

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
Craftmark, Inc.		07/27/2012	CORPORATION: OREGON
RECEIVING PARTY DATA			
Name:	Gaskin Properties Oregon LLC		
Street Address:	5110 North 40th Street		
Internal Address:	Suite 242		
City:	Phoenix		
State/Country:	ARIZONA		
Postal Code:	85018		
Entity Type:	LIMITED LIABILITY COMPANY: OREGON		
PROPERTY NUMBERS Total: 1			
Property Type	Number	Word Mark	
Registration Number:	2837622	HEATWAVE	
CORRESPONDENCE DATA			
Fax Number:	5032202480		
<i>Correspondence will be sent to the e-mail address first; if that is unsuccessful, it will be sent via US Mail.</i>			
Phone:	503-224-3380		
Email:	tm-pdx@stoel.com		
Correspondent Name:	Gary Glisson, Stoel Rives LLP		
Address Line 1:	900 SW Fifth Avenue		
Address Line 2:	Suite 2600		
Address Line 4:	Portland, OREGON 97204		
ATTORNEY DOCKET NUMBER:	46938/1		
NAME OF SUBMITTER:	Lisa F. Walsh		
Signature:	/Lisa F. Walsh/		

OP \$40.00 2837622

Date:

08/10/2012

Total Attachments: 8

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PATENT AND TRADEMARK SECURITY AGREEMENT

This Patent and Trademark Security Agreement, dated as of July 27, 2012, is made by and between Craftmark, Inc., an Oregon corporation having a business location at the address set forth below next to its signature (the "Debtor"), and Gaskin Properties Oregon LLC, an Oregon limited liability company, having a business location at the address set forth below next to its signature (the "Secured Party").

RECITALS

The Debtor and the Secured Party are parties to a Security Agreement of even date herewith (as the same may hereafter be amended, supplemented or restated from time to time, the "Security Agreement") setting forth the terms on which the Secured Party secures repayment of a certain Promissory Note of Debtor, also of even date.

As a condition of making the loan evidenced by the Promissory Note, and to confirm the terms of the Security Agreement, the Secured Party has required the execution and delivery of this Agreement by the Debtor.

ACCORDINGLY, in consideration of the mutual covenants contained in the Secured Promissory Note and Security Agreement and as set forth herein, the parties hereby agree as follows:

1. Definitions. All terms defined in the Recitals hereto or in the Security Agreement that are not otherwise defined herein shall have the meanings given to them therein. In addition, the following terms have the meanings set forth below:

"Obligations" means each and every debt, liability and obligation of every type and description arising under or in connection with the promissory note of even date hereof in the principal amount of \$2,100,000 made by Debtor to Secured Party (and note, as it may be amended, extended or restated and any replacement thereof, hereafter the "Promissory Note"), which the Debtor owes to the Secured Party, whether such debt, liability or obligation now exists or is hereafter created or incurred and whether it is or may be direct or indirect, due or to become due, absolute or contingent, primary or secondary, liquidated or unliquidated, independent, joint, several or joint and several, and including specifically, but not limited to, the obligations to repay the principal and interest of the Promissory Note and all obligations under the Loan Agreement between Debtor and Secured Party pursuant to which the Promissory Note was issued, and all obligations under the Security Agreement.

"Patents" means all of the Debtor's right, title and interest in and to patents or applications for patents, fees or royalties with respect to each, and including without limitation the right to sue for past infringement and damages therefor, and licenses thereunder, all as presently existing or hereafter arising or acquired, with respect to the patents listed on Exhibit A.

"Security Interest" has the meaning given in Section 2.

"Trademarks" means all of the Debtor's right, title and interest in and to: (i) trademarks, service marks, collective membership marks, registrations and applications for registration for each, and the respective goodwill associated with each, (ii) licenses, fees or royalties with respect to each, (iii) the right to sue for past, present and future infringement, dilution and damages therefor, (iv) and licenses thereunder, all as presently existing or hereafter arising or acquired with respect to the marks listed on Exhibit B.

2. Security Interest. The Debtor hereby irrevocably pledges and assigns to, and grants the Secured Party a security interest (the "Security Interest"), with power of sale to the extent permitted by law, in the Patents and in the Trademarks to secure payment of the Obligations. As set forth in the Security Agreement, the Security Interest is coupled with a security interest in substantially all of the personal property of the Debtor.

