

11-06-2002



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Form P-169
(Rev. 03/01)
OMB No. 0651-0027 (exp. 5/31/2002)

RECORDATION FORM COVER SHEET
TRADEMARKS ONLY

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

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

1. Name of conveying party(ies):

Flanders Airia Technologies, Inc.

10-31-02

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

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

2. Name and address of receiving party(ies)

Name: Fleet Capital Corporation

Internal

Address: _____

Street Address: 300 Galleria Parkway, Suite 1100

City: Atlanta State: GA Zip: 30339

- Individual(s) citizenship _____
- Association _____
- General Partnership _____
- Limited Partnership _____
- Corporation-State Rhode Island
- 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: October 18, 2002

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

A. Trademark Application No.(s)

B. Trademark Registration No.(s)

See attached Exhibit A

Additional number(s) attached Yes No

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

Name: Ian M. Hathaway, Paralegal

Internal Address: Parker Hudson Rainer & Dobbs,
LLP

Street Address: 285 Peachtree Center Avenue
#1500

City: Atlanta State: Georgia Zip: 30303

6. Total number of applications and registrations involved: _____

2

7. Total fee (37 CFR 3.41).....\$ 65.00

- Enclosed
- Authorized to be charged to deposit account

8. Deposit account number:

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

DO NOT USE THIS SPACE

9. Statement and signature.

To the best of my knowledge and belief, the foregoing information is true and correct and any attached copy is a true copy of the original document.

Ian M. Hathaway

Name of Person Signing

Signature

October 30, 2002

Date

10

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

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

11/05/2002 11:47:00 AM 00000075 2295555

01 FC:0521
02 FC:0522

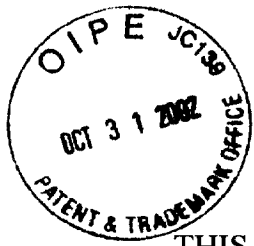
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SCHEDULE A

<u>Trademark</u>	<u>Jurisdiction</u>	<u>Registration No.</u>	<u>Registration Date</u>
Because We Know Air Forwards and Backwards	United States	2295555	November 30, 1999
A Airia	United States	2297780	December 7, 1999

<u>Trademark Applications</u>	<u>Jurisdiction</u>	<u>Application No.</u>	<u>Application Date</u>
None			

{201024.2} 000052-00339



TRADEMARK SECURITY AGREEMENT

THIS TRADEMARK SECURITY AGREEMENT (this "Agreement") is made this 17th day of October, 2002, between **FLANDERS AIRIA TECHNOLOGIES, INC.**, a North Carolina corporation, having its principal place of business at 2399 26th Avenue North, St. Petersburg, Florida 33734 ("the Company"), and **FLEET CAPITAL CORPORATION**, a Rhode Island corporation having an office at 300 Galleria Parkway, N.W., Suite 800, Atlanta, Georgia 30339 ("Lender").

WITNESSETH:

WHEREAS, Flanders Corporation, a North Carolina corporation, Flanders/Precisionaire Corp., a North Carolina corporation, Flanders Filters, Inc., a North Carolina corporation, Flanders/CSC Corporation, a North Carolina corporation, Precisionaire of Utah, Inc., a Utah corporation, Precisionaire, Inc., a Florida corporation, Eco-Air Products, Inc., a California corporation, Air Seal Filter Housings, Inc., a Texas corporation, and Flanders Realty Corp., a North Carolina Corporation (each a "Borrower" and collectively, "Borrowers") desire to obtain loans from Lender pursuant to a certain Loan and Security Agreement, dated the date hereof by and among Borrowers and Lender (hereinafter referred to, together with all amendments thereto, as the "Loan Agreement"); and

WHEREAS, Lender is willing to make loans to the Borrowers from time to time, in Lender's discretion, provided the Company executes this Agreement;

WHEREAS, the Company has contemporaneously herewith entered into a certain Continuing Guaranty Agreement (at any time amended, the "Guaranty") in favor Lender, pursuant to which Debtor has unconditionally guaranteed payment of all present and future indebtedness of each of Borrowers;

WHEREAS, the Company has contemporaneously herewith entered into a certain Security Agreement (at any time amended, the "Security Agreement"), pursuant to which Company granted to Lender a lien upon and security interest in the Company's now existing or hereafter acquired inventory, machinery, equipment, equipment formulations, manufacturing procedures, quality control procedures and product specifications relating to products sold under the Trademarks (as hereinafter defined);

