

PATENT ASSIGNMENT

Electronic Version v1.1
 Stylesheet Version v1.1

SUBMISSION TYPE:	NEW ASSIGNMENT
NATURE OF CONVEYANCE:	Journal Entry of Judgment Foreclosing Security Interest in Patents
EFFECTIVE DATE:	07/16/2004

CONVEYING PARTY DATA

Name	Execution Date
Kritter Gitter, Inc.	07/16/2004

RECEIVING PARTY DATA

Name:	Offerle National Bank, Branch GNB
Street Address:	Post Office Box 26
City:	Offerle
State/Country:	KANSAS
Postal Code:	67563

PROPERTY NUMBERS Total: 2

Property Type	Number
Patent Number:	6682111
Patent Number:	6685245

CORRESPONDENCE DATA

Fax Number: (620)662-9978
Correspondence will be sent via US Mail when the fax attempt is unsuccessful.
 Phone: 620-662-3331
 Email: cdl@martindell-law.com
 Correspondent Name: Charles D. Lee
 Address Line 1: 20 Compound Drive
 Address Line 4: Hutchinson, KANSAS 67504-1907

NAME OF SUBMITTER:	Charles D. Lee
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Total Attachments: 25
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IN THE 24th JUDICIAL DISTRICT 2004 JUN -2 PM 2:52
DISTRICT COURT OF EDWARDS COUNTY, KANSAS

FILED
DISTRICT COURT

OFFERLE NATIONAL BANK, Branch of
GNB,

Plaintiff,

-vs-

KRITTER GITTER, INC., TERRY L.
HOUSMAN and MERRILL L. CAUBLE

Defendants.

Case No. 04 CV 19

**PETITION ON PROMISSORY NOTE AND
TO ENFORCE SECURITY INTEREST**

OFFERLE NATIONAL BANK, Branch of GNB ("Secured Party"), as and for its Petition against KRITTER GITTER, INC., TERRY L. HOUSMAN and MERRILL L. CAUBLE, (the "Debtors"), states and alleges as follows:

1. Secured Party is a national bank with an office at 104 Santa Fe Street, Offerle, Edwards County, Kansas.
2. Defendant, Kritter Gitter, Inc. ("KGI" or "Debtor"), is a corporation duly organized and existing under the laws of the State of Kansas. It may be served through its Resident Agent at 206 Benton, Jetmore, Kansas 67854.
3. Defendant, Terry L. Housman ("Housman" or "Debtor") is an individual, with a principal residence address at 206 Benton, Jetmore, Kansas 67854.
4. Defendant, Merrill L. Cauble ("Cauble" or "Debtor") is an individual, with a principal residence address at 809 West 17th, Larned, Kansas 67550.
5. This Court has subject matter jurisdiction over this matter, venue is proper in this County and the Debtors are subject to personal jurisdiction in this Court.

**COUNT I
SUIT ON PROMISSORY NOTE**

6. Secured Party incorporates by reference and realleges paragraphs 1 through 5 of its Petition, as though fully set forth herein.
7. On or about December 17, 2002, in consideration of a loan of \$150,000.00 from Secured Party, KGI signed and delivered to Secured Party a Promissory Note dated December 17, 2002 (the "Promissory Note") and a Commercial Line of Credit Agreement. True and accurate copies of the Promissory Note and Commercial Line of Credit Agreement are attached hereto, and incorporated herein by reference, as, respectively, Exhibits 1 and 2.
8. Under the Promissory Note, and subsequently executed Commercial Extension Agreement (Exhibit 3) KGI promised to repay the indebtedness by April 17, 2004 at 8.25% interest. The loan evidenced by the Promissory Note and Commercial Line of Credit Agreement was for business operating expenses and production costs.
9. The Promissory Note also provided that upon default Secured Party is entitled to declare the entire amount of principal and interest owed on the Note to be immediately due and to recover its attorneys' fees and costs if legal action is required to collect the indebtedness.
10. KGI has failed to make payments under the Promissory Note which failures constitute an "Event of Default" under the Promissory Note.
11. As of the date of this Petition, \$155,068.50 is due and owing on the Note, with interest continuing to accrue at the contract rate.
12. Under the Note, Secured Party is entitled to recover its reasonable attorneys' fees and costs incurred herein. Such costs and fees continue to accrue.

WHEREFORE, Secured Party requests that the Court enter judgment against KGI and in favor of Secured Party in the amount of \$155,068.50, for such interest as accrues between the

date of this Petition and the date judgment is satisfied, for attorneys' fees and costs incurred herein, and for such further relief as the Court deems just and proper.

**COUNT II
ACTION TO ENFORCE SECURITY INTEREST**

13. Secured Party incorporates by reference and realleges paragraphs 1 through 12 of its Petition, as though fully set forth herein.
14. To secure KGI's performance of the Promissory Note represented by Exhibit 1, and in consideration of Secured Party's loan as reflected in Exhibits 1, 2 and 3, KGI executed and delivered to Secured Party that certain Security Agreement dated December 17, 2002 (the "Security Agreement"). A true and accurate copy of the Security Agreement is attached hereto, and incorporated herein by reference, as, Exhibit 4.
15. To further secure performance of the Promissory Note represented by Exhibit 1, and in consideration of Secured Party's loan as reflected in Exhibits 1, 2 and 3, KGI authorized that certain federal assignment of Patent Application 10/194492 (the "Assignment"). A true and accurate copy of the Recordation and Assignment document is attached hereto, and incorporated herein by reference, as, Exhibit 5.
16. Pursuant to the Security Agreement and Article 9 of the Uniform Commercial Code as enacted in Kansas (the "UCC"), KGI granted Secured Party a security interest in those items of collateral described in Exhibits 4 and 5 (the "Collateral").
17. Secured Party perfected its security interest in the Collateral by filing a financing statement with the Kansas Secretary of State on January 15, 2003 (Exhibit 6).
18. Under the Default Section of the Security Agreement and Section 9-601 of the UCC, KGI's default under the Promissory Notes also constitutes a default under the Security Agreement. Under the Security Agreement and Sections 9-601 and 9-609 of the UCC, the

Secured Party is entitled to enforce its security interest in the Collateral, including by taking immediate possession of the Collateral.

WHEREFORE, Secured Party respectfully requests that the Court enter judgment against KGI and in favor of Secured Party declaring that Secured Party is entitled to immediate possession of the Collateral and for such further relief as the Court deems just and proper.

**COUNT III
SUIT ON GUARANTY**

19. Secured Party incorporates by reference and realleges paragraphs 1 through 18 of its Petition, as though fully set forth herein.
20. As additional security for the debt described in Count I herein, Terry L. Housman, on or about December 17, 2002, executed in favor of Secured Party an absolute and unconditional guaranty of all present and future indebtedness owed to the Secured Party by KGI.
21. By virtue of the default by KGI under its obligations owed to Secured Party, Housman is personally obligated to Secured Party in the amount alleged by Secured Party to be owed by Defendant, KGI. A true and accurate copy of the Guaranty is attached hereto, and incorporated herein by reference, as Exhibit 7.
22. Secured Party is now and has been the legal holder of the above-described guaranty since the delivery of the same.

WHEREFORE, Secured Party requests that the Court enter judgment against Housman and in favor of Secured Party in the amount of \$155,068.50, for such interest as accrues between the date of this Petition and the date judgment is satisfied, for attorneys' fees and costs incurred herein, and for such further relief as the Court deems just and proper.

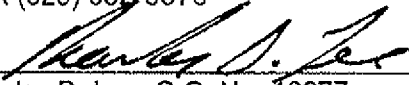
**COUNT IV
SUIT ON GUARANTY**

23. Secured Party incorporates by reference and realleges paragraphs 1 through 22 of its Petition, as though fully set forth herein.
24. As additional security for the debt described in Count I herein, Merrill L. Cauble, on or about December 17, 2002, executed in favor of Secured Party an absolute and unconditional guaranty of all present and future indebtedness owed to the Secured Party by KGI.
25. By virtue of the default by KGI under its obligations owed to Secured Party, Cauble is personally obligated to Secured Party in the amount alleged by Secured Party to be owed by Defendant, KGI. A true and accurate copy of the Guaranty is attached hereto, and incorporated herein by reference, as Exhibit 8.
26. Secured Party is now and has been the legal holder of the above-described guaranty since the delivery of the same.

WHEREFORE, Secured Party requests that the Court enter judgment against Cauble and in favor of Secured Party in the amount of \$155,068.50, for such interest as accrues between the date of this Petition and the date judgment is satisfied, for attorneys' fees and costs incurred herein, and for such further relief as the Court deems just and proper.