3. Representations, Warranties and Agreements. The Debtor represents, warrants and agrees as follows:

(a) Existence; Authority. The Debtor is a corporation duly organized, validly existing and in good standing under the laws of its state of incorporation, and this Agreement has been duly and validly authorized by all necessary corporate action on the part of the Debtor.

(b) Patents. Exhibit A accurately lists all Patents owned or controlled by the Debtor as of the date hereof, or to which the Debtor has a right as of the date hereof to have assigned to it and to Debtor's knowledge, accurately reflects the existence and status of applications and letters patent pertaining to the Patents as of the date hereof.

(c) Trademarks. Exhibit B accurately lists all Trademarks owned or controlled by the Debtor as of the date hereof and to Debtor's knowledge, accurately reflects the existence and status of Trademarks and all applications and registrations pertaining thereto as of the date hereof.

(d) Title. To Debtor's knowledge, the Debtor has absolute title to each Patent and each Trademark listed on Exhibits A and B, free and clear of all Liens except Permitted Liens. The Debtor (i) will have, at the time the Debtor acquires any rights in Patents or Trademarks hereafter arising, to Debtor's knowledge, absolute title to each such Patent or Trademark free and clear of all Liens except Permitted Liens, and (ii) will keep all Patents and Trademarks free and clear of all Liens except Permitted Liens.

(e) No Sale. The Debtor will not assign, transfer, encumber or otherwise dispose of the Patents or Trademarks, or any interest therein, without the Secured Party's prior written consent. Notwithstanding the foregoing, Debtor shall be permitted to place a second lien on the Patents and Trademarks, junior to the security interest of Secured Party, to secure a loan of up to \$700,000 made by the State of Oregon or an SBA Loan, provided that the proceeds of such loan (net of loan closing costs) are at the closing of such loan paid to Secured Party to be applied as a partial prepayment of the Obligations.

(f) Defense. The Debtor will at its own expense and using commercially reasonable efforts, protect and defend the Patents and Trademarks against all claims or demands of all Persons other than those holding permitted liens.

(g) Maintenance. The Debtor will at its own expense maintain the Patents and the Trademarks to the extent reasonably advisable in its business including, but not limited to, filing all applications to obtain letters patent or trademark registrations and all affidavits, maintenance fees, annuities, and renewals possible with respect to letters patent, trademark registrations and applications therefor. The Debtor covenants that it will not abandon nor fail to pay any maintenance fee or annuity due and payable on any Patent or Trademark, nor fail to file any required affidavit or renewal in support thereof, without the Secured Party's prior written consent.

(h) Secured Party's Right to Take Action. If the Debtor fails to perform or observe any of its covenants or agreements set forth in this Section 3, and if such failure continues for a period of ten (10) calendar days after the Secured Party gives the Debtor written notice thereof (or, in the case of the agreements contained in subsection (g), immediately upon the occurrence of such failure, without notice or lapse of time), the Secured Party may (but need not) perform or observe such covenant or agreement or take steps to prevent such intended abandonment on behalf and in the name, place and stead of the Debtor (or, at the Secured Party's option, in the Secured Party's own name) and may (but need not) take any and all other actions which the Secured Party may reasonably deem necessary to cure or correct such failure or prevent such intended abandonment.

(i) Costs and Expenses. Except to the extent that the effect of such payment would be to render any loan or forbearance of money usurious or otherwise illegal under any applicable law, the Debtor shall pay the Secured Party on demand the amount of all moneys expended and all costs and expenses (including reasonable attorneys' fees and disbursements) incurred by the Secured Party in connection with or as a result of the Secured Party's taking action under subsection (h) or exercising its rights under Section 6, together with interest thereon from the date expended or incurred by the Secured Party at the rate of nine percent (9%) per annum.

(j) Power of Attorney. To facilitate the Secured Party's taking action under subsection (h) and exercising its rights under Section 6, the Debtor hereby irrevocably appoints (which appointment is coupled with an interest) the Secured Party, or its delegate, as the attorney-in-fact of the Debtor with the right (but not the duty) from time to time to create, prepare, complete, execute, deliver, endorse or file, in the name and on behalf of the Debtor, any and all instruments, documents, applications, financing statements, and other agreements and writings required to be obtained, executed, delivered or endorsed by the Debtor under this Section 3, or, necessary for the Secured Party, after an Event of Default, to enforce or use the Patents or Trademarks or to grant or issue any exclusive or non-exclusive license under the Patents or Trademarks to any third party, or to sell, assign, transfer, pledge, encumber or otherwise transfer title in or dispose of the Patents or Trademarks to any third party. The Debtor hereby ratifies all that such attorney shall lawfully do or cause to be done by virtue hereof. The power of attorney granted herein shall terminate upon the payment and performance of all Obligations.

