

02-21-2002



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2.4.02

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

1. Name of conveying party:
Spurlin Industries, Inc.

2. Name and address of receiving party(ies):
Name: Capital Business Credit, a division of
Capital Factors, Inc.

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

Address: 500 Town Park Lane
Suite 195
Kennesaw, GA 30144

3. Nature of conveyance:
 Assignment Merger
 Security Agreement Change of Name
 Other

Execution Dates: December, 2001

Additional name(s) & address(es) attached? Yes No

4(a). Patent Application No.(s):

4(b). Patent No.(s): 5,515,557

If this document is being filed together with a new application, the execution date of the application is:

Additional numbers attached? Yes No

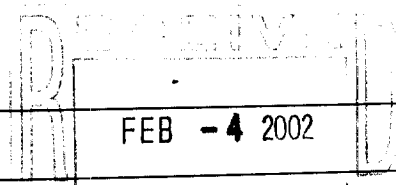
5. Name and address of party to whom correspondence concerning document should be mailed:

6. Total number of applications and patents involved: 1

Name: Andrew A. Noble
Reg. No. 48,651
Address TROUTMAN SANDERS LLP
600 Peachtree Street, N.E.
Suite 5200
Atlanta, GA 30308

7. Total fee (37 CFR 3.41) enclosed: \$ 40.00

DO NOT USE THIS SPACE



8. 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.

December 12, 2001
Date

Andrew A. Noble

Attorney Docket No:

Total number of pages including cover sheet: 13

Mail documents to be recorded with required cover sheet information to:

Commissioner of Patents & Trademarks
Box Assignments
Washington, DC 20231

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CONDITIONAL ASSIGNMENT AND PATENT SECURITY AGREEMENT

THIS CONDITIONAL ASSIGNMENT AND PATENT SECURITY AGREEMENT (the "Agreement") is made as of the 4th day of December, 2001, by **Spurlin Industries, Inc.**, a Georgia corporation (the "Borrower"), in favor of **Capital Business Credit, a division of Capital Factors, Inc.** (the "Secured Party").

WHEREAS, the Borrower and the Secured Party have entered into a Loan and Security Agreement of even date herewith (as amended, restated, supplemented or otherwise modified from time to time, the "Loan Agreement"; capitalized terms used herein without definition shall have the meanings ascribed to such terms in the Loan Agreement), pursuant to which the Secured Party has agreed to make certain loans and other financial accommodations available to the Borrower (the "Loans"); and

WHEREAS, in order to induce the Secured Party to enter into the Loan Agreement and to make the Loans, the Borrower has agreed to assign to the Secured Party certain patent rights as described herein.

NOW, THEREFORE, in consideration of the premises, the Borrower hereby agrees with the Secured Party as follows:

1. Grant of Security Interest.

To secure the complete and timely payment and performance of all Obligations, the Borrower hereby grants, assigns and conveys to the Secured Party a security interest in the Borrower's entire right, title and interest in and to the United States of America (the "U.S.") patents and patent applications listed in Schedule A attached hereto and by reference made a part hereof and in any further U.S. patents or patent applications which may issue or be filed during the duration hereof, together with any and all licenses now or hereafter relating thereto and all royalty payments or rights to royalty payments now or hereafter arising therefrom (collectively, the "Patents").

2. Representations and Warranties.

The Borrower represents and warrants that:

(a) Except as set forth on Schedule B, the Patents are subsisting (that is, they have issued and have not subsequently lapsed or prematurely expired) and to the best knowledge of the Borrower have not been adjudged invalid or unenforceable, in whole or in part, in the U.S. or in any of the respective states thereof;

(b) The Patents listed on Schedule A constitute all of the patents owned by the Borrower and all of the patent applications that are owned by the Borrower;

(c) To the best of the Borrower's knowledge, each of the subsisting Patents is valid and enforceable in the U.S. and the respective states thereof and all claims by others to rights in the Patents of which the Borrower is aware, including, without limitation, licenses, are noted on Schedule B attached hereto and by reference made a part hereof, except that this paragraph shall not be construed as a representation or warranty that the Borrower has heretofore marked the number of its Patents on all goods covered by the claims of such Patents;

(d) Except as noted on Schedule B, the Borrower is the sole and exclusive owner of the entire and unencumbered right, title and interest in and to such Patent, free and clear of any liens, charges, encumbrances, mortgages, hypothecations, pledges, liens, security interests or claims of any kind, including, without limitation, covenants by the Borrower not to sue third persons and licenses;

(e) The Borrower has made all necessary applications, filings and recordations to protect and maintain its interest in the subsisting Patents, including, without limitation, all necessary filings and recordations in the U.S. Patent and Trademark Office; and

(f) The Borrower has the unqualified right, power and authority to execute, deliver and perform this Agreement.

3. Conditional Grant of Security Interest in Additional Patents.

If, before the Obligations shall have been satisfied in full and the Secured Party's commitment to lend under the Loan Agreement shall have been terminated, the Borrower shall have or obtain ownership of any U.S. patent or patent application, the provisions of Paragraph 1 shall automatically apply thereto. This Paragraph 3 shall not apply to Patents which are owned by others and licensed to the Borrower. The Borrower shall perform all acts and execute all documents reasonably requested by the Secured Party at any time and from time to time to evidence, perfect, maintain, record, and enforce the Secured Party's security interest in the Patents, including, without limitations, any patents falling under this Paragraph 3.

4. Modification of Agreement.

The Borrower authorizes the Secured Party to modify this Agreement by amending **Schedule A** to include any additional patent or patent application which are Patents pursuant to Paragraphs 1 and 3 hereof, together with any then-existing limitations or licenses or claims to rights therein that have been made known to the Secured Party, and to have this Agreement, as amended, or any other document evidencing the security interest granted therein, recorded in the U.S. Patent and Trademark Office at the expense of the Borrower. The representations and warranties of the Borrower shall be deemed to be remade and restated by the Borrower as of the date of the amendment of **Schedule A** with respect to all Patents listed on the amended **Schedule A** at that time.

5. Covenants of the Borrower.

(a) The Borrower covenants as follows: (i) it will not do any act or omit to do any act that may cause or contribute to the abandonment of any Patent, or permit the premature expiration of any Patent without the prior written consent of the Secured Party (which consent shall not be unreasonably withheld); (ii) the Borrower shall give the Secured Party written notice, and a complete copy, of any license or sublicense of any Patent; and (iii) all uses of any Patent by it or its permitted sublicensees will include such notices of registration as are required or authorized from time to time under applicable law.

(b) With respect to each Patent, the Borrower agrees to take all necessary steps, including, without limitation, in the U.S. Patent and Trademark Office or in any court, to: (i) maintain each such Patent, and (ii) pursue any patent application now or hereafter included in the Patents under this Agreement, including, without limitation, filing of responses to correspondence issued by the U.S. Patent and Trademark Office and payment of all maintenance fees or taxes as they become due during the life of the Patent, provided that, if the Borrower determines that any Patent is not material to its business, the Borrower may, if no Event of Default exists, abandon or not pursue any Patent with prior written notice to the Secured Party. The Borrower agrees to take corresponding steps with respect to each new or acquired Patent or patent application covered by Paragraph 3 hereof. Any expenses incurred in connection with such activities shall be borne by the Borrower, and the Borrower agrees to as soon as practicable provide the Secured Party with written notice of any such actions or proceedings.

(c) With respect to each Patent, the Borrower agrees that it shall notify the Secured Party as soon as practicable after it becomes aware of any alleged infringement of any of the Patents by a third party. The Borrower further agrees to pursue all commercially reasonable and appropriate causes of action against all infringers of the Patents, and the Borrower shall be liable for all costs associated with such causes of action, including, but not limited to, attorneys' fees. Notwithstanding the foregoing, if the Borrower determines that any such Patent is not material to the Borrower's business, the Borrower may, if no Event of Default exists, elect not to pursue any such infringement action with prior written notice to the Secured Party.

(d) Upon the Secured Party's reasonable request from time to time, the Borrower shall provide to the Secured Party an up-to-date list of all license agreements relating to or affecting the Patents, together with the names and addresses of each licensee and, if requested by the Secured Party, a copy of each license agreement.

(e) Until all of the Obligations shall have been satisfied in full and the Secured Party's commitment to lend under the Loan Agreement shall have been terminated, the Borrower will not enter into any agreement which is inconsistent with the Borrower's obligations under this Agreement without the Secured Party's prior written consent.

(f) The Borrower shall perform all acts and execute all documents reasonably requested by the Secured Party at any time and from time to time to evidence, perfect, maintain, record and enforce the Secured Party's security interest in the Patents, including, without limitation, any patents falling under Paragraph 3.

6. Remedies Upon Default; Power of Attorney.

(a) In addition to the grant of the security interest contained in Paragraphs 1 and 3 hereof, if any Event of Default under the Loan Agreement shall have occurred and be continuing, or if the Borrower fails to perform any agreement or to meet any of its obligations hereunder, which failure shall continue for a period of thirty (30) days after written notice thereof has been given to the Borrower by the Secured Party, upon the election of the Secured Party all right, title and interest in and to the Patents shall be automatically granted, assigned, conveyed and delivered to the Secured Party or its designee. The Borrower hereby irrevocably constitutes and appoints the Secured Party and any officer, agent or employee thereof, with full power of substitution, as its true and lawful attorney-in-fact with full irrevocable power and authority in the place and stead of the Borrower and in the name of the Borrower or the Secured Party's own name or the name of the Secured Party's designee, all acts of said attorney being hereby ratified and confirmed, upon the occurrence and during the continuation of an Event of Default: (i) to complete, date, execute and file, or cause to be filed, the Assignment attached hereto as Exhibit A and by reference made a part hereof (the "Assignment") in the U.S. Patent and Trademark Office and in all other applicable offices, and to execute and deliver any and all documents and instruments which may be necessary or desirable to accomplish the purpose of the Assignment, including, without limitation, the right (but not the obligation) to prosecute applications in the name of the Borrower or the Secured Party, and to take any other actions deemed necessary by the Secured Party to maintain such registration in effect; (ii) to collect all proceeds from the Patents (including, without limitation, license royalties and proceeds of infringement suits); (iii) to convey, in any transaction authorized by the Loan Agreement, any goods covered by the Patents to any purchaser thereof; and (iv) to make payment or to discharge taxes or liens levied or placed upon or threatened against any goods covered by the Patents, the legality or validity thereof and the amounts necessary to discharge the same to be determined by the Secured Party in its sole discretion, and such payments made by the Secured Party to become the obligations of the Borrower to the Secured Party, due and payable immediately without demand. Such power, being coupled with an interest, is irrevocable until the Obligations have been paid in full.

(b) The Secured Party shall have, in addition to all other rights and remedies given it by this Agreement, those allowed by law and the rights and remedies of a secured party under the Uniform Commercial Code as enacted in any jurisdiction in which the Patents may be enforceable, and, without limiting the generality of the foregoing, the Secured Party may, if any Event of Default shall have occurred and be continuing, immediately, without demand or performance and without other notice (except as set forth below) or demand whatsoever to the Borrower, all of which are hereby expressly waived, and without advertisement, sell at public or private sale or otherwise realize upon, the Patents, and after deducting from the proceeds of sale or other disposition of the Patents all expenses (including all reasonable expenses for brokers' fees and legal services), shall apply the residue of such proceeds in accordance with the terms of the Loan Agreement. Notice of any sale or other disposition of the Patents shall be given to the Borrower at least five (5) business days before the time of any intended public or private sale or other disposition of the Patents is to be made, which the Borrower hereby agrees shall be reasonable notice of such sale or other disposition. At any such sale or other disposition, the Secured Party may, to the extent permissible under applicable law, purchase the whole or any part of the Patents sold, free from any right of redemption on the part of the Borrower, which right is hereby waived and released. The Borrower hereby agrees to execute any documents reasonably requested by the Secured Party in connection with any disposition hereunder.

(c) Upon the occurrence of the conditional assignment provided for herein, the Borrower will have no right, title, or interest in or to any of the Patents, and the Borrower shall cease and desist in the use of the Patents, and shall, upon written demand of the Secured Party, or pursuant to the terms of the Loan Agreement, deliver to the Secured Party all goods covered by the Patents.

7. Termination of Agreement.

At such time as the Borrower shall completely satisfy all of the Obligations and the Secured Party's commitment to lend under the Loan Agreement shall have been terminated, the Secured Party shall execute and deliver to the Borrower all deeds, assignments and other instruments as may be necessary or proper to re-vest in the Borrower title to the Patents, subject to any disposition thereof which may have been made by the Secured Party pursuant hereto.

8. Limitation of Liability and Indemnification.

The Borrower hereby releases the Secured Party from, and agrees to hold the Secured Party free and harmless from and against, any claims arising out of any action taken or omitted to be taken with respect to the Patents (except to the extent of the Secured Party's gross negligence or willful misconduct), and the Borrower agrees to indemnify the Secured Party from and against any and all claims, demands, suits, losses, damages or other expenses (including reasonable attorneys' fees) arising from or in any way related to the Patents.

9. Waiver and Amendment.

(a) No course of dealing between the Borrower and the Secured Party nor any failure to exercise, nor any delay in exercising, on the part of the Secured Party, any right, power or privilege hereunder or thereunder shall preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

(b) This Agreement is subject to modification only by a writing signed by the parties hereto.

10. Cumulative Rights.

All of the Secured Party's rights and remedies with respect to the Patents, whether established hereby or under the Loan Agreement, or by any other agreements or by law, shall be cumulative and may be exercised singularly or concurrently.

11. Severability.

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.

12. Survival.

The benefits and burdens of this Agreement shall inure to the benefit of and be binding upon the respective successors and permitted assigns of the parties hereto.

13. Counterparts.

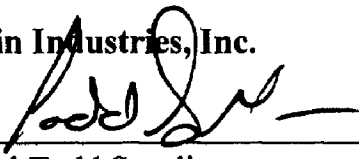
This Agreement may be executed in one or more counterparts, all of which taken together shall constitute one and the same instrument and any of the parties hereto may execute this Agreement by signing any such counterpart.

14. Choice of Law.

The validity, construction and enforcement of this Agreement, and the determination of the rights and duties of the parties shall be governed by the laws of the State of Georgia regardless of any choice of law or other provision that would result in the application of the laws of any other jurisdiction.

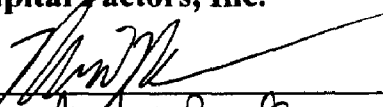
IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the day and year first above written.

Spurlin Industries, Inc.

By: 

Richard Todd Spurlin
President

**Capital Business Credit, a division
of Capital Factors, Inc.**

By: 

Name: Michael Permitt

Title: Vice President

SCHEDULE A

U.S. PATENT REGISTRATIONS AND APPLICATIONS

U.S. Patent No. 5,515,557 entitled "Method and System for Mounting a Pump in an Adjustable Manner to a Whirlpool" issued on May 14, 1996

SCHEDULE B

LIENS AND CLAIMS OF THIRD PARTIES

None.

EXHIBIT A

ASSIGNMENT OF PATENTS

THIS ASSIGNMENT dated the ____ day of _____, ____, from **Spurlin Industries, Inc.**, a Georgia corporation (the "Assignor"), to **Capital Business Credit, a division of Capital Factors, Inc.** (the "Assignee"), recites and provides:

WHEREAS, the Assignor is owner of all right, title and interest in and to certain patents and patent applications identified in Schedule A appended hereto (the "Patents"); and

WHEREAS, the Assignee desires to obtain, pursuant to the _____, 2001, Loan and Security Agreement between the Assignor and the Assignee, all of the Assignor's right, title and interest in all such Patents.

NOW, THEREFORE, for good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, Assignor hereby grants, assigns and conveys to Assignee, its successors and assigns, the entire right, title and interest of Assignor in and to the Patents and any and all licenses now or hereafter relating thereto, including without limitation all proceeds thereof (such as, by way of example, license royalties and proceeds of infringement suits), and the right to sue for past, present and future infringements, together with the goodwill of the business symbolized by the patents. Assignor acknowledges that it has granted Assignee the right to secure the assets of the Assignor associated with the Patents under separate agreement.

The Assignor further agrees to execute such further instruments and documents and perform such further acts as the Assignee may deem necessary to secure to the Assignee the rights herein conveyed.

The Assignor warrants and represents that it is the sole owner of the interest conveyed hereunder and that such interest is not the subject of any prior transfer, assignment, lien, mortgage or other transaction which would affect the Assignor's ability to transfer such interest.

The Assignor further agrees to indemnify the Assignee for any breach of the above warranty.

IN WITNESS WHEREOF, the Assignor has executed this Assignment as of the day and year first above written.

Spurlin Industries, Inc.

By: _____

Name: _____

Title: _____

SCHEDULE A

U.S. PATENT REGISTRATIONS