Dated: May 28, 2004
Hutchinson, Kansas

MARTINDELL SWEARER & SHAFFER LLP
20 Compound Drive
Post Office Box 1907
Hutchinson, KS 67504-1907
VOICE (620) 662-3331
FAX (620) 662-9978

By 
Charles D. Lee, S.C. No. 10277
Attorneys for Offerle National Bank, Branch
of GNB

CLASS 0-6-19-2

84-536406-60
DATE OF NOTE
12/17/2002

PROMISSORY NOTE - Fixed or Variable Rate - Commercial

DEBTOR'S NAME(S) Kritter Gitter, Inc.				LENDER'S NAME AND ADDRESS Offerle National Bank, Branch GNB P.O. Box 26 Offerle, KS 67563			
DEBTOR'S ADDRESS 206 Benton Jetmore, KS 67854							
NOTE NUMBER 8881	MATURITY DATE December 17, 2003	PRINCIPAL AMOUNT \$150,000.00	CUSTOMER NUMBER 536406	OFFICER GMM	SOCIAL SECURITY/TIN NUMBER: 48-1241273	<input type="checkbox"/> 360 DAY <input checked="" type="checkbox"/> 365 DAY	
<input checked="" type="checkbox"/> FIXED INTEREST RATE PER ANNUM		<input type="checkbox"/> VARIABLE RATE		VARIABLE RATE INDEX		MAXIMUM PER ANNUM INTEREST RATE CHANGE	
PRESENT INDEX RATE _____ %		MARGIN OVER/UNDER INDEX _____ %		INITIAL PER ANNUM RATE _____ %		MINIMUM INTEREST RATE _____ %	
8.250 %						MAXIMUM INTEREST RATE _____ %	
<input checked="" type="checkbox"/> NEW LOAN				PURPOSE OF LOAN Business operating expenses and production costs.			
<input type="checkbox"/> RENEWAL OF LOAN NUMBER(S)							
<input type="checkbox"/> FULLY ADVANCED <input type="checkbox"/> MULTIPLE ADVANCES <input checked="" type="checkbox"/> REVOLVING CREDIT							
COLLATERAL CATEGORIES Security Agreement dated 12/17/02 - Contract Rights, Accounts, Inventory, Equip. & General Intangibles.							
PAYMENT TERMS Principal and interest are due and payable on December 17, 2003.							

PROMISE TO PAY. For value received, the undersigned Debtor, whether one or more, and jointly and severally if more than one, agrees to the terms of this Note and promises to pay to the order of the Lender named above at its place of business as indicated in this Note or at such other places as may be designated in writing by Lender, the Principal Amount of this Note together with interest on the unpaid Principal Amount until maturity at the per annum interest rate or rates stated above and according to the Payment Terms stated in this Note. Interest on this Note is calculated on the actual number of days elapsed on a basis of a 360 or 365 day year, as indicated above. For purposes of computing interest and determining the date principal and interest payments are received, all payments will be deemed made only when received in collected funds. Payments are applied first to accrued and unpaid interest and other charges, and then to unpaid Principal Amount. In this Note, "Debtor" includes any party liable under this Note, including endorser, co-makers, guarantors and otherwise, and "Lender" includes all subsequent holders.

VARIABLE RATE. If this is a Variable Rate transaction as indicated above, the interest rate shall vary from time to time with changes (whether increases or decreases) in the Rate shown above. The interest rate on this Note will be the Index Rate plus a Margin, if any, as indicated above. Each change will become effective on the same date the Index Rate changes unless a different effective date is indicated above. If the Index Rate is Lender's base or prime rate, it is determined by Lender in its sole discretion, primarily on a basis of its cost of funds, is not necessarily the lowest rate Lender is charging its customers, and is not necessarily a published rate.

LATE PAYMENTS. When permitted by law, any principal and/or interest amount not paid within 10 calendar days after the due date will be assessed the lesser of \$500.00 or 5.000 % of the amount past due, as a late charge fee, with a minimum fee of \$5.00. In addition, any principal and/or interest not paid by the maturity date of this Note shall thereafter bear interest at the applicable rate stated in this Note plus _____ per annum. In no event shall the interest rate and related charges either before or after maturity be greater than permitted by law.

ALL PARTIES PRINCIPAL. All Debtors shall each be regarded as a principal and each Debtor agrees that any Debtor, with Lender's approval and without notice to any other Debtor, may from time to time renew this Note or consent to one or more extensions or deferrals of the Maturity Date for any term(s) or to any other modification(s), and all Debtors shall be liable in same manner as on the original Note.

ADVANCES AND PAYMENTS. If the Fully Advanced box is checked, then the Debtor acknowledges that the entire Principal Amount has been advanced to the Debtor or for Debtor's account or benefit. If the Multiple Advances box is checked, then the Debtor understands that the Lender will disburse the proceeds of this Note in increments, up to the Principal Amount, but that even if the Debtor prepays, the Debtor has no right to reborrow any amounts disbursed. The balance that the Debtor owes under this Note is the aggregate of all such disbursements, less any payments of principal made on this Note. Interest will accrue only on the actual amount of principal disbursed and outstanding from time to time. If the Revolving Credit box is checked, then the Debtor understands that the Lender will disburse the proceeds of this Note in increments up to the Principal Amount and that the remaining terms of this paragraph shall apply to this Note. The balance that the Debtor owes under this Note is the aggregate of all such disbursements, less any payments of principal made on this Note. The Debtor understands that the maximum amount of all such advances outstanding at any one time cannot exceed the Principal Amount, but that the Debtor may repay and reborrow up to the Principal Amount during the term of this Note. If the aggregate outstanding amount advanced under this Note ever exceeds the Principal Amount, then the Debtor will repay the excess upon demand, plus interest on the excess. There may be times when no principal is outstanding on this Note, but this Note and any collateral securing this Note remain valid and effective as to future advances under this Note. Any loans or advances the Lender makes to the Debtor or for the Debtor's account or benefit are presumed to be made under the terms of this Note. The Lender may make advances under this Note at the oral or written request of any person designated or authorized by the Debtor until the Debtor revokes such designation or authorization in writing received by the Lender, provided that the Lender has the right, but is not obligated, to require written authorization from the Debtor prior to honoring any oral request. Interest will accrue only on the actual amount of principal disbursed and outstanding from time to time.

PREPAYMENT. Except as otherwise provided in this Note, Debtor shall have the right to prepay all or any part of principal due under this Note at any time without penalty, subject to the following conditions: (a) all interest must be paid through the date of any prepayment; and (b) if this Note provides for monthly or other periodic payments, there will be no changes in the due dates or amounts following any partial prepayment unless Lender agrees to such changes in writing.

COLLATERAL. This Note and all other obligations of Debtor to Lender, including renewals and extensions, are secured by all collateral securing this Note and by all other security interests and mortgages previously or later granted to Lender and by all money, deposits and other property owned by any Debtor and in Lender's possession or control.

ACCELERATION. At option of Lender, the unpaid balance of this Note and all other obligations of Debtor to Lender, whether direct or indirect, absolute or contingent, now existing or later arising, shall become immediately due and payable without notice or demand, upon or after the occurrence or existence of any of the following events or conditions: (a) Any payment required by this Note or by any other note or obligation of Debtor to Lender or to others is not made when due, or any event or condition occurs or exists which results in acceleration of the maturity of any Debtor's obligation to Lender or to others under any promissory note, agreement or undertaking; (b) Debtor defaults in performing any covenant, obligation, warranty or provision contained in any loan agreement or in any instrument or document securing or relating to this Note or any other note or obligation of Debtor to Lender or to others; (c) any warranty, representation, financial information or statement made or furnished to Lender by or on behalf of Debtor proves to have been false in any material respect when made or furnished; (d) any levy, seizure, garnishment or attachment is made against any asset of any Debtor; (e) Lender determines, at any time and in Lender's sole discretion, that the prospect of payment of this Note is impaired; (f) whenever, in Lender's sole judgment, the collateral for the debt evidenced by this Note becomes unsatisfactory or insufficient either in character or value and, upon request, Debtor fails to provide additional collateral as required by Lender; (g) all or any part of the collateral for the debt evidenced by this Note is lost, stolen, substantially damaged or destroyed; (h) death, incompetency, insolvency, dissolution, change in ownership or senior management or termination of existence of any Debtor; or (i) a receiver is appointed over all or part of any Debtor's property, or any Debtor makes an assignment for the benefit of creditors, files for relief under any bankruptcy or insolvency laws, or becomes subject to an involuntary proceeding under such laws.

RIGHT OF OFFSET. Except as otherwise restricted by law, any indebtedness due from Lender to Debtor, including, without limitation, any deposits or credit balances due from Lender, is pledged to secure payment of this Note and any other obligation to Lender of Debtor, and may at any time while the whole or any part of such obligation(s) remain(s) unpaid, either before or after maturity of this Note, be set off, appropriated, held or applied toward the payment of this Note or any other obligation to Lender by any Debtor.

ADDITIONAL PROVISIONS. (1) Debtor agrees, if requested, to furnish to Lender copies of income tax returns as well as balance sheets and income statements for each fiscal year following Date of Note and at more frequent intervals as Lender may require. (2) No waiver by Lender of any payment or other right under this Note or any related agreement or documentation shall operate as a waiver of any other payment or right. All Debtors waive presentment, notice of acceleration, notice of dishonor and protest and consent to substitutions, releases and failure to perfect as to collateral and to additions or releases of any Debtor. (3) This Note and the obligations evidenced by it are to be construed and governed by the laws of the state indicated in Lender's address shown in this Note. (4) All Debtors agree to pay costs of collection, including, as allowed by law, reasonable attorney's fees. (5) All parties signing below acknowledge receiving a complete copy of this Note and related documents, which contain the complete and entire agreement between Lender and any party liable for payment under this Note. No variation, condition, modification, change or amendment to this Note or related documents shall be binding unless in writing and signed by all parties. No legal relationship is created by the execution of this Note and related documents except that of debtor and creditor or as stated in writing.

DEBTOR'S SIGNATURE(S)

Undersigned Debtor(s) agrees to terms of this Note, acknowledges receipt of a complete copy, and affirms that the proceeds of this Note are not to be used primarily for a personal, family, or household purpose.

Terry L. Hourman
By: Terry L. Hourman, President

Merrill L. Cauble
By: Merrill L. Cauble, Vice President



DATE OF AGREEMENT
12/17/2002

COMMERCIAL LINE OF CREDIT AGREEMENT

DEBTOR'S NAME(S) Kritter Gitter, Inc.		LENDER'S NAME AND ADDRESS Offerle National Bank, Branch GNB P.O. Box 26 Offerle, KS 67563	
DEBTOR'S ADDRESS 206 Benton Jetmore, KS 67854			
AMOUNT OF CREDIT LINE \$150,000.00	EXPIRATION DATE 12/17/2003	COMMITMENT FEE \$.00	INTEREST RATE 8.250%

COLLATERAL
Accounts Receivable Chattel Paper Contract Rights/General Intangibles Equipment Inventory

FOR VALUE RECEIVED, the undersigned Lender as of the date of this Agreement, agrees to make loans from time to time to the undersigned Debtor subject to the following terms and conditions of this Commercial Line of Credit Agreement ("Agreement"):

- AMOUNT OF CREDIT LINE.** The aggregate unpaid balance of all loans outstanding at any one time under this Agreement shall not exceed the Amount of Credit Line indicated above.
All Loans made hereunder shall reference this Agreement.
- EXPIRATION DATE.** No loan under this Agreement shall be made on a date beyond the Expiration Date stated above. Individual loans made pursuant to this Agreement may have a maturity date subsequent to the Expiration Date.
Both parties recognize that Lender as of date of this Agreement may have loans outstanding to Debtor which are not made under this Agreement and Lender may in the future make loans other than loans made pursuant to this Agreement.
- INTEREST RATE.** The Interest Rate on loans made under this Agreement shall be as stated above. Debtor agrees to pay the above Commitment Fee upon signing this Agreement. The Commitment Fee is earned when paid.
- COLLATERAL.** The Collateral for loans made under this Agreement is indicated above and, as applicable, by signed security agreements, mortgages/deeds of trust, and any necessary financing statements on forms provided by Lender. Loans may be further supported by endorsers.
- NOTE FORM PROVISIONS.** Loans made under this Agreement shall be on promissory note forms satisfactory to and provided by Lender.
- PAYMENTS.** Debtor shall have the right at any time to prepay without penalty any or all loans outstanding under this Agreement. All payments will not be deemed to have been made until such payments are received in collected funds.
- OBLIGATION TO LEND.** Lender shall be under no obligation to make loans under this Agreement upon the existence or occurrence of any event or condition whereby Debtor is in default on any indebtedness to Lender or to others, or whereby the provisions of any acceleration clause have become operative with respect to any promissory note, obligation or undertaking to Lender or to others. If any condition or event occurs that permits the Lender to decline to make loans under this Agreement, Lender may also terminate this Agreement by sending notice to Debtor and exercise all rights and remedies provided in any promissory note, mortgage/deed of trust, security agreement or related document and under law, including the right to demand the Debtor immediately pay all amounts owed to the Lender.
- NOTICES.** Notices to Debtor are effective when sent postage prepaid to the address above or any later address received by Lender, or when delivered. Notice to Lender occurs upon receipt by an officer of the Lender. If any conflict occurs between this Agreement and any promissory note, mortgage/deed of trust, security agreement or related document, this Agreement will control. Otherwise this Agreement is an addition to and not in limitation of the provisions of any other document.
- GOVERNING LAW.** This Agreement and related notes and documents are to be construed and governed by the laws of the state indicated in the address of the Lender shown above.
Debtor acknowledges receipt of a copy of this Agreement and warrants that all loans to be made under this Agreement shall be utilized in the ordinary course of Debtor's business and will not be utilized primarily for personal, family, or household purposes.

WRITTEN AGREEMENTS

THIS COMMERCIAL LINE OF CREDIT AGREEMENT, TOGETHER WITH OTHER WRITTEN AGREEMENTS OF THE PARTIES, IS THE FINAL EXPRESSION OF THE AGREEMENT AMONG DEBTOR, LENDER AND THE OTHER PARTIES HERETO. IF ANY, AND MAY NOT BE CONTRADICTED BY EVIDENCE OF ANY PRIOR OR CONTEMPORANEOUS ORAL AGREEMENT AMONG THE PARTIES. ANY NONSTANDARD TERM MUST BE WRITTEN BELOW TO BE ENFORCEABLE

* The conditions for future advances are the Oral or Written instructions of the debtors.

BY SIGNING BELOW, THE PARTIES AFFIRM THERE ARE NO UNWRITTEN AGREEMENTS BETWEEN OR AMONG THEM.

TGH *MLL*
Debtor Initials

[Signature]
Lender Initials



DEBTORS' SIGNATURE(S)

Terry L. Housman
By: Terry L. Housman, President

Kritter Gitter, Inc. *Merrill L. Cauble*
By: Merrill L. Cauble, Vice President

DATE
01/29/2004

COMMERCIAL EXTENSION AGREEMENT

DEBTOR'S NAME(S)		LENDER'S NAME AND ADDRESS	
Kritter Gitter, Inc.		Offerle National Bank, Branch GNB P.O. Box 26 Offerle, KS 67563	
DEBTOR'S ADDRESS			
206 Benton Jetmore, KS 67854			

DATE OF NOTE	NOTE NUMBER	ORIGINAL LOAN AMOUNT	ORIGINAL MATURITY DATE	ORIGINAL INTEREST RATE	NEW MATURITY DATE	NEW INTEREST RATE
12/17/2002	0453640660 8681	\$150,000.00	12/17/2003	8.250%	04/17/2004	8.250%

For the purpose of amending the terms of the above described Promissory Note ("Note"), the Debtor(s) and Lender agree, effective the date set forth above, to extend the Current Maturity Date of the Note, as originally executed or previously extended, to the New Maturity Date shown above with interest immediately beginning to accrue on the unpaid principal amount due under the Note at the New Interest Rate shown above, if different from the Current Interest Rate payable under the Note as originally executed or previously extended.

This Agreement is an amendment to and a restatement of the terms of the Note, and all terms of the Note other than those amended by this Agreement are incorporated in this Agreement by reference and remain in effect. The indebtedness of the Debtor(s) to the Lender evidenced by the Note is a continuing indebtedness and nothing contained in this Agreement shall be construed to constitute payment of any portion of the outstanding balance of the Note that remains unpaid or to release or terminate any mortgage, lien, pledge, assignment, security interest or other encumbrance securing payment of the Note.

- a) Unpaid Principal balance on Note prior to transactions made today \$ 150,000.00
- b) Amount of Principal paid today \$
- c) Amount of Interest paid today \$
- d) Interest on Note now paid to.....
- e) Unpaid Principal Balance on Note after transactions made today \$ 150,000.00
- f) New Payment Terms

Customers are withdrawing funds for the payment of accrued interest from IDS Mutual Funds. This interest payment will be paid within the next 7 to 10 days.

Maturity date of loan extended four months from 12/17/2003 until 04/17/2004.

Customers are completing their first order of 25 grill guards and should have them marketed by mid-April, thus establishing their cash flow and ability to service this debt.



Debtor acknowledges receipt of a copy of this Agreement and warrants that the loans subject to this Agreement shall be utilized in the ordinary course of Debtor's business and will not be utilized primarily for personal, family, or household purposes.

LENDER SIGNATURE	DEBTOR(S) SIGNATURE(S)
 By: Gary M. Meadows, Sr. Loan Officer	Kritter Gitter, Inc. By: Terry E. Housman, President By: Merrill L. Cauble, Vice President

PATENT
REEL: 015503 FRAME: 0973

SECURITY AGREEMENT

DEBTOR'S NAME(S)	SECURED PARTY'S NAME AND ADDRESS
Kritter Gitter, Inc.	Offerle National Bank, Branch GNB P.O. Box 26 Offerle, KS 67563
DEBTOR'S ADDRESS	
206 Benton Jetmore, KS 67854	

- I. **GRANT OF SECURITY INTEREST.** For value received, the undersigned (referred to as "Debtor" whether one or more) grants to Secured Party named above a security interest in the Collateral described below to secure the payment of the "Indebtedness" (as defined below) and performance of all Debtor's obligations and agreements in this Agreement or other documents evidencing the Indebtedness. For purposes of this Agreement, any term used in the Uniform Commercial Code, as adopted and revised from time to time in the State of Kansas ("UCC"), and not defined in this Agreement has the meaning given to the term in the UCC. Debtor's location (if other than the address reflected above) is in the state of _____.
- II. **DESCRIPTION OF COLLATERAL.** The "Collateral" shall include:
All business machinery, equipment, fixtures, furnishings, furniture, inventory, supplies, general intangibles, chattel paper, contract rights, franchise rights and accounts including proceeds therefrom, now owned or to be acquired with loan proceeds, and hereafter acquired including all accessions, additions, replacements and substitutions thereto. Inclusion of proceeds does not authorize debtor to sell or otherwise dispose of collateral.

See Exhibit "A" attached hereto and made a part hereof.

This term "Collateral" also includes to the extent not listed above as original collateral:

- (1) After-Acquired Property. After-acquired property; provided, however, the security interest will not attach to (a) consumer goods, other than an accession when given as additional security, unless the Debtor acquires rights in them within 10 days after the Secured Party gives value; or (b) a commercial tort claim.
- (2) Proceeds. Proceeds, products, additions, substitutions and accessions of the Collateral.
- (3) Deposits. Unless prohibited by law, any property (excluding Individual Retirement Accounts and other qualified retirement accounts), tangible or intangible, in possession of Secured Party at any time during the term of this Agreement, or any indebtedness due from Secured Party to Debtor and any deposit or credit balances due from Secured Party to Debtor, and Secured Party may at any time while the whole or any part of the indebtedness remains unpaid, whether before or after maturity thereof, be appropriated, held or applied toward payment of the Indebtedness or any obligation of Debtor to Secured Party.

III. **SECURED INDEBTEDNESS.** The security interest granted under this Agreement secures the following (referred to as the "Indebtedness"): (1) the performance of all of the agreements, obligations, covenants and warranties of Debtor as set forth in this Agreement or any other agreements between Debtor and Secured Party; (2) all liabilities of Debtor to Secured Party of every kind and description, including (a) all promissory notes given from Debtor to Secured Party, (b) all future advances from Secured Party to Debtor, whether in the form of a loan for a similar or different purpose than any other loan to Debtor, (c) Debtor's overdrafts, whether business or personal, (d) direct or indirect liabilities, (e) liabilities due or to become due and whether absolute or contingent, and (f) liabilities now existing or hereafter arising and however evidenced; (3) all execution, renewals and defaults of liabilities of Debtor to Secured Party for any term or terms, to which the undersigned hereby consents; (4) all interest and other finance charges due or to become due on the liabilities of Debtor to Secured Party; (5) all expenditures by Secured Party involving the performance or enforcement of Debtor's obligations, agreements, covenants and warranties under this Agreement or any other agreement between Debtor and Secured Party; and (6) All costs, attorneys' fees and other expenditures of Secured Party in the collection and enforcement of any obligation or liability of Debtor to Secured Party and in the collection and enforcement, sale or other liquidation of any of the Collateral.

IV. GENERAL PROVISIONS.

1. **WAIVERS.** No act, delay or omission, including Secured Party's written express waiver of a remedy after any default under this Agreement, shall constitute a waiver of any of Secured Party's rights and remedies not expressly waived in writing under this Agreement or any other agreement between the parties. All of Secured Party's rights and remedies are cumulative and may be exercised singly or concurrently. The waiver or exercise of any one or more rights or remedies will not be a waiver or a bar to the exercise of any other rights or remedies upon any subsequent default. No waiver, change, modification or discharge of any of Secured Party's rights or remedies or Debtor's duties as specified or allowed by this Agreement will be effective unless in writing and signed by a duly authorized officer of Secured Party. Acceptance of any partial or late payment shall not constitute a waiver of any requirement of this Agreement or impose any additional notification duties upon Secured Party. Debtor and all other signers, including guarantors, waive presentment, notice of dishonor and protest, notice of default, notice of intention to accelerate and notices of acceleration and consent to any and all extensions of time for any term or terms regarding payment due, partial payments, or renewals before or after maturity. Debtor and all other signers, including guarantors, further consent to substitution, impairment, release or nonperfection with regard to the Collateral, and the addition or release of or agreement not to sue any party or parties.

2. **AGREEMENT BINDING ON ASSIGNS.** This Agreement inures to the benefit of Secured Party's assigns and assigns, and is binding upon Debtor's heirs, executors, administrators, representatives, successors and permitted assigns (and all persons who become bound as a debtor to this Security Agreement), but no person taking from or representing Debtor has any right to advance under any instrument or document secured by this Agreement.

3. **CHANGES IN TERMS.** Secured Party reserves the right to change any of the terms of this Agreement in accordance with applicable law and the provisions of this Agreement.

4. **TERM OF AGREEMENT.** This Agreement, and the security interest created by this Agreement, will remain in force until all of the Indebtedness is paid in full, unless the security interest created by this Agreement is earlier released by Secured Party in writing.

5. **RIGHTS OF SECURED PARTY ASSIGNABLE.** Secured Party, at any time and at its option, may pledge, transfer or assign its rights under this Agreement in whole or in part, and any transferee or assignee shall have all Secured Party's rights or the parts of them so pledged, transferred or assigned. Debtor's rights under this Agreement or in the Collateral may not be assigned without Secured Party's prior written consent.

6. **JOINT AND SEVERAL RESPONSIBILITY OF DEBTOR AND SURETIES.** The responsibilities of Debtor and any co-debtor, guarantor, surety or accommodation party under this Agreement are joint and several, and the references to Debtor in this Agreement shall be deemed to refer to each such person, including any person who pledges Collateral even if such pledgor is not otherwise liable under any promissory note, guaranty or other instrument secured by this Agreement.

7. **SEPARABILITY OF PROVISIONS.** If any provision of this Agreement shall for any reason be held invalid or unenforceable, such invalidity or unenforceability shall not affect any other provision of this Agreement, and this Agreement shall be construed as if such invalid or unenforceable provision had never existed.

8. **GOVERNING LAW.** This Agreement shall be construed and enforced in accordance with the laws of the State of Kansas, except to the extent that the UCC prevails for application of the law where the Debtor or the collateral is located (if other than Kansas) as the case may be.

9. **ENTIRE AGREEMENT.** This Agreement, together with any mortgage of real estate which may be Collateral, constitutes the entire agreement between the parties with respect to the subjects addressed herein. This Agreement may be amended or modified only by a writing signed by Secured Party specifying that it is a modification, amendment or addition to this Agreement.

V. EVENTS OF DEFAULT. Debtor shall be in default under this Agreement upon the happening of any one or more of the following events or conditions, called "Events of Default" in this Agreement:

1. If any warranty, covenant, agreement, representation, financial information or statement made or furnished to Secured Party by Debtor, any guarantor or surety, or otherwise on Debtor's behalf to induce Secured Party to enter into this Agreement, or in conjunction with it, is violated or proves to have been false in any material respect when made or furnished.
2. If any payment required in this Agreement or under any other agreement or obligation of Debtor to Secured Party or to others is not made when due or in accordance with the terms of the applicable contract.
3. If Debtor defaults in the performance of any covenant, obligation, warranty, or provision contained in this Agreement or any other agreement, mortgage or obligation of Debtor to Secured Party or to others, including without limitation Debtor's failure to insure the Collateral or unlawful use of the Collateral.
4. If any event or condition exists or occurs which results in acceleration of the maturity of any obligation of Debtor to Secured Party or to others under any note, mortgage, indenture, agreement, or undertaking.
5. If anyone makes any levy against or seizes, garnishes or attaches any of the Collateral; if Debtor continually encumbers any of the Collateral; or if Debtor sells, leases, or otherwise disposes of any of the Collateral without Secured Party's prior written consent as required by this Agreement or any mortgage executed in connection with this Agreement.
6. If the Collateral is lost, stolen, substantially damaged or destroyed.
7. If, in Secured Party's judgment, the Collateral becomes unaffordable or insufficient in character or value, and upon request Debtor fails to provide additional Collateral as required by Secured Party.
8. If at any time Secured Party, in its sole discretion, believes the prospect of payment or performance of any duty, covenant, warranty or obligation secured by this Agreement is impaired.
9. If Debtor or any guarantor or surety dies, dissolves, undermines existence, or becomes insolvent; if a receiver is appointed over any part of Debtor's property or any part of the Collateral; if Debtor makes an assignment for the benefit of creditors; or if any proceeding is commenced under any bankruptcy or insolvency law by or against Debtor or any guarantor or surety for Debtor.
10. If the Collateral is removed from the location specified in this Agreement or in a separate notice to Secured Party without Secured Party's prior written consent, except for temporary periods in the normal and customary use of the Collateral.
11. Secured Party shall receive at any time following the Closing a filing office report indicating that Secured Party's security interest is not prior to all other security interests or other interests reflected in the report.

VI. ADDITIONAL PROVISIONS. The undersigned specifically agree to all of the "Additional Provisions" on the reverse side of this Agreement.



SECURED PARTY'S SIGNATURE	DEBTOR'S SIGNATURE(S)
Offerle National Bank, Branch GNB By: <i>[Signature]</i> Scott A. Meadows, Sales Officer	Kritter Gitter, Inc. <i>[Signature]</i> By: Terril L. Housman, President <i>[Signature]</i> By: Merrill L. Cauble, Vice President

MANUFACTURING AGREEMENT

This Agreement is made by and between Martin Machine & Welding, Inc. (hereinafter referred to as MM&W) and Ritter Gitter, Inc. (hereinafter referred to as KG) . KG desires to enter into this manufacturing agreement with MM&W to manufacture grill/bumper guards and MM&W desires to produce the grill/bumper guards.

I. Recitals and Premises: KG is the owner of a U.S. patent pending grill/bumper guard designed for minimizing or eliminating damage to Grades 5,6,7 and 8 Trucks that may have impact with deer or other large animals.

II Performance: KG will be responsible for providing adequate funding for all materials and supplies required for pre-production (prototyping) and production build and testing of the grill guards. MM&W will have facilities and personnel available to handle the prototyping, testing, production, powder coating, packaging and shipping of grill guards ordered by KG. Shipping costs of product from MM&W's facility, are the responsibility of KG.

KG and MM& W will provide product liability insurance for the manufactured products, in an amount required and agreed upon to adequately protect both parties. MAMTC will provide installation instructions. MM&W will provide decals safety decals for all grill guards. MM&W will test all grill guards for proper fit and function prior to shipping of orders. KG will be responsible for all marketing activities of the grill guards and all promotional costs associated therein.

III Warranties: MM&W shall warranty all materials and workmanship of each completed guard for 90 days from delivery of the unit to the end user.

IV. Change Orders: MM&W agrees not to institute change in product design or specifications without approval of KG. Recommendations for such changes will include cost impact statement outlining anticipated cost savings or additional costs as would be impacted by engineering, drawings, fixtures, etc.

V. Pricing: KG understands that manufacturing costs may fluctuate with the flow of orders and material cost variations and therefor subject to change within the term of this agreement.

VI. Terms: KG will make a complete 50% Down Payment with the placement of each order. The complete 50% Down Payment must be received before each purchase order will be processed. The remaining 50% balance will be paid within 15 days from the shipment date of each order.

VII. Cooperation: MM&W and KG shall provide each other with all available technical information, designs, drawings, specifications, manufacturing processes, supply sources,

and the like relating to the production and marketing of the U.S. Patent Pending grill guards.

VIII. Product Literature: All promotional literature to be utilized by KG, will require the review and approval from MM&W as to specifications accuracy, safety decaling, including promotional videos etc.,

IX. Indemnification: MM&W and KG agree to indemnify and hold each other (including their respective officers, directors and shareholders) harmless from any claim, demand or cause whatsoever arising out of, or incident to the use of products manufactured or promoted by the other, including any damages, costs, expenses and reasonable attorneys fees incurred in respect thereto. Both parties do agree to provide reasonable assistance to each other in defense of any such claim

X. MM&W and KG shall both provide and keep records of serial numbers that identify the grill guards sold and to whom sold.

XI. Term of this Agreement: Unless terminated sooner as hereinafter provided, the Agreement will expire sixty (60) months from the date of execution of this Agreement. Should MM&W fail to meet the agreed upon production scheduling between the parties, for reasons other than supplier material shortages, war or act of God, KG may terminate this Agreement by giving one hundred eighty (180) days written notice of intent to terminate. However, if MM&W should clear the default complained of, then the notice shall cease to be operative and the Agreement shall continue in full force and effect. Should KG fail to meet their planned sales forecast build orders with MM&W, MM&W may at it's option cancel and terminate this Agreement by giving one hundred eighty (180) days written notice to KG. However, should KG cure the default complained of, then the notice shall cease to be operative and the Agreement shall be in full force and effect. NOTICE of DEFAULT must be sent by Certified Mail to the Principals of either firm, at their last known business address. The date of service of any notice so sent shall be deemed to be seven (7) days after the mailing thereof.

XII. Confidential Information: It is recognized by the parties that they or their employees or agent might, in the course of their dealings and co-operation with each other under the provisions of this Agreement, learn or come in contact with certain proprietary, technical or business information, designs, drawings, research developments, facilities or processes of the other that considered to be their respective trade secrets, unauthorized disclosure of which would be considered a breach of trust or confidence Therefore, the parties hereto agree that they will hold in confidence all such information and will not disclose or proliferate it to third persons without permission from the owner thereof.

XIII. Severability: The provisions of this Agreement shall be severable, and if any provision of this Agreement shall be held or declared illegal, invalid or unenforceable, such illegality, invalidity, or unenforceable shall not affect any other provision hereof, and the remainder of this Agreement, disregarding such invalid portion, shall continue in full force and effect as though such void provision had not been contained herein.

XIV. Entire Agreement: This Agreement contains the entire Agreement between the parties hereto with respect to the subject matter hereof, and it supersedes and cancels all previous written or oral understandings, agreements negotiations, commitments, or any other writing or communications in respect to the subject matter of this Agreement.

XV. Governing Law and Selection of Forum: This Agreement may be construed, and the legal relations between the parties may be determined by the laws of the State of Kansas. Therefore, the parties agree that the State of Kansas and the state court in Harvey County, Kansas shall be the place to litigate any disputes arising under this Agreement. The parties expressly waive any and all rights they may have or which may hereafter arise to contest the propriety of such choice of jurisdiction and venue.

XVI. Nature of Relationship: Nothing herein shall be construed to place the parties in a relationship of partners or joint venturers or agents of the other, and neither party shall have the power to obligate or bind the other in any manner whatsoever.

XVII. Binder: This Agreement is binding on an inures to the benefit of the parties, their respective heirs, assigns, legal representatives, and successors in interest,

IN WITNESS WHEREOF, the parties have signed and caused this Agreement to be executed this 12 day of Feb., 2002.

KRITTER GITTER, INC.

By *Jerry Thompson*
Merill C. Canale

MARTIN MACHINE & WELDING, Inc.

By *[Signature]*

01-13-2003

DEC 31 2002

Form PTO-1595
(Rev. 10/02)
OMB No. 0651-0027 (exp. 6/30/2005)
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U.S. DEPARTMENT OF COMMERCE
U.S. Patent and Trademark Office

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

1. Name of conveying party(ies):
Kritter Gitter, Inc.

12-31-02

2. Name and address of receiving party(ies)

Name: Offerle National Bank, Branch GNB

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: 104 Santa Fe

P.O. Box 26

City: Offerle State: KS Zip: 67563

Execution Date: 12/17/2002

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) 10/194492

B. Patent No.(s) _____

Additional numbers attached? Yes No

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

Name: Offerle National Bank, Branch GNB

Internal Address: c/o Gary M. Meadows, Sr Ln Off

6. Total number of applications and patents involved: 1

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

Enclosed

Authorized to be charged to deposit account

Street Address: 104 Santa Fe

P.O. Box 26

City: Offerle State: KS Zip: 67563

8. Deposit account number: _____

01/10/2003 BYRNE 00000192 10194492

DO NOT USE THIS SPACE

01 FC:8021

9. Signature.

Gary M. Meadows, Sr. Ln. Officer
Name of Person Signing

12/18/2002

Signature

Date

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

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



**Kansas Secretary of State
Online UCC Filing System
Acknowledgment of Filing**

Time of Transaction: 01-15-2003 04:25:48 PM
Filing Type: **Financing Statement**
Filing Number: **91431882**

Debtor Information
KRITTER GITTER, INC. 206 Benton JETMORE, KS 67854 Organization ID: KS2975647 Organization Type: DOMESTIC FOR PROFIT Organization Jurisdiction: Kansas
Secured Party Information
Offerle National Bank, Branch GNB P.O. Box 26 Offerle, KS 67563
Collateral Information
All business machinery, equipment, fixtures, furnishings, furniture, inventory, supplies, general intangibles, chattel paper, contract rights, franchise rights and accounts including proceeds therefrom, now owned or to be acquired with loan proceeds, and hereafter acquired including all accessions, additions, replacements and substitutions thereto. Inclusion of proceeds does not authorize debtor to sell or otherwise dispose of collateral.

Ron Thornburgh
Secretary of State

[Back to Listing](#)




GUARANTY AGREEMENT

DEBTOR'S NAME(S)	LENDER'S NAME AND ADDRESS
Kritter Gitter, Inc.	Offerle National Bank, Branch GNB P.O. Box 26 Offerle, KS 67563
DEBTOR'S ADDRESS	
206 Benton Jctmore, KS 67854	

- A. To induce the Lender to extend credit to the Debtor and for other good and valuable consideration, the receipt of which is acknowledged, and for the purpose of enabling the Debtor to obtain or renew loans, credit or other financial accommodation from the Lender named above, each of the undersigned as a primary obligor, jointly and severally and unconditionally: (1) guarantees to the Lender that Debtor will fully and promptly pay or otherwise discharge all indebtedness and other obligations ("indebtedness") upon which Debtor now is or may later, from time to time, become obligated to Lender as principal, guarantor, endorser, or in any other capacity, and whether joint or several liability or liability created by direct dealing with Lender or through transfer from others, and regardless of the nature and form of indebtedness and whether due or not due; (2) agrees, without the Lender first having to proceed against Debtor or any other party liable or to liquidate any security, to pay on demand all sums due and to become due to Lender from Debtor, and all losses, costs, attorney fees or expenses which may be suffered or incurred by Lender by reason of Debtor's default or the default of the undersigned; (3) except as setoff is waived, agrees to be bound by and on demand to pay any deficiency or difference between all indebtedness of the Debtor and the proceeds of any private or public sale (including a sheriff's sale) of the security held by Lender, with or without notice to the undersigned; (4) agrees that liability under this Agreement will not be affected or impaired by any failure, neglect or omission, including a failure or delay to perfect or maintain perfection of a security interest, either in relation to the collection of the indebtedness or the protection of the security given, and regardless of whether the Lender fails or omits to seek or is precluded from seeking a judgment against Debtor; and (5) further agrees that the liability of the undersigned shall not be affected by any lack of validity or enforceability due to defense, claim, discharge or otherwise of any indebtedness guaranteed by this Agreement or of the security of the indebtedness.
- B. Lender may at any time and from time to time without the further consent of or notice to the undersigned, without incurring responsibility to the undersigned and without impairing or releasing the obligations of the undersigned, and upon any terms and conditions the Lender may elect: (1) change the manner, place or terms of payment or extend the time of payment of any indebtedness of Debtor to Lender; (2) renew, increase or alter any indebtedness of Debtor to Lender; (3) raise or lower the interest rate or rates charged Debtor; (4) sell, exchange, release, surrender, realize upon or otherwise deal or not deal with in any manner and in any order any property at any time pledged to secure or securing the indebtedness of Debtor to Lender or any liabilities incurred directly or indirectly under this Agreement, or any assets against any such indebtedness or liabilities; (5) exercise or refrain from exercising any rights against Debtor or others, or otherwise act or refrain from acting; (6) settle or compromise any indebtedness guaranteed or incurred; (7) subordinate the payment of all or part of any indebtedness of Debtor to Lender to the payment of any liabilities which may be due Lender or others; (8) apply any sums paid by or for account of Debtor to any indebtedness of Debtor to Lender regardless of what indebtedness or liability of Debtor to Lender remains unpaid and regardless of to which indebtedness such sums were intended to be applied; (9) release any one or more of the undersigned, any other guarantor or any other party liable upon or for any indebtedness or other obligation guaranteed, and such release will not affect the liability under this Agreement of any of the undersigned or any other party not so released; (10) add or release the primary or secondary liability of principals, guarantors or other parties; and/or (11) obtain additional collateral security.
- C. The undersigned waives: (1) any and all acceptance of this Guaranty Agreement; (2) notice of the creation of any indebtedness; (3) any presentment, demand for payment, notice of default or non-payment, notice of acceleration, notice of disposition of security, notice of dishonor or protest to or upon any party and all other notices whatsoever whether required or permitted by this Guaranty Agreement, any other agreement, course of dealing, usage of trade, course of performance and, to the extent allowed, the law; (4) any exercise of any remedy which the Lender now has or later acquires against the Debtor or any other party; (5) any impairment of collateral, including, but not limited to, the failure to perfect, or maintain perfection of, a security interest in collateral; and (6) any event, or any act or omission of the Lender (except acts or omissions in bad faith) which materially increases the scope of the undersigned's risk as guarantor, including the manner of administration of the loan and changes in the form or manner in which any party does business or in their financial condition and any notice of any such change.
- D. This Guaranty Agreement shall be absolute, unconditional and continuing guaranty of payment and not of collection and shall be binding upon the undersigned, heirs or successors of the undersigned, and the estate or estates of the undersigned: (1) regardless of the death or cessation of existence of any of the undersigned or of any guarantor or any other party liable upon any indebtedness or other obligation hereby guaranteed; (2) irrespective of any defenses, claim or discharge available to the Debtor under law or under any agreement with the Lender; and (3) irrespective of any failure or delay by the Lender to perfect or keep perfected any lien or security interest in any collateral. This Guaranty Agreement is an independent obligation which is separately enforceable from the obligation of the Debtor.
- E. All rights of the Lender are cumulative and not alternative to other rights. Suit may be brought against the undersigned or other parties liable, jointly and severally, and against any one or more of them, and against all or less than all, without impairing the rights of the Lender, its successors or assigns, against others of the undersigned. The Lender may settle with any one of the undersigned or any other party for such sum or sums as it may see fit and release such of the undersigned or other parties from all further liability to the Lender for such indebtedness without impairing the right of the Lender to demand and collect the balance of such indebtedness from others of the undersigned not so released.
- F. The Lender may assign this Agreement or any of its rights and powers under it, with all or any part of the indebtedness guaranteed, and may assign to any such assignee any of the security for the indebtedness. In the event of such assignment, the assignee shall have the same rights and remedies as if originally named in this Agreement in place of Lender, and the Lender shall thereafter be fully discharged from all responsibility with respect to any such indebtedness so assigned.
- G. Unless expressly limited by specific writing as set forth in this Guaranty Agreement, it is understood to be unlimited in amount. If limited, it is understood the limit means a fixed amount or percentage of any indebtedness remaining after application of the actual proceeds of the disposition of any security to any unguaranteed portion of the indebtedness.
- H. Until the indebtedness of the Debtor have been paid in full, the undersigned agrees to provide to the Lender from time to time upon demand such financial statements, copies of tax returns, and other information as to the undersigned as the Lender may reasonably require.
- I. Any deposits or other sums credited by or due from the Lender to the undersigned may be set off against any and all liabilities of the undersigned to the Lender arising under the terms of this Guaranty Agreement. The rights granted by this paragraph shall be in addition to the rights of the Lender under any statutory banker's lien or common law right of offset.
- J. Until the obligations of the Debtor have been paid in full, the undersigned specifically waives all rights of subrogation to the rights of the Lender, any claim to any security or its value to which the Lender has recourse, and all rights of reimbursement or contribution from other parties, whether principals or sureties, accommodation parties or guarantors.
- K. The undersigned may, only by written notice given to and received by Lender, withdraw only from liability for additional indebtedness of Debtor accepted by or incurred to Lender after the time of receipt of such notice by Lender. The liability and other agreements of the undersigned shall not be otherwise affected but shall continue until all indebtedness, including loan commitments, existing at the time of the receipt of such notice, and renewals or extensions of indebtedness to which the undersigned consents, is fully paid. After any such revocation, Lender may exercise any rights granted in this Agreement without releasing the undersigned from liability.
- L. Notwithstanding the provisions of any note or obligation to which this Guaranty Agreement applies, it is the intention of the parties, and it is here provided, that a Guarantor shall not be liable for interest charges in excess of the maximum amount permitted under the law applicable to this Guaranty Agreement.
- M. The undersigned specifically waives any right to setoff under Common Law, or any statutes, and agrees that the Lender may apply the actual proceeds from the disposition of any security first to any unguaranteed portion of the indebtedness. Any party to this Guaranty Agreement has right to waive trial by jury and waives all objections to venue in any action instituted by the Lender arising out of this Guaranty Agreement.
- N. The undersigned waive, as of the date of this Guaranty Agreement, any claim, as that term is defined in the U.S. Bankruptcy Code, which the undersigned might have or acquire against the Debtor arising from the existence or performance of the undersigned's obligations under this Guaranty Agreement, and to that extent that the undersigned is not a creditor of the Debtor. In addition to the waiver of the status of creditor, it is agreed that the indebtedness guaranteed under this Guaranty Agreement excludes all portions of the indebtedness paid by the Debtor during the period of time within one year prior to the filing of any bankruptcy, reorganization or insolvency proceedings by or against the Debtor. If any payment made by the Debtor to the Lender is determined to be avoidable under applicable state law or the Federal Bankruptcy Code, in that extent, if demanded by the Lender, this Guaranty Agreement is deemed to be reinstated to include the amount within the indebtedness under this Guaranty Agreement.
- O. The undersigned, by signing below, acknowledge having read this Guaranty Agreement, having reviewed it to the extent desired with their legal counsel, and receiving a copy of it and also receiving an explanation of any questions. The undersigned also have read any assigner notice provided by Lender. The undersigned understand that the undersigned may have to pay any indebtedness or obligation covered by this Guaranty Agreement in the event the Debtor fails or refuses to do so. The undersigned also represent that they are aware of the financial condition of Debtor and acknowledge a responsibility to maintain a close watch on that financial condition as long as this Guaranty Agreement is outstanding and that they are not relying on the Lender to provide information on the Debtor's financial condition, now or in the future.
- P. This Guaranty and the obligations evidenced in it are to be construed and governed by the laws of the state indicated in the address of Lender shown above.
- Q. This Guaranty Agreement constitutes the entire agreement between the parties with respect to the obligations of the undersigned and the rights of the Lender under this Guaranty Agreement. This Guaranty Agreement cannot be amended except by an agreement in writing signed by both the undersigned and the Lender. No condition as to the effectiveness or enforcement of this Guaranty Agreement exists except as stated in this Guaranty Agreement. Regardless of any other provision of this Guaranty Agreement to the contrary, and unless otherwise specifically released or modified by this Guaranty Agreement, all other obligations of the undersigned to Lender evidenced by a note, loan agreement, guaranty or any other written agreement remain in force and effect.

GUARANTOR'S SIGNATURE(S)


Terry L. Holsman



GUARANTY AGREEMENT

DEBTOR'S NAME(S)	LENDER'S NAME AND ADDRESS
Kritter Gitter, Inc.	Offerle National Bank, Branch GNB P.O. Box 26 Offerle, KS 67563
DEBTOR'S ADDRESS	
206 Benton Jetmore, KS 67854	

- A. To induce the Lender to extend credit to the Debtor and for other good and valuable consideration, the receipt of which is acknowledged, and for the purpose of enabling the Debtor to obtain or renew loans, credit or other financial accommodation from the Lender named above, each of the undersigned as a primary obligor, jointly and severally and unconditionally: (1) guarantees to the Lender that Debtor will fully and promptly pay or otherwise discharge all indebtedness and other obligations ("indebtedness") upon which Debtor now is or may later, from time to time, become obligated to Lender as principal, guarantor, endorser, or in any other capacity, and whether joint or several liability created by direct dealing with Lender or through transfer from others, and regardless of the nature and form of indebtedness and whether due or not due; (2) agrees, without the Lender first having to proceed against Debtor or any other party liable or to liquidate any security, to pay on demand all sums due and to become due to Lender from Debtor, and all losses, costs, attorney fees or expenses which may be suffered or incurred by Lender by reason of Debtor's default or the default of the undersigned; (3) except as setoff is waived, agrees to be bound by and on demand to pay any deficiency or difference between all indebtedness of the Debtor and the proceeds of any private or public sale (including a sheriff's sale) of the security held by Lender, with or without notice to the undersigned; (4) agrees that liability under this Agreement will not be affected or impaired by any failure, neglect or omission, including a failure or delay to perfect or maintain perfection of a security interest, either in relation to the collection of the indebtedness or the prosecution of the security given, and regardless of whether the Lender fails or omits to seek or is precluded from seeking a judgment against Debtor; and (5) further agree that the liability of the undersigned shall not be affected by any lack of validity or enforceability due to defense, claim, discharge or otherwise of any indebtedness guaranteed by this Agreement or of the security of the indebtedness.
- B. Lender may at any time and from time to time without the further consent of or notice to the undersigned, without incurring responsibility to the undersigned and without impairing or releasing the obligations of the undersigned, and upon any terms and conditions the Lender may elect: (1) change the manner, place or terms of payment or extend the time of payment of any indebtedness of Debtor to Lender; (2) renew, increase or alter any indebtedness of Debtor to Lender; (3) raise or lower the interest rate or rates charged Debtor; (4) sell, exchange, release, surrender, realize upon or otherwise deal or not deal with in any manner and in any order any property at any time pledged in secure or securing the indebtedness of Debtor to Lender or any liabilities incurred directly or indirectly under this Agreement, or any offsets against any such indebtedness or liabilities; (5) exercise or refrain from exercising any rights against Debtor or others, or otherwise set or refrain from setting; (6) settle or compromise any indebtedness guaranteed or secured; (7) subordinate the payment of all or part of any indebtedness of Debtor to Lender to the payment of any liabilities which may be due Lender or others; (8) apply any sums paid by or for account of Debtor to any indebtedness of Debtor in Lender regardless of what indebtedness or liability of Debtor to Lender remains unpaid and regardless of in which indebtedness such sums were intended to be applied; (9) release any one or more of the undersigned, any other guarantor or any other party liable upon or for any indebtedness or other obligation guaranteed, and such release will not affect the liability under this Agreement of any of the undersigned or any other party not so released; (10) add or release the primary or secondary liability of principals, guarantors or other parties; and/or (11) obtain additional collateral security.
- C. The undersigned waives: (1) any and all acceptance of this Guaranty Agreement; (2) notice of the creation of any indebtedness; (3) any presentment, demand for payment, notice of default or non-payment, notice of acceleration, notice of disposition of security, notice of dishonor or protest to or upon any party and all other notices whatsoever whether required or permitted by this Guaranty Agreement, any other agreement, course of dealing, usage of trade, course of performance and, to the extent allowed, the law; (4) any exercise of any remedy which the Lender now has or later acquires against the Debtor or any other party; (5) any impairment of collateral, including, but not limited to, the failure to perfect, or maintain perfection of, a security interest in collateral; and (6) any event, or any act or omission of the Lender (except acts or omissions in bad faith) which materially increases the scope of the undersigned's risk as guarantor, including the manner of administration of the loan and changes in the form or manner in which any party does business or in their financial condition and any notice of any such change.
- D. This Guaranty Agreement shall be absolute, unconditional and continuing guaranty of payment and not of collection and shall be binding upon the undersigned, heirs or successors of the undersigned, and the estate or estates of the undersigned: (1) regardless of the death or cessation of existence of any of the undersigned or of any guarantor or any other party liable upon any indebtedness or other obligation hereby guaranteed; (2) irrespective of any defenses, claim or discharge available to the Debtor under law or under any agreement with the Lender; and (3) irrespective of any failure or delay by the Lender to perfect or keep perfected any lien or security interest in any collateral. This Guaranty Agreement is an independent obligation which is separately enforceable from the obligation of the Debtor.
- E. All rights of the Lender are cumulative and not alternative to other rights. Suit may be brought against the undersigned or other parties liable, jointly and severally, and against any one or more of them, and against all or less than all, without impairing the rights of the Lender, its successors or assigns, against others of the undersigned. The Lender may settle with any one of the undersigned or any other party for such sum or sums as it may see fit and release such of the undersigned or other parties from all further liability to the Lender for such indebtedness without impairing the right of the Lender to demand and collect the balance of such indebtedness from others of the undersigned not so released.
- F. The Lender may assign this Agreement or any of its rights and powers under it, with all or any part of the indebtedness guaranteed, and may assign to any such assignee any of the security for the indebtedness. In the event of such assignment, the assignee shall have the same rights and remedies as if originally named in this Agreement in place of Lender, and the Lender shall thereafter be fully discharged from all responsibility with respect to any such indebtedness so assigned.
- G. Unless expressly limited by specific writing as set forth in this Guaranty Agreement, it is understood to be unlimited in amount. If limited, it is understood the limit means a fixed amount or percentage of any indebtedness remaining after application of the actual proceeds of the disposition of any security to any unguaranteed portion of the indebtedness.

- H. Until the indebtedness of the Debtor have been paid in full, the undersigned agrees to provide to the Lender from time to time upon demand such financial statements, copies of tax returns, and other information as to the undersigned as the Lender may reasonably require.
- I. Any deposits or other sums credited by or due from the Lender to the undersigned may be set off against any and all liabilities of the undersigned to the Lender arising under the terms of this Guaranty Agreement. The rights granted by this paragraph shall be in addition to the rights of the Lender under any statutory banker's lien or common law right of offset.
- J. Until the obligations of the Debtor have been paid in full, the undersigned specifically waives all rights of subrogation to the rights of the Lender, any claim to any security or its value to which the Lender has recourse, and all rights of reimbursement or contribution from other parties, whether principals or sureties, accommodation parties or guarantors.
- K. The undersigned may, only by written notice given to and received by Lender, withdraw only from liability for additional indebtedness of Debtor accepted by or incurred to Lender after the time of receipt of such notice by Lender. The liability and other agreements of the undersigned shall not be otherwise affected but shall continue until all indebtedness, including loan commitments, existing at the time of the receipt of such notice, and renewals or extensions of indebtedness to which the undersigned consents, is fully paid. After any such revocation, Lender may exercise any rights granted in this Agreement without releasing the undersigned from liability.
- L. Notwithstanding the provisions of any note or obligation to which this Guaranty Agreement applies, it is the intention of the parties, and it is here provided, that a Guarantor shall not be liable for interest charges in excess of the maximum amount permitted under the law applicable to this Guaranty Agreement.
- M. The undersigned specifically waives any right to setoff under Common Law, or any statute, and agree that the Lender may apply the actual proceeds from the disposition of any security first to any unguaranteed portion of the indebtedness. Any party to this Guaranty Agreement has right to waive trial by jury and waives all objections to venue in any action instituted by the Lender arising out of this Guaranty Agreement.
- N. The undersigned waive, as of the date of this Guaranty Agreement, any claim, as that term is defined in the U.S. Bankruptcy Code, which the undersigned might have or acquire against the Debtor arising from the existence or performance of the undersigned's obligations under this Guaranty Agreement, and to that extent that the undersigned is not a creditor of the Debtor. In addition to the waiver of the status of creditor, it is agreed that the indebtedness guaranteed under this Guaranty Agreement excludes all portions of the indebtedness paid by the Debtor during the period of time within one year prior to the filing of any bankruptcy, reorganization or insolvency proceedings by or against the Debtor. If any payment made by the Debtor to the Lender is determined to be avoidable under applicable state law or the Federal Bankruptcy Code, to that extent, if demanded by the Lender, this Guaranty Agreement is deemed to be reinstated to include the amount within the indebtedness under this Guaranty Agreement.
- O. The undersigned, by signing below, acknowledge having read this Guaranty Agreement, having reviewed it to the extent desired with their legal counsel, and receiving a copy of it and also receiving an explanation of any questions. The undersigned also have read any cosigner notice provided by Lender. The undersigned understand that the undersigned may have to pay any indebtedness or obligation covered by this Guaranty Agreement in the event the Debtor fails or refuses to do so. The undersigned also represent that they are aware of the financial condition of Debtor and acknowledge a responsibility to maintain a close watch on that financial condition as long as this Guaranty Agreement is outstanding and that they are not relying on the Lender to provide information on the Debtor's financial condition, now or in the future.
- P. This Guaranty and the obligations evidenced in it are to be construed and governed by the laws of the state indicated in the address of Lender shown above.
- Q. This Guaranty Agreement constitutes the entire agreement between the parties with respect to the obligations of the undersigned and the rights of the Lender under this Guaranty Agreement. This Guaranty Agreement cannot be amended except by an agreement in writing signed by both the undersigned and the Lender. No condition as to the effectiveness or enforcement of this Guaranty Agreement exists except as stated in this Guaranty Agreement. Regardless of any other provision of this Guaranty Agreement to the contrary, and unless otherwise specifically released or modified by this Guaranty Agreement, all other obligations of the undersigned to Lender evidenced by a note, loan agreement, guaranty or any other written agreement remain in force and effect.

GUARANTOR'S SIGNATURE(S)

Merrill L. Cauble
Merrill L. Cauble



IN THE 24th JUDICIAL DISTRICT
DISTRICT COURT OF EDWARDS COUNTY, KANSAS

FILED
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EDWARDS COUNTY
DISTRICT COURT

OFFERLE NATIONAL BANK, Branch of
GNB,

Plaintiff,

Case No. 04 CV 19

-vs-

KRITTER GITTER, INC., TERRY L.
HOUSMAN and MERRILL L. CAUBLE

Defendants.

JOURNAL ENTRY OF DEFAULT JUDGMENT

NOW on this 16 day of July, 2004, the above-captioned matter comes on before the Court for hearing. Plaintiff is present by and through its counsel, Charles D. Lee of MARTINDELL SWEARER & SHAFFER LLP. Defendants, KRITTER GITTER, INC. ("KGI"), TERRY L. HOUSMAN and MERRILL L. CAUBLE, do not appear and are wholly in default. There are no other appearances.

THEREUPON, after examining the files and pleadings and being well and duly advised in the premises, the Court finds that proper service has been had upon each of the Defendants and finds that the Court has venue and jurisdiction over the parties and the subject matter herein; that Defendants are not in the military service of the United States as defined by the Soldiers' and Sailors' Civil Relief Act of 1940, as amended; that Defendants, KRITTER GITTER, INC., TERRY L. HOUSMAN and MERRILL L. CAUBLE, have failed to file an answer or otherwise plead to Plaintiff's Petition and are wholly in default; the Court further finds that the allegations of the Plaintiff's Petition are true and the Court makes the following findings:

**COUNT I
SUIT ON PROMISSORY NOTE**

1. On or about December 17, 2002, in consideration of a loan of \$150,000.00 from Plaintiff, KGI signed and delivered to Plaintiff a Promissory Note dated December 17, 2002 (the

COPY

PATENT
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"Promissory Note") and a Commercial Line of Credit Agreement. True and accurate copies of the Promissory Note and Commercial Line of Credit Agreement are attached to the Petition as, respectively, Exhibits 1 and 2.

2. Under the Promissory Note, and subsequently executed Commercial Extension Agreement, Exhibit 3 to the Petition, KGI promised to repay the indebtedness by April 17, 2004 at 8.25% interest. The loan evidenced by the Promissory Note and Commercial Line of Credit Agreement was for business operating expenses and production costs.
3. The Promissory Note also provided that upon default Plaintiff is entitled to declare the entire amount of principal and interest owed on the Note to be immediately due and to recover its attorneys' fees and costs if legal action is required to collect the indebtedness.
4. KGI has failed to make payments under the Promissory Note which failures constitute an "Event of Default" under the Promissory Note.
5. As of the date of the Petition, \$155,068.50 was due and owing on the Note, with interest continuing to accrue at the contract rate.
6. Under the Note, Plaintiff is entitled to recover its reasonable attorneys' fees and costs incurred herein.

**COUNT II
ACTION TO ENFORCE SECURITY INTEREST**

7. To secure KGI's performance of the Promissory Note represented by Exhibit 1 to the Petition, and in consideration of Plaintiff's loan as reflected in Exhibits 1, 2 and 3 to the Petition, KGI executed and delivered to Plaintiff a Security Agreement dated December 17, 2002 (the "Security Agreement"). A true and accurate copy of the Security Agreement is attached to the Petition as Exhibit 4.

8. To further secure performance of the Promissory Note represented by Exhibit 1 to the Petition, and in consideration of Plaintiff's loan as reflected in Exhibits 1, 2 and 3 to the Petition, KGI authorized a federal assignment of Patent Application 10/194492 (the "Assignment"). A true and accurate copy of the Recordation and Assignment document is attached to the Petition as Exhibit 5.
9. Pursuant to the Security Agreement and Article 9 of the Uniform Commercial Code as enacted in Kansas (the "UCC"), KGI granted Plaintiff a security interest in all business machinery, equipment, fixtures, furnishings, furniture, inventory, supplies, general intangibles, chattel paper, contract rights, franchise rights and accounts, including proceeds therefrom, now owned or hereafter acquired with loan proceeds, including all accessions, additions, replacements and substitutions thereto, a manufacturing agreement dated February 12, 2002 between Martin Machine & Welding, Inc. and a patent application pending dated June 18, 2002 on an Impact Absorbing Truck Grille Guard in the name of Terry Lee Housman, Merrill Lee Cauble, Lonnie Ray Martin II and Michael Lee McCoy, and assigned to Ritter Gitter, Inc. on July 12, 2002, all as described in Exhibits 4 and 5 to the Petition (the "Collateral").
10. Plaintiff perfected its security interest in the Collateral by filing a financing statement with the Kansas Secretary of State on January 15, 2003, Exhibit 6 to the Petition.
11. Under the Default Section of the Security Agreement and Section 9-601 of the UCC, KGI's default under the Promissory Notes also constitutes a default under the Security Agreement. Under the Security Agreement and Sections 9-601 and 9-609 of the UCC, the Plaintiff is entitled to enforce its security interest in the Collateral, including by taking immediate possession of the Collateral.

**COUNT III
SUIT ON GUARANTY**

12. As additional security for the debt described in Count I to the Petition, Terry L. Housman, on or about December 17, 2002, executed in favor of Plaintiff an absolute and unconditional guaranty of all present and future indebtedness owed to the Plaintiff by KGI.
13. By virtue of the default by KGI under its obligations owed to Plaintiff, Housman is personally obligated to Plaintiff in the amount alleged by Plaintiff to be owed by Defendant, KGI. A true and accurate copy of the Guaranty is attached as Exhibit 7 to the Petition.
14. Plaintiff is now and has been the legal holder of the above-described guaranty since the delivery of the same.

**COUNT IV
SUIT ON GUARANTY**

15. As additional security for the debt described in Count I to the Petition, Merrill L. Cauble, on or about December 17, 2002, executed in favor of Plaintiff an absolute and unconditional guaranty of all present and future indebtedness owed to the Plaintiff by KGI.
16. By virtue of the default by KGI under its obligations owed to Plaintiff, Cauble is personally obligated to Plaintiff in the amount alleged by Plaintiff to be owed by Defendant, KGI. A true and accurate copy of the Guaranty is attached to the Petition as Exhibit 8.
17. Plaintiff is now and has been the legal holder of the above-described guaranty since the delivery of the same.

IT IS THEREFORE ORDERED, ADJUDGED AND DECREED that the findings hereinabove set forth are made a part of the judgment of this Court.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Plaintiff is granted judgment, jointly and severally, against Defendants in the amount of \$155,068.50 plus interest at

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Offerle National Bank v. Kritter Gitter, Inc., et.al.
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Page 5

8.25% interest per annum from and after June 2, 2004 and for its reasonable attorneys' fees and costs incurred herein.


IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Plaintiff is entitled to foreclosure of its security interest in the property referred to in Paragraphs 7 and 8, and is authorized and directed to take possession of and sell such property consistent with K.S.A. 84-9-601 et.seq., with the net proceeds of said sale, after the deduction of costs and other expenses as provided by law, to be applied against the indebtedness herein described, with the balance, if any, to be deposited with the Clerk of this Court for distribution pursuant to the Court's order.



District Court Judge

SUBMITTED AND APPROVED BY:

MARTINDELL SWEARER & SHAFFER LLP
20 Compound Drive
Post Office Box 1907
Hutchinson, KS 67504-1907
VOICE (620) 662-3331
FAX (620) 662-9978

By 

Charles D. Lee, S.C. No. 10277
Attorneys for Offerle National Bank, Branch GNB

PATENT

RECORDED: 01/03/2005

07/16/2004 REEL: 015503 FRAME: 0988