4. Debtor's Use of the Patents and Trademarks. The Debtor shall be permitted to control and manage the Patents and Trademarks, including the right to exclude others from making, using or selling items covered by the Patents and Trademarks and any licenses

thereunder, in the same manner and with the same effect as if this Agreement had not been entered into, so long as no Event of Default occurs and remains uncured.

5. Events of Default. Each of the following occurrences shall constitute an event of default under this Agreement (herein called "Event of Default"): (a) an Event of Default, as defined in the Security Agreement, shall occur; or (b) the Debtor shall fail promptly to observe or perform any covenant or agreement herein binding on it; or (c) any of the representations or warranties contained in Section 3 shall prove to have been incorrect in any material respect when made.

6. Remedies. Upon the occurrence of an Event of Default and at any time thereafter, the Secured Party may, at its option, take any or all of the following actions:

(a) The Secured Party may exercise any or all remedies available under the Security Agreement.

(b) The Secured Party may sell, assign, transfer, pledge, encumber or otherwise dispose of the Patents and Trademarks.

(c) The Secured Party may enforce the Patents and Trademarks and any licenses thereunder, and if Secured Party shall commence any suit for such enforcement, the Debtor shall, at the request of Secured Party, do any and all lawful acts and execute any and all proper documents required by Secured Party in aid of such enforcement.

7. Miscellaneous. This Agreement can be waived, modified, amended, terminated or discharged, and the Security Interest can be released, only explicitly in a writing signed by the Secured Party. A waiver signed by the Secured Party shall be effective only in the specific instance and for the specific purpose given. Mere delay or failure to act shall not preclude the exercise or enforcement of any of the Secured Party's rights or remedies. All rights and remedies of the Secured Party shall be cumulative and may be exercised singularly or concurrently, at the Secured Party's option, and the exercise or enforcement of any one such right or remedy shall neither be a condition to nor bar the exercise or enforcement of any other. All notices to be given to Debtor under this Agreement shall be given in the manner and with the effect provided in the Credit Agreement. The Secured Party shall not be obligated to preserve any rights the Debtor may have against prior parties, to realize on the Patents and Trademarks at all or in any particular manner or order, or to apply any cash proceeds of Patents and Trademarks in any particular order of application. This Agreement shall be binding upon and inure to the benefit of the Debtor and the Secured Party and their respective participants, successors and assigns and shall take effect when signed by the Debtor and delivered to the Secured Party, and the Debtor waives notice of the Secured Party's acceptance hereof. The Secured Party may execute this Agreement if appropriate for the purpose of filing, but the failure of the Secured Party to execute this Agreement shall not affect or impair the validity or effectiveness of this Agreement. A carbon, photographic or other reproduction of this Agreement or of any financing statement signed by the Debtor shall have the same force and effect as the original for all purposes of a financing statement. This Agreement shall be governed by the internal law of the State of Oregon without regard to conflicts of law provisions. If any provision or application of this Agreement is held unlawful or unenforceable in any respect, such illegality or unenforceability

shall not affect other provisions or applications which can be given effect and this Agreement shall be construed as if the unlawful or unenforceable provision or application had never been contained herein or prescribed hereby. All representations and warranties contained in this Agreement shall survive the execution, delivery and performance of this Agreement and the creation and payment of the Obligations.

THE PARTIES WAIVE ANY RIGHT TO TRIAL BY JURY IN ANY ACTION OR PROCEEDING BASED ON OR PERTAINING TO THIS AGREEMENT.

IN WITNESS WHEREOF, the parties have executed this Patent and Trademark Security Agreement as of the date written above.