NOW, THEREFORE, for Ten Dollars (\$10.00) and other valuable consideration, and in consideration of the premises, the Company hereby agrees with Lender as follows:

1. Unless otherwise defined herein, all capitalized terms used herein shall have the meanings ascribed to them in the Loan Agreement.
2. To secure the payment and performance of the Guaranteed Obligations (as defined in the Guaranty, the Company hereby pledges, assigns and grants to Lender a continuing security

interest in and lien upon all of the following property of the Company, whether now owned or existing or hereafter acquired (the "Collateral"):

(a) all trademarks, trademark registrations, tradenames and trademark applications, including, without limitation, the trademarks and applications listed on Schedule A attached hereto and made a part hereof (as the same may be amended from time to time), and (i) all renewals thereof, (ii) all income, royalties, damages and payments now or hereafter due or payable with respect thereto, including, without limitation, damages and payments for past or future infringements thereof, (iii) the right to sue for past, present and future infringements thereof, and (iv) all rights corresponding thereto throughout the world (all of the foregoing trademarks, trademark registrations, tradenames and applications, together with the items described in clauses (i)-(iv), are hereinafter collectively referred to as the "Trademarks");

(b) the goodwill of the Company's business connected with and symbolized by the Trademarks; and

(c) all proceeds of the foregoing.

3. The Company represents and warrants that:

(a) Each of the Trademarks is subsisting and has not been adjudged invalid or unenforceable;

(b) Upon filing of this Agreement in the United States Patent and Trademark Office, and the filing of a UCC financing statement against the Company's Trademarks in the appropriate state jurisdiction, this Agreement will create a legal and valid perfected lien upon and security interest in the Collateral (other than foreign trademarks), enforceable against the Company and all third Persons in accordance with its terms;

(c) No claim has been made that the use of any of the Trademarks does or may violate the rights of any third person; and

(d) The Company has the unqualified right to enter into this Agreement and perform its terms.

4. The Company covenants and agrees that:

(a) Each of the Trademarks is valid and enforceable;

(b) The Company is the sole and exclusive owner of the entire right, title and interest in and to each of the Collateral, free and clear of any liens, charges and encumbrances, including, without limitation, pledges, assignments, licenses, registered user agreements and covenants by the Company not to sue third Persons;

(c) The Company will maintain the quality of the products associated with the Trademarks, at a level consistent with the quality at the time of this Agreement, and will provide Lender quarterly with a certificate to that effect in the form attached hereto as Exhibit 1 executed by an officer of the Company;

(d) The Company will not change the quality of the products associated with the Trademarks without Lender's prior written consent; and

(e) The Company has used and will continue to use for the duration of this Agreement, proper statutory notice in connection with its use of the Trademarks, including, without limitation, filing an affidavit of use with the United States Patent and Trademark Office during the sixth year of registration for each Trademark as required by law.

5. The Company hereby grants to Lender and its employees and agents as often as may be reasonably requested, but only during normal business hours and (except when a Default or Event of Default exists) upon reasonable prior written notice to the Company, the right from time to time to visit the Company's plants and facilities which manufacture, inspect or store products sold under any of the Trademarks and to inspect the products and quality control records relating thereto. The Company shall do any and all acts reasonably required by Lender to ensure the Company's compliance with paragraph 4(c) of this Agreement.

6. The Company agrees that, until all of the Guaranteed Obligations have been satisfied in full, it will not enter into any agreement (including, without limitation, any license agreement) which is inconsistent with the Company's duties under this Agreement.

7. If, before the Guaranteed Obligations have been satisfied in full, the Company shall obtain rights to any new trademarks, or become entitled to the benefit of any trademark application or trademark or any renewal of any Trademark, the provisions of paragraph 2 hereof shall automatically apply thereto, and the Company shall give to Lender prompt notice thereof in writing.

8. The Company authorizes Lender to modify this Agreement by amending Schedule A to include any future trademarks and trademark applications within the definition of Trademarks under paragraph 2 or paragraph 7 hereof.

9. Upon and at any time after the occurrence of an Event of Default (as defined in the Loan Agreement), Lender shall have, in addition to all other rights and remedies given it by this Agreement, all rights and remedies under Applicable Law and all rights and remedies of a secured party under the Uniform Commercial Code as adopted and then in force in the State of Georgia. Without limiting the generality of the foregoing, Lender may immediately, without notice or demand, each of which the Company hereby waives, collect directly any payments due the Company in respect of the Collateral, or sell at public or private sale or otherwise realize upon all or from time to time, any of the Collateral. The Company hereby agrees that ten (10) days prior written notice to the Company of any public or private sale or other disposition of any of the Collateral shall be reasonable notice. At any such sale or disposition, Lender may, to the extent permitted by law, purchase the whole or any part of the Collateral sold, free from any right of redemption on the part

of the Company, which right the Company hereby waives and releases. After deducting from the proceeds of such sale or other disposition of the Collateral all costs and expenses incurred by Lender in enforcing its rights hereunder (including, without limitation, all reasonable attorneys' fees), Lender shall apply the remainder of such proceeds to the payment of the Guaranteed Obligations in such order and manner as Lender in its sole discretion may determine. Any remainder of the proceeds after payment in full of the Guaranteed Obligations shall be paid over to the Company. If any deficiency shall arise, the Company and each other guarantor of the Guaranteed Obligations shall remain jointly and severally liable to Lender therefor.

10. The Company hereby makes, constitutes and appoints Lender and any officer or agent of Lender as Lender may select as the Company's true and lawful attorney-in-fact, with full power to do any or all of the following if an Event of Default shall occur and be continuing: to endorse the Company's name on all applications, documents, papers and instruments necessary for Lender to use the Trademarks, or to grant or issue any exclusive or nonexclusive license under the Trademarks to any other Person, or to assign, pledge, convey or otherwise transfer title in or dispose of the Collateral to any other Person. The Company hereby ratifies all that such attorney shall lawfully do or cause to be done by virtue hereof. This power of attorney shall be irrevocable until all of the Guaranteed Obligations shall have been satisfied in full and the Loan Agreement shall have been terminated.

11. At such time as all of the Guaranteed Obligations shall have been satisfied finally and in full and the Guaranty, the Loan Agreement and the other Loan Documents shall have been terminated, Lender shall execute and deliver to the Company all releases and other instruments necessary to terminate Lender's security interest in the Collateral.

12. Any and all fees, costs and expenses, of whatever kind or nature, including reasonable attorneys' fees and legal expenses, actually incurred by Lender in connection with the preparation of this Agreement and all other documents relating hereto and the consummation of this transaction, the filing or recording of any documents (including all taxes in connection therewith) in public offices, the payment or discharge of any taxes, counsel fees, maintenance fees, encumbrances or otherwise protecting, maintaining, or preserving the Collateral, or in defending or prosecuting any actions or proceedings arising out of or related to the Collateral, shall be borne and paid by the Company (it being the intent of the Company and Lender that the Company shall be responsible for the payment of all sums, fees, costs and expenses, including, without limitation, all renewal fees with respect to the Trademarks) or, if paid Lender, shall be paid by the Company **on demand** by Lender and until so paid shall be added to the principal amount of the Guaranteed Obligations and shall bear interest at the rate prescribed in the Loan Agreement.

13. The Company shall use its best efforts to detect any infringers of the Trademarks and shall notify Lender in writing of infringements detected. The Company shall have the duty, through counsel acceptable to Lender, to prosecute diligently any trademark application of the Trademarks pending as of the date of this Agreement or thereafter until the Guaranteed Obligations shall have been paid in full, to make federal application on registrable but unregistered Trademarks, to file and prosecute opposition and cancellation proceedings, to file and prosecute lawsuits to enforce the Trademarks and to do any and all acts which are reasonably deemed necessary or desirable by

Lender to preserve and maintain all rights in the Trademarks. Any expenses incurred in connection with such applications or proceedings shall be borne by the Company. The Company shall not abandon any right to file a trademark application, or any pending trademark application or trademark without the consent of Lender.

14. Notwithstanding anything to the contrary contained in paragraph 13 hereof, Lender shall have the right, but shall in no way be obligated, to bring suit instead in its own name to enforce the Trademarks and any license thereunder, in which event the Company shall at the request of Lender do any and all lawful acts (including bringing suit) and execute any and all proper documents required by Lender to aid such enforcement, and the Company shall promptly, **upon demand**, reimburse and indemnify Lender for all costs and expenses incurred in the exercise of Lender's rights under this paragraph 14. Nothing herein shall be deemed to prohibit the Company from bringing any such proceeding in its own name at any time that an Event of Default does not exist, if Lender declines to institute such suit.

15. If the Company fails to comply with any of its obligations hereunder, to the extent permitted by Applicable Law, Lender may do so in the Company's name or in Lender's name, but at the Company's expense, and the Company agrees to reimburse Lender in full for all expenses, including reasonable attorneys' fees, incurred by Lender in prosecuting, defending or maintaining the Trademarks or Lender's interest therein pursuant to this Agreement.

16. No course of dealing between the Company and Lender, nor any failure to exercise, nor any delay in exercising, on the part of Lender, any right, power or privilege hereunder or under the Loan Agreement, the Guaranty or the Security Agreement, shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege hereunder or thereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

17. All of Lender's rights and remedies with respect to the Collateral, whether established hereby or by the Loan Agreement, the Guaranty or the Security Agreement, or by any other agreements or by law shall be cumulative and may be exercised singularly or concurrently.

18. The provisions of this Agreement are severable, and if any clause or provision shall be held invalid and unenforceable in whole or in part in any jurisdiction, then such invalidity or unenforceability shall affect only such clause or provision, or part thereof, in such jurisdiction, and shall not in any manner affect such clause or provision in any other jurisdiction, or any other clause or provision of this Agreement in any jurisdiction.

19. This Agreement is subject to modification only by a writing signed by the parties, except as provided in paragraph 8 hereof.

20. The benefits and burdens of this Agreement shall inure to the benefit of and be binding upon the successors and assigns of Lender and upon the successors of the Company. The Company shall not assign its rights or delegate its duties hereunder without the prior written consent of Lender.

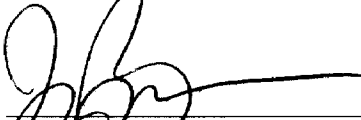
21. Notice of acceptance hereof is hereby waived by the Company.

22. This Agreement has been negotiated, executed and delivered at and shall be deemed to have been made in Atlanta, Georgia. This Agreement shall be governed by and construed in accordance with the internal laws of the State of Georgia.

23. THE COMPANY AND LENDER EACH WAIVES THE RIGHT TO TRIAL BY JURY IN ANY ACTION, SUIT, PROCEEDING OR COUNTERCLAIM OF ANY KIND ARISING OUT OF OR RELATED TO THIS AGREEMENT OR THE COLLATERAL.

WITNESS the execution hereof under seal as of the day and year first above written.


ATTEST



Jeanetta Brown, Secretary

[CORPORATE SEAL]


FLANDERS AIRIA TECHNOLOGIES, INC.
("Company")

By: 

Steven K. Clark, President/Treasurer

Accepted in Atlanta, Georgia:

FLEET CAPITAL CORPORATION

By: 

Title: SVP

STATE OF Georgia)
)
COUNTY OF Cobb)

BEFORE ME, the undersigned authority, on this day personally appeared Steven K. Clark, President/Treasurer of Flanders Airia Technologies, Inc., to me known to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed, in the capacity therein stated, and as the act and deed of said corporation.

GIVEN UNDER MY HAND AND SEAL OF OFFICE on this 9th day of October, 2002.

[Signature]
Notary Public
Executed on: October __, 2002
My Commission Expires:
Notary Public, Cobb County, Georgia
My Commission Expires December 27, 2003

[NOTARIAL SEAL]

STATE OF Georgia)
)
COUNTY OF Cobb)

BEFORE ME, the undersigned authority, on this day personally appeared Elizabeth L. Waller, Senior VP of Fleet Capital Corporation, to me known to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed, in the capacity therein stated, and as the act and deed of said corporation.

GIVEN UNDER MY HAND AND SEAL OF OFFICE on this 26th day of October, 2002.

[Signature]
Notary Public
Executed on: October __, 2002
My Commission Expires:

7/15/06

[NOTARIAL SEAL]

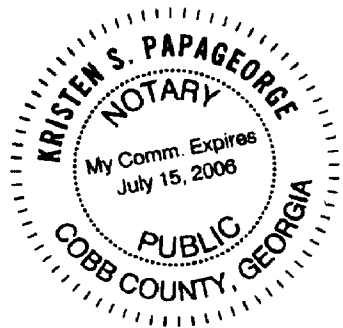


EXHIBIT 1

CERTIFICATE

The undersigned officer of **FLANDERS AIRIA TECHNOLOGIES, INC.** (the "Company"), DOES HEREBY CERTIFY to **FLEET CAPITAL CORPORATION** ("Lender") that the quality of the products associated with the Trademarks listed on Schedule A of the Trademark Security Agreement dated _____, 2002, between the Company and Lender (as amended from time to time to include future trademarks and trademark applications) (the "Agreement"), has been maintained at a level consistent with the quality of such products at the time of the execution of the Agreement.

IN WITNESS WHEREOF, the undersigned has executed this Certificate, this ___ day of _____, 20__.

FLANDERS AIRIA TECHNOLOGIES, INC.

By: _____

Title: _____