the giving by Debtor of ten (10) days written notice of revocation of the terms and provisions hereof.

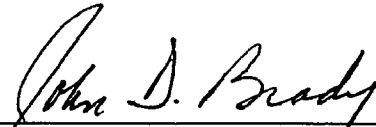
(e) This Agreement may be executed in one or more counterparts, all of which when fully executed and delivered by all parties hereto and taken together shall constitute a single agreement, binding against each of the parties. To the maximum extent permitted by law or by any applicable governmental authority, any document may be signed and transmitted by telecopy/facsimile with the same validity as if it were an ink signed document. Each signatory below represents and warrants by his signature that he is duly authorized (on behalf of the respective entity for which such signatory has acted) to execute and deliver this instrument and any other document related to this transaction, thereby fully binding each such respective entity.

[THIS AREA INTENTIONALLY LEFT BLANK]

SIGNED and delivered on the day and year first above written.


DEBTOR:

ANA-TECH CORPORATION

By: 

John D. Brady
Chief Executive Officer

SECURED PARTY:



STEPHEN J. WEISS, M.D.

Exhibit "A"

Those two (2) certain tracts of land containing approximately 2.66413 acres and 2.85543 acres, respectively, located in the P.W. Rose Survey, Abstract No. 645, City of Houston, Harris County, Texas.