421 NE 3rd Street, Suite 1
McMinnville, OR 97128

CRAFTMARK, INC., an Oregon corporation

By: [Signature]
Title: President

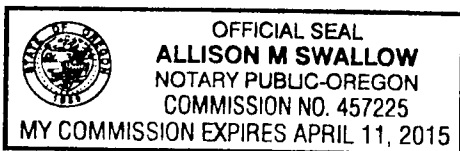
5110 North 40th Street, Suite 242
Phoenix, AZ 85018

GASKIN PROPERTIES OREGON LLC

By: [Signature]
John Gaskin, Member
By: [Signature]
Scott Gaskin, Member
By: [Signature]
Michael Darby, Member

STATE OF OREGON)
COUNTY OF MULTNOMAH) ss.

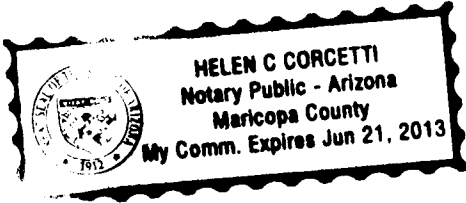
The foregoing instrument was acknowledged before me this 26 day of July, 2012, by Denny Elmer, the President of CRAFTMARK, INC, an OREGON CORPORATION corporation, on behalf of the corporation.



[Signature]
Notary Public for: OREGON
My commission expires: 4/11/15

STATE OF Arizona)
) ss.
COUNTY OF Maricopa)

The foregoing instrument was acknowledged before me this 13 day of June, 2012, by JOHN GASKIN, a member of GASKIN PROPERTIES OREGON LLC, an Oregon limited liability company, on behalf of the company.



Helen C Corcetti
Notary Public for: Arizona
My commission expires: June 21, 2013

STATE OF Arizona)
) ss.
COUNTY OF Maricopa)

The foregoing instrument was acknowledged before me this 13 day of June, 2012, by SCOTT GASKIN, a member of GASKIN PROPERTIES OREGON LLC, an Oregon limited liability company, on behalf of the company.



Helen C Corcetti
Notary Public for: Arizona
My commission expires: June 21, 2013

STATE OF Arizona)
) ss.
COUNTY OF Maricopa)

The foregoing instrument was acknowledged before me this 13 day of June, 2012, by MICHAEL DARBY, a member of GASKIN PROPERTIES OREGON LLC, an Oregon limited liability company, on behalf of the company.



Helen C Corcetti
Notary Public for: Arizona
My commission expires: June 21, 2013

EXHIBIT A

UNITED STATES ISSUED PATENTS

<u>Title</u>	<u>Jurisdiction</u>	<u>Patent No.</u>	<u>Status</u>
Dielectric drying kiln material handling system	United States	6,080,978	Issued 6/27/00
Dielectric heating using inductive coupling	United States	6,417,499	Issued 7/9/02
Electrode structure for dielectric heating	United States	6,225,612	Issued 5/1/01
High frequency dielectric heating system	United States	6,423,955	Issued 7/23/02
Moisture measurement control of wood in radio frequency dielectric processes	United States	6,124,584	Issued 9/26/00
Vacuum port positioning for vacuum drying systems	United States	6,317,997	Issued 11/20/01

CANADA ISSUED PATENTS

Dielectric drying kiln electrode connector	Canada	2343302	Issued 8/29/06
Dielectric drying kiln material handling system	Canada	2343300	Issued 5/8/07
Electrode structure for dielectric heating	Canada	2414838	Issued 6/1/10
High frequency dielectric heating system	Canada	2453052	Issued 11/18/08
Improved dielectric heating using inductive coupling	Canada	2414253	Issued 10/5/10
Moisture measurement control of wood in radio frequency dielectric processes	Canada	2375257	Issued 10/13/09
Vacuum port positioning for vacuum drying systems	Canada	2425550	Issued 5/19/09

EXHIBIT B

UNITED STATES ISSUED TRADEMARKS AND SERVICE MARKS

REGISTRATIONS

<u>Mark</u>	<u>Jurisdiction</u>	<u>Reg. No.</u>	<u>Status</u>
HEATWAVE	United States	2,837,622	Registered 11/22/00

COMMON LAW MARKS

E-FIELD	Common Law	--	--
Q-SIFT	Common Law	--	--
TRU-DRY (Stylized)	Common Law	--	--

CANADA ISSUED PATENTS

E-FIELD	Canada	TMA580,945	Registered 5/7/03
HEATWAVE	Canada	TMA589,147	Registered 9/8/03
Q-SIFT	Canada	TMA558,874	Registered 3/6/02