

TRADEMARK ASSIGNMENT

Electronic Version v1.1
 Stylesheet Version v1.1

SUBMISSION TYPE:	NEW ASSIGNMENT		
NATURE OF CONVEYANCE:	SECURITY INTEREST		
CONVEYING PARTY DATA			
Name	Formerly	Execution Date	Entity Type
MasterSpas, Inc.		04/12/2006	CORPORATION: INDIANA
RECEIVING PARTY DATA			
Name:	Swimcizor Co., L.L.C.		
Street Address:	3618 Fowler Street		
City:	Ft. Meyers		
State/Country:	FLORIDA		
Postal Code:	33901		
Entity Type:	LIMITED LIABILITY COMPANY: NEW JERSEY		
PROPERTY NUMBERS Total: 2			
Property Type	Number	Word Mark	
Registration Number:	2410404	SWIMCIZOR	
Registration Number:	2410405	SWIMCIZOR	
CORRESPONDENCE DATA			
Fax Number:	(610)827-2139		
	<i>Correspondence will be sent via US Mail when the fax attempt is unsuccessful.</i>		
Phone:	(610) 827-2044		
Email:	rpomeroy@kmaclaw.com		
Correspondent Name:	Richard J. Pomeroy		
Address Line 1:	1216 Route 113		
Address Line 4:	Chester Springs, PENNSYLVANIA 19425		
ATTORNEY DOCKET NUMBER:	SWIMCIZOR ASSET PURCHASE		
NAME OF SUBMITTER:	Richard J. Pomeroy		
Signature:	/Richard J. Pomeroy/		
Date:	07/25/2006		

OP \$65.00 2410404

Total Attachments: 6

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SECURITY AGREEMENT

This Security Agreement is made this 12 day of ^{April}~~March~~ 2006 by MASTERSPAS, INC., an Indiana Corporation, ("Masterspas"), in favor of SWIMCIZOR CO., LLC ("Secured Party").

BACKGROUND

^{April}This Security Agreement is entered into with respect to the Asset Purchase Agreement dated ~~March~~ 12, 2006 ("Asset Purchase Agreement") entered into by and between Masterspas and Secured Party. The Asset Purchase Agreement provides for Masterspas' purchase of certain assets of Secured Party. Masterspas desires to provide security to Secured Party with respect to the Asset Purchase Agreement, pursuant to the terms and conditions of this Security Agreement.

AGREEMENT

NOW, THEREFORE, for and in consideration of the premises, the mutual promises contained in this Security Agreement, and for other good and valuable consideration, the parties hereto, intending to be legally bound, agree as follows:

1. Definitions. The following terms shall have the meanings indicated for purposes of this Security Agreement (such meanings to be equally applicable to both the singular and plural forms of the terms defined). Any term used in the UCC and not defined in this Security Agreement has the meaning given the term in the UCC.

"Collateral" means and shall consist of: (1) all equipment, inventory, supplies, furniture, fixtures and other fixed assets specifically set out in Exhibit "A" of the Asset Purchase Agreement, (2) US patent number 5,662,558 issued on or about September 2, 1997 and all rights associated with such patent, (3) United States trademarks for "Swimcizor", registration number 2410404, registered December 5, 2000, (4) United States Trademarks for the Swimcizor logo, registration number 2410405 registered December 5, 2000, (5) all internet domain names used by Seller, (6) the name "Swimcizor", and (7) the proceeds of the Collateral.

"Equipment" has the meaning set forth in the UCC.

"Obligations" means all of the Masterspas' obligations to the Secured Party.

"Proceeds" has the meaning set forth in the UCC.

"UCC" means the Uniform Commercial Asset Code as currently enacted in the State specified in the Applicable Law paragraph of the Asset Purchase Agreement.

2. The Asset Purchase Agreement. This Security Agreement is entered into pursuant to the terms and conditions of the Asset Purchase Agreement and shall be subject to the terms and conditions of Asset Purchase Agreement.

3. Grant of Security Interest. As security for the due and punctual payment and/or performance of all of the Obligations, Masterspas hereby pledges and assigns to Secured Party and grants to Secured Party a lien on, and security interest in, all of the Collateral.

4. Perfection of Security Interest and Further Assurances.

(a) Masterspas makes, constitutes and appoints Secured Party its true and lawful attorney-in-fact with power to, and authorizes Secured Party to, file all UCC financing statements (and other statements under the UCC including, without limitation, amendments and continuations of financing statements) with respect to the Collateral given for the Obligations. The foregoing power of attorney and authority is hereby acknowledged by the Masterspas to be coupled with an interest and irrevocable.

(b) Masterspas will take all steps, including the execution of any documents, reasonably deemed by Secured Party to be appropriate or necessary to perfect Secured Party's security interests.

5. Representations and Warranties. Masterspas represents and warrants to the Secured Party that:

(a) Masterspas is a corporation duly organized, validly existing, and in good standing under the laws of the State of Indiana.

(b) Masterspas has the full power and authority to execute this Security Agreement and perform its obligations hereunder and to subject the Collateral to the security interest hereunder. The execution, delivery, and performance by Masterspas of this Security Agreement and the consummation of the transactions contemplated herein have been duly authorized by all necessary corporate action on the part of Masterspas.

(c) Masterspas shall bear the risk of loss to any Collateral and will at all times keep and maintain the Collateral, at its expense, insured against loss or damage by fire, theft, explosion, sprinklers and all other hazards and risks ordinarily insured against by other owners who use such Equipment in similar businesses for the full insurable value thereof. All insurance policies covering the Collateral shall name Secured Party as an additional insured party.

6. Reports. Masterspas shall immediately provided Secured Party with a report with respect to all or any of the Collateral sold or transferred, including the items or amounts received by Masterspas in full or partial payment or otherwise as the proceeds of any Collateral. Masterspas shall also immediately notify the Secured Party of the occurrence of any event causing a material loss or depreciation in value of any Collateral, and the amount of such loss or depreciation.

7. Events of Default. The occurrence of any of the following shall, at the option of Secured Party, be an Event of Default:

(a) Any default or event of default by Masterspas under the Asset Purchase Agreement or under any other Obligations or any documents related to the Obligations;

(b) Masterspas' failure to comply with any of the provisions of, or the incorrectness of any representation or warranty contained in, this Security Agreement, the Asset Purchase Agreement, or in any of the Obligations or any documents related to the Obligations;

(c) The attachment, execution, or levy on any of the Collateral;

(d) Masterspas voluntarily or involuntarily becoming subject to any proceeding under (i) the Bankruptcy Code or (ii) any similar remedy under state statutory or common law; or

(e) An unauthorized sale or disposition of any of the Collateral.

8. Remedies upon Default. Upon occurrence of an Event of Default:

(a) Masterspas, upon request of Secured Party, will forthwith, upon receipt, transmit and deliver to Secured Party, in the form received, all cash, checks, drafts, or writings for the payment of money (properly endorsed, where required, so that such items may be collected by Secured Party) which may be received by the Masterspas at any time in full or partial payment or otherwise as proceeds of any of the Collateral.

(b) Secured Party may exercise from time to time any rights and remedies available to it herein or under applicable law. Without limiting the generality of the foregoing, Secured Party may, to the fullest extent permitted by applicable law, without notice, hearing or process of law of any kind; (i) enter upon any premises where any of the Collateral may be located and take possession of and remove such Collateral (and Masterspas grants to Secured Party the right to enter into or on any premises where Collateral maybe located); (ii) require Masterspas to make the Collateral available to Secured Party at a place designated by Secured Party which is reasonably convenient to both parties; (iii) sell any or all of the Collateral, free of all rights and claims of Masterspas therein and thereto, at any public or private sale; and (iv) bid for and purchase any or all of such Collateral at any such sale. If Secured Party purchases any of the Collateral being sold, Secured Party may pay for the Collateral by crediting some or all of the Obligations of Masterspas. Without limiting the foregoing, Secured Party shall have all rights and remedies available to a secured party under the UCC. Masterspas hereby expressly waives, to the fullest extent permitted by applicable law, any and all notices, advertisements, hearings or process of law in connection with the exercise by Secured Party of any of its rights and remedies upon the occurrence of an Event of Default.

9. Release. Upon the payment of the purchase price indefeasibly in full as required by the Asset Purchase Agreement, Secured Party shall release this security agreement and file all appropriate termination statements as required by the applicable provisions of the UCC.

10. Miscellaneous. This Security Agreement is entered into as a condition of the Asset Purchase Agreement. The Miscellaneous Provisions of the Purchase Agreement (Article 12) are incorporated under this Security Agreement by reference and are part of this Security Agreement.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, this Security Agreement has been duly executed as of the day and year first above written.

MasterSpas, Inc.

By: _____
Robert Lauter, President

Swimcizor Co., LLC

By: Byron Shannon
Byron Shannon, Managing Member

IN WITNESS WHEREOF, this Security Agreement has been duly executed as of the day and year first above written.

MasterSpas, Inc.

By: Robert Lauter Pres.
Robert Lauter, President

Swimcizer Co., LLC

By: _____
Byron Shannon, Managing Member