

Form PTO-1595
(Rev. 10/02)

**RECORDATION FORM COVER SHEET
PATENTS ONLY**

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

OMB No. 0651-0027 (exp. 6/30/2005)

Tab settings

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

1. Name of conveying party(ies):
Marco Wood Products Inc.

2. Name and address of receiving party(ies)
Name: Legg Mason SBIC Mezzanine Fund, L.P

Internal Address: _____

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

3. Nature of conveyance:

- Assignment Merger
- Security Agreement Change of Name
- Other _____

Street Address: 111 South Calvert Street

Suite 1800

City: Baltimore State: MD Zip: 21202

Execution Date: 6/25/04

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

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

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

A. Patent Application No.(s) _____

B. Patent No.(s) 5,937,591;
5,666,766; D332332

Additional numbers attached? Yes No

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

Name: Vasilios Peros

Internal Address: _____

Street Address: Venable LLP

Two Hopkins Plaza, Suite 1800

City: Baltimore State: MD Zip: 21201

6. Total number of applications and patents involved: 3

7. Total fee (37 CFR 3.41).....\$ 120

- Enclosed
- Authorized to be charged to deposit account

8. Deposit account number:

22-0261

DO NOT USE THIS SPACE

9. Signature.

Vasilios Peros
Name of Person Signing

Vasilios Peros
Signature

7/16/04
Date

Total number of pages including cover sheet, attachments, and documents: 3

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

CH \$120.00 220261 5937591

EXECUTION COPY

GRANT OF SECURITY INTEREST IN PATENTS

THIS GRANT OF SECURITY INTEREST IN PATENTS ("Agreement") is made as of June 25, 2004, by and between **MARCO WOOD PRODUCTS INC.**, a Michigan corporation (the "**Grantor**"), and **LEGG MASON SBIC MEZZANINE FUND, L.P.**, a Delaware limited partnership (the "**Secured Party**").

WHEREAS, Secured Party has agreed to loan up to Six Million Five Hundred Thousand Dollars (\$6,500,000) to Grantor, pursuant to that certain Note and Warrant Purchase Agreement dated of even date herewith (the "**Purchase Agreement**"), between Grantor and the Secured Party and guaranteed by Backyard Buildings, Inc., a Delaware corporation, and Heartland Industries, Inc. (DE), a Delaware corporation; and

WHEREAS, pursuant to terms of the Purchase Agreement, as a condition of advancing such loan, Secured Party requires that Grantor enter into this Agreement.

NOW THEREFORE, in consideration of the promises and the covenants herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged and accepted, the undersigned parties agree as set forth below.

1. **Grant of Security Interest.** Grantor hereby grants to Secured Party a security interest in all of Grantor's now-existing or hereafter acquired right, title and interest in and to all patents and patent applications in the United States of America and all foreign countries thereto, including without limitation, the patents and patent applications identified in Exhibit A herein, and all continuations, continuations-in-part, divisions, substitutions, extensions, reissues and reexaminations thereof (the "**Patents**"); and any and all proceeds thereof, including without limitation, any claims by Grantor against third parties for infringement of the Patents (collectively, the "**Collateral**").

2. **Obligations Secured.** This Agreement is made to Secured Party to secure the payment and performance of all Obligations (as defined in the Purchase Agreement). Grantor does hereby further acknowledge that the rights and remedies of Secured Party with respect to the security interest in the Collateral granted hereunder are more fully set forth in the Purchase Agreement, the terms and provisions of which are incorporated herein by reference.

3. **Miscellaneous.**

(a) **Satisfaction.** Upon payment in full of the Obligations (other than contingent indemnification obligations to the extent none are then asserted), Secured Party will execute and deliver a termination statement regarding the security interest in the Collateral and a re-assignment of the Collateral, if applicable, to Grantor for filing by Grantor, and execute and deliver for filing by Grantor any other instrument or document

as may be reasonably requested by Grantor to effect such termination and re-assignment, at Grantor's expense.

(b) Severability; Captions. In the event that any provision hereof shall be deemed to be invalid by any court, such invalidity shall not affect the remainder of this Agreement, which shall be deemed severable. The captions and paragraph headings shall not be considered part of this Agreement.

(c) Parties; Changes. This Agreement shall be binding upon and for the benefit of the parties hereto and their respective heirs, executors, administrators, legal representatives, successors and assigns. No provision hereof shall be modified, altered or limited except by a written instrument expressly referring to this Agreement signed by the party to be charged thereby.

(d) Choice of Law. The validity, interpretation and effect of this Agreement shall be governed by the laws of the State of Maryland, without regard to its rules for conflicts of law.

(e) Counterparts. This Agreement may be executed by the parties in one or more counterparts, each of which shall be binding against the signatory and all of which taken together shall constitute one instrument.

[REMAINDER OF PAGE LEFT INTENTIONALLY BLANK]

IN WITNESS WHEREOF, the parties hereto have executed this **Grant of Security Interest in Patents** as of the day and year first above written.

GRANTOR:

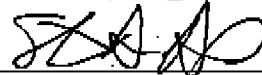
MARCO WOOD PRODUCTS INC.

By: _____
Name: _____
Title: _____

SECURED PARTY:

**LEGG MASON SBIC MEZZANINE FUND, L.P.,
a Delaware limited partnership**

By: Legg Mason SBIC Mezzanine Fund
Management LLC, its general partner


By: 
Name: Steven A. Axel
Its: Member

[Signature Page to Grant of Security Interest in Patents]

IN WITNESS WHEREOF, the parties hereto have executed this **Grant of Security Interest in Patents** as of the day and year first above written.

GRANTOR:

MARCO WOOD PRODUCTS INC.

By: 
Name: ROBERT T. BLAIR
Title: AUTHORIZED SIGNATORY

SECURED PARTY:

**LEGG MASON SBIC MEZZANINE FUND, L.P.,
a Delaware limited partnership**

By: Legg Mason SBIC Mezzanine Fund
Management LLC, its general partner

By: _____
Name: Steven A. Axel
Its: Member

[Signature Page to Grant of Security Interest in Patents]

STATE OF Connecticut)
) *ss. Greenwich*
 CITY/COUNTY OF Fairfield)

I HEREBY CERTIFY that on JUNE 25, 2004, before me, a Notary Public of the State of Connecticut, personally appeared Robert T. Blais who acknowledged himself to be the ^{Assistant Treasurer} ~~& Authorized Signatory~~ of Marco Wood Products Inc. (the "Corporation") and that he, as such officer, being authorized so to do, executed the foregoing instrument for the purposes therein contained by signing the name of the Corporation by himself as such officer.

WITNESS my hand and Notarial Seal.


 Notary Public **LISA A. WILD**
 My Commission Expires: **NOTARY PUBLIC**
 MY COMMISSION EXPIRES AUG. 31, 2007

[Notary Page to Grant of Security Interest in Patents]

EXECUTION COPY**EXHIBIT A****Patents****Current Patents**

<u>Patent</u>	<u>Country</u>	<u>Registration No.</u>	<u>Registration Date</u>
Building constructions	US	5,937,591	August 17, 1999
Building constructions	US	5,666,766	September 16, 1997
Storage cabinet for recyclable materials	US	D332332	January 5, 1993

Patent Applications